

EUROHOLD BULGARIA



ANNUAL SEPARATE REPORT



This document is a complete Annual Separate Report of Eurohold Bulgaria AD.

The Annual Separate Report of Eurohold Bulgaria AD has been prepared based on Art. 39-40 of the Accounting Act.

Eurohold Bulgaria AD also prepares an Annual Consolidated Report, including the results of the Parent Company, its subsidiaries and associates' entities.

Readers of this Separate Annual Report shall to read it together with the consolidated annual report of the Eurohold Group for 2020 so that they can obtain a complete picture of the Group's financial position as a whole.

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Translation:

This Annual report of Eurohold Bulgaria AD is available in Bulgarian and English. The Bulgarian version is the original version. The English version is a convenience translation. We have made all possible reasonable efforts to avoid any inconsistency between the different language versions. If there are any such discrepancies, however, the Bulgarian version will be authoritative.

Unless the context otherwise requires, Eurohold, Holding, Company means Eurohold Bulgaria AD, and Group or Eurohold Group means Eurohold Bulgaria AD and its subsidiaries and associates.

Eurohold Bulgaria AD

*Annual Separate Financial Report
2020*

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF

EUROHOLD BULGARIA AD

Report on the Audit of the Separate Financial Statements

Qualified Opinion

We have audited the separate financial statements of EUROHOLD BULGARIA AD (the Company), which comprise the separate statement of financial position as at 31 December 2020, and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a significant accounting policies and other explanatory information.

In our opinion, except for the possible effect of the issue described in *Basis for Qualified Opinion* section of our report the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

Basis for Qualified Opinion

As at 31.12.2020, the investments in subsidiaries amount to BGN 629,459 thousand. The management of the Company has performed valuations of the same as of the date of the report and has determined that there are no indications for accrual of impairment. The company has an investment in a subsidiary in the amount of BGN 513,404 thousand, as disclosed in Note 2.25.2. and Note 14 to the separate financial statements. Due to the specific nature of the activities of this subsidiary and due to the fact that part of its activities are carried out on foreign markets, specific valuation and assumptions are used in preparing the assessment. We were not able to ascertain to what extent the in valuation and assumptions used in the assessment were justified for the specifics of this business in these foreign markets. Accordingly, we were not able to determine and confirm the need for further adjustments to the carrying value of this investment in the subsidiary and accordingly to how faithfully represented in this separate financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent from the Company in accordance with the International Code of Ethics for Professional Accountants (including the International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Independent Financial Audit Act (IFAA) that are relevant to our audit of the financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IFAA and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Information Other than the Separate Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual business activity report, corporate governance declaration and report on the implementation of the remuneration policy, prepared by management in accordance with Chapter Seven of the Accountancy Act, but does not include the separate financial statements and our auditor's report thereon, which we have obtained prior the date of our auditor's report.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the *Basis for Qualified Opinion* section above, we are unable to obtain sufficient audit evidence even by applying alternative procedures the changes of circumstances regarding these receivables, as well as the allocation of recognized impairment loss as at the beginning of the previous period and respectively during the previous period. Accordingly, we were unable to conclude whether or not the other information is materially misstated with regard to financial indexes and respective disclosures referring to this matter for the previous reporting period.

As described in the *Basis for Qualified Opinion* section, above, we were not able to convince to what extent in the valuation and assumptions used in the assessment were justified for the specifics of this business in these foreign markets. Accordingly, we were not able to determine and confirm the need for further adjustments to the carrying value of this investment in the subsidiary and accordingly to how faithfully represented in this separate financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matters, described in the *Basis for Qualified Opinion* section above, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other matters

The separate financial statements of the Company for the year ended 31 December 2019 have been audited by another auditor who has issued an unmodified report on it dated 30 March 2020.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRSs as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with the governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate the threats or related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Additional Matters to be Reported under the Accountancy Act and the Public Offering of Securities Act

In addition to our responsibilities and reporting in accordance with ISAs, described above in the *Information Other than the Separate Financial Statements and Auditor's Report Thereon* section, in relation to the management report, corporate governance declaration and report of implementation of the remuneration policy, we have also performed the procedures added to those required under ISAs in accordance with the "Guidelines about new and expanded auditor's reports and communications from the auditor's side" of the professional organization of certified public accountants and registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of this other information to assist us in forming an opinion about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act and in the Public Offering of Securities Act (Art. 100m, para. 10 of POSA in connection with Art. 100m, para. 8, items 3 and 4 of POSA, as well as Art. 100m, para. 13 of POSA in connection with Art. 116c, para. 1 from POSA) „applicable in Bulgaria.

Opinion in connection with Art. 37, paragraph 6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

- a) The information included in the annual management report referring to the financial year for which the separate financial statements have been prepared is consistent with those separate financial statements, over which we expressed qualified opinion in the "Report on the Audit of the Separate Financial Statements" section above.
- b) The annual management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and of Art. 100(m), paragraph 7 of the Public Offering of Securities Act.
- c) The annual management report referring to the financial year for which the separate financial statements have been prepared is provided and prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and of Art. 100(m), paragraph 8 of the Public Offering of Securities Act.
- d) The report on the implementation of the remuneration policy for the financial year for which the separate financial statement has been prepared has been submitted and meets the requirements set out in the ordinance under Art. 116c, paragraph 1 of the Public Offering of Securities Act.

Opinion in connection with Art. 100 (m), paragraph 10 in conjunction with Art. 100 (m), paragraph 8 (3) and (4) of the Public Offering of Securities Act

Based on the procedures performed and the knowledge and understanding obtained about the Entity's activity and the environment in which it operates, in our opinion, the description of the main characteristics of the Entity's internal control and risk management systems relevant to the financial reporting process, which is part of the separate management report (as a component of the statement on corporate governance) and the information under Art. 10. paragraph 1 (c), (d), (f), (h) and (i) of Directive 2004/25/EC of the European Parliament and of the Council, dated 21 April 2004, on Takeover Bids, do not contain any material misrepresentations.

Additional Reporting Concerning the Audit of Separate Financial Statements in connection with Art. 100 (m), paragraph 4 (3) of the Public Offering of Securities Act

Statement in connection with Art. 100 (m), paragraph 4 (3b) of the Public Offering of Securities Act

Information on the related party transactions is disclosed under the "Related party transactions and balances" section, in Note 29 to the separate financial statements. Based on the performed audit procedures on related party transactions as part of our audit of the separate financial statements as a whole, no facts, circumstances or other information have come to our attention that caused us to conclude that the related party transactions are not disclosed in the accompanying separate financial statements in accordance with the requirements of IAS 24 "Related party disclosures". The results of our audit procedures on related party transactions were reviewed in the context of forming an opinion on the separate financial statements as a whole, but not for the purpose of expressing an opinion on related party transactions.

Statement in connection with Art. 100 (m), paragraph 4 (3c) of the Public Offering of Securities Act

Our responsibilities for the audit of the separate financial statements as a whole, described in the "Auditor's Responsibilities for the Audit of the Separate Financial Statements" section of our report include assessment of whether the separate financial statements present fairly the significant transactions and events. Based on the performed audit procedures on the significant transactions, which are fundamental to the separate financial statements for the year ended 31 December 2020, no facts, circumstances or other information have come to our attention that caused us to conclude that there are instances of significant unfair presentation and disclosure in accordance with the applicable requirements of IFRS, as adopted by the European Union. The results of our audit procedures on the significant transactions and events of the Entity, which are material to the separate financial statements, were reviewed in the context of forming an opinion on the separate financial statements as a whole, but not for the purpose of expressing a separate opinion on these significant transactions.

Reporting in accordance with Art. 10 of Regulation (EU) No 537/2014 in connection with the requirements of Art. 59 of the Independent Financial Audit Act

In accordance with the requirements of the Independent Financial Audit Act in connection with Art. 10 of Regulation (EU) No 537/2014, we hereby additionally report the information stated below.

- Audit firm Zaharinoва Nexia OOD was appointed as a statutory auditor of the separate financial statements of EUROHOLD BULGARIA AD (the Company) for the year ended 31 December 2020 by the Minutes of general meeting of the shareholders dated from 30 September 2020 for the period of one year.
- The audit of the separate financial statements of the Company for the year ended 31 December 2020 represents first full uninterrupted statutory audit engagement for that entity carried out by us.
- We hereby confirm that the audit opinion expressed by us is consistent with the additional report, provided to Company's audit committee, in compliance with the requirements of Art. 60 of the Independent Financial Audit Act.
- We hereby confirm that we have not provided the prohibited non-audit services referred to in Art. 64 of the Independent Financial Audit Act.
- We hereby confirm that in conducting the audit we have remained independent of the Company.

Audit firm

ZAHARINOVA NEXIA OOD

Manager

Marina Krasteva

Registered auditor, responsible for the audit

Grigor Petrov

26 April 2021

Sofia



*Eurohold Bulgaria AD
Annual Separate Financial
Report 2020*

SEPARATE FINANCIAL STATEMENT

Eurohold Bulgaria AD
Annual separate statement of profit or loss and
other comprehensive income for the year ended as of December 31

	Notes	2020 BGN '000	2019 BGN '000
Revenue from operating activities			
Dividend income	3	547	669
Gains from sale of investments and subsequent revaluation	4	2 443	5 602
Interest income	5	-	579
Other financial revenue	6	1 590	665
		4 580	7 515
Expenses on operating activities			
Interest expenses	7	(15 890)	(14 687)
Losses on sale of investments and subsequent revaluation	8	(1 911)	(1 187)
Other financial expenses	9	(436)	(1 203)
Hired services expenses	10	(2 196)	(4 497)
Salaries and related expenses		(606)	(585)
Depreciation	13.1, 13.2	(679)	(708)
(Expenses) / Revenue from impairment of financial assets, net	11	9	69
		(21 709)	(22 798)
Profit / (Loss) from operating activities			
		(17 129)	(15 283)
Other revenue/(expenses), net	12	375	652
Net Profit / (Loss)			
		(16 754)	(14 631)
Other comprehensive income		-	-
Total comprehensive income for the period			
		(16 754)	(14 631)
Earnings / (loss) per share, BGN	18.3	(0.085)	(0.074)

Prepared by:

/Salih Trampov/

Signed on behalf of BoD:

/Kiril Boshov/

Procurator:

/Hristo Stoev/

20.04.2021

„Zaharinoва Nexia“ Ltd., audit company



Eurohold Bulgaria AD
Annual separate statement of financial position
as of 31 December 2020

	Notes	31.12.2020 BGN '000	31.12.2019 BGN '000
ASSETS			
Non-current assets			
Property, machinery and equipment	13.1	2 119	2 793
Intangible assets	13.2	12	14
		2 131	2 807
Investments			
Investments in subsidiaries and other companies	14	629 459	581 007
Current assets			
Related parties' receivables	16	345	651
Other receivables and assets	17	1 539	1 359
Cash and cash equivalents	17	267	138
		2 151	2 148
TOTAL ASSETS		633 741	585 962

Prepared by:

/Salih Trampov/

Signed on behalf of BoD:

/Kiril Boshov/

Procurator:

/Hristo Stoev/

20.04.2021

„Zaharinoва Nexia” Ltd., audit company



Eurohold Bulgaria AD
Annual separate statement of financial position (continued)
as of 31 December 2020

	Notes	31.12.2020 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 period		(16 754)	(14 631)
Total equity		303 701	320 455
Subordinated debts	19	32 784	-
Non-current liabilities			
Loans and borrowings	20	42 747	25 531
Bond liabilities	21	174 531	135 768
Non-current related parties' liabilities	22	1 703	1 538
Other non-current liabilities	23	1 468	2 152
		220 449	164 989
Current liabilities			
Loans and borrowings	20	18 945	42 639
Bond liabilities	21	20 188	755
Trade payables	24	583	1 799
Related parties liabilities	25	35 390	53 955
Other current liabilities	26	1 701	1 370
		76 807	100 518
Total liabilities and subordinated debts		330 040	265 507
TOTAL EQUITY AND LIABILITIES		633 741	585 962

Prepared by:

/Salih Trampov/

Signed on behalf of BoD:

/Kiril Boshov/

Procurator:

/Bristo Stoev/

20.04.2021



"Zaharina Nexia" Ltd., audit company

Eurohold Bulgaria AD
Annual separate statement of cash flows
for the year ended as of December 31

		2020	2019
	Notes	BGN '000	BGN '000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before tax		(16 754)	(14 631)
Adjusted for:			
Depreciation		679	708
Interest income	5	-	(579)
Interest expenses	7	15 890	14 687
Dividend income	3	(547)	(669)
(Gains)/ Losses from sale of investments, net		(591)	(4 623)
(Gains)/ Losses from revaluation of investments, net		59	208
Foreign exchange differences		(1 439)	303
(Expenses for)/reintegration of impairment of financial assets, net		(9)	(69)
Adjustments in working capital:			
Change in trade and other receivables		126	(1 405)
Change in trade and other payables, other adjustments		(624)	1 793
Net cash flows from operating activities		(3 210)	(4 277)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(48 571)	(16 275)
Proceeds from sale of investments		111	7 263
Borrowings granted		-	(993)
Proceeds/ (payments) of borrowings		-	11 163
Proceeds from interests on loans		-	1 454
Dividends received		547	669
Other cash receipts/ payments from investing activities		(268)	-
Net cash used by investing activities		(48 181)	3 281
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		130 304	43 136
Repayments of loans		(66 136)	(24 985)
Interest and commissions paid		(11 742)	(13 641)
Lease payments		(889)	(869)
Dividends paid		-	(2 417)
Other cash receipts/ payments from financing activities		(10)	(374)
Net cash generated/(used) by financing activities		51 527	850
Net increase/(decrease) in cash and cash equivalents		136	(146)
<i>The effect of IFRS 9</i>		(7)	2
Cash and cash equivalents at the beginning of the year	17	138	282
Cash and cash equivalents at the end of the year	17	267	138

Prepared by:

/Salih Trampov/

Signed on behalf of BoD:

/Kiril Boshov/

Procurator:

/Hristo Stoev/

20.04.2021



"Zaharina Nexia" Ltd., audit company

Eurohold Bulgaria AD
Annual separate statement of changes in equity
as of 31 December 2020

	Share capital BGN '000	General reserves BGN '000	Share premium BGN '000	Retained earnings BGN '000	Total Equity BGN '000
Balance as of 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 of 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 of 31 December 2019	197 526	7 641	49 568	65 720	320 455
Balance as of 1 January 2020	197 526	7 641	49 568	65 720	320 455
Loss for the year	-	-	-	(16 754)	(16 754)
Dividends	-	-	-	-	-
Balance as of 31 December 2020	197 526	7 641	49 568	48 966	303 701

Prepared by:

/Salih Trampov/

Signed on behalf of BoD:

/Kiril Boshov/

Procurator:

/Hristo Stoev/

20.04.2021

„Zaharinoва Nexia“ Ltd., audit company



**NOTES TO THE SEPARATE FINANCIAL
STATEMENT**

NOTES TO THE ANNUAL SEPARATE FINANCIAL STATEMENT FOR 2020

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

1. INFORMATION ABOUT THE GROUP

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

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

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

The governing bodies of the company are the general meeting of shareholders, the supervisory board /two-tier system/ and the management board comprising the following members as at December 31, 2020:

Supervisory board:

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

Mandate until 09.05.2022.

Management board:

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

Mandate until 14.08.2022.

As of December 31, 2020, the Company is represented and managed by Kiril Ivanov Boshov and Assen Minchev Minchev – Executive Members of the Management Board, and Hristo Lubomirov Stoev and Milena Milchova Guentcheva – Procurators, jointly by the one of the executive members and one of the Procurators 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 of December 31, 2020, the Audit Committee of the Company comprises the following members:

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

As of December 31, 2020, the Company has fifteen employees (December 31, 2019: fifteen employees).

1.1. Scope of Activities

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

1.2. Types of Activities

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

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 being 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 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 under Regulation (EC) 1606/2002 of the European Parliament and the Council.

The separate annual financial statement is prepared in Bulgarian leva (BGN), which is the functional currency of the Company. All amounts are presented in thousands of BGN (thousand BGN) (including comparative information for 2019), unless otherwise stated.

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

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

As a holding company, Eurohold Bulgaria does not carry out regular business activities. As of December 31, 2020, the current liabilities of the Company exceed its current assets by BGN 74 656 thousand (December 31, 2019: the current liabilities of the Company exceed its current assets by BGN 98 370 thousand), the loss for 2020 is BGN 16 754 thousand (2019: the loss is BGN 14 631 thousand). Despite the loss, equity as of December 31, 2020 is in amount BGN 303 701 thousand (December 31, 2019: 320 455 thousand), which is 1.5 times higher than the share capital (1.6 times higher than the share capital for 2019).

Eurohold Bulgaria supports the dividend distribution policy, with a total dividend of BGN 5 831 thousand distributed from 2015 to 2019 inclusive. In 2020, the company did not distribute a dividend.

Eurohold Bulgaria AD ends 2020 with a net operating result of a loss of BGN 16 754 thousand. The realized negative financial result for the reporting period is mainly in connection with accrued interest expenses on financing received during the last years necessary to cover the capital requirements to any of the subsidiaries by increasing their share capital, as well as to finance the expansion of the business through new acquisitions.

The management of Eurohold has committed itself and is working towards restructuring the short-term indebtedness of the Company (Interest-bearing loans and borrowings, Bond liabilities and Liabilities to related parties), as in continuation of these actions the Company reports a decrease in current liabilities on interest-bearing loans and borrowings, bond liabilities and liabilities to related parties for 2020 to BGN 74 523 thousand compared to BGN 97 349 thousand for 2019 or a decrease of 23%.

The management of Eurohold has committed itself and is working towards reducing the operating expenses. In the course of these actions, the Company reports a decrease in consulting services for 2020 to BGN 1 020 thousand compared to BGN 3 428 thousand for 2019 or a decrease of 70%.

At the date of preparation of the separate financial statement, the management confirms that, based on the estimates made for the future development of the Company and the measures taken, as well as the continued financial support by the majority shareholder and taking into account the expected returns from the subsidiaries, will continue with its activities and to extinguish its obligations without making significant changes to its activities.

2.2. Changes in accounting policy

2.2.1. New standards, interpretations and amendments effective 1 January 2020

The Company has adopted the following new standards, amendments and interpretations to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the annual period beginning 1 January 2020 but do not have a significant impact on the Company's financial results or position:

- **Definition of a Business (Amendments to IFRS 3)**

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

- **Definition of Material (Amendments to IAS 1 and IAS 8)**

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

- **Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)**

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

Documents issued by IASB / IFRIC not yet endorsed by the EU

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

- **Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)**

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Effective for periods beginning on or after 1 January 2022.

- **Reference to the Conceptual Framework**

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

- **IFRS 17 Insurance Contracts**

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023. The standard has not yet been endorsed by the EU.

- **Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. Effective for periods beginning on or after 1 January 2022.

- **Burdensome contracts - Contract performance costs (Amendments to IAS 37)**

The amendments specify that "contract implementation costs" include "costs that are directly related to the contract". Costs that are directly related to the contract can be either additional costs for the performance of the contract (examples of this are direct labour, materials) or allocation of other costs that are directly related to the performance of contracts (an example may be the allocation of the depreciation fee for the property, machinery, and equipment used to perform the contract). Effective for periods beginning on or after 1 January 2022.

- **Annual Improvements to IFRS Standards 2018–2020**

Makes amendments to the following standards:

- IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs.
- IFRS 9 – The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.
- IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Effective for periods beginning on or after 1 January 2022.

- **Covid-19-Related Rent Concessions (Amendment to IFRS 16)**

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. Annual reporting periods beginning on or after 1 June 2020.

ACCOUNTING POLICY

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

2.4. Accounting Assumptions and Accounting Estimates

The presentation of the separate 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).

2.5. Presentation of the financial statement

The financial statement has been presented in accordance with IAS 1 Presentation of Financial Statements. The Company presents the statement of profit or loss and other comprehensive income in a single statement.

Two comparative periods are being 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.

2.6. 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 a 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/\(expenses\)](#).

2.7. Consolidated financial statement of the Company

The company has begun the process of preparing its Annual consolidated report for 2020 in accordance with the current IFRS, which report will also include the current separate report. According to the planned dates, the management expects an Annual consolidated report to be approved for issuance no later than 30.4.2021 from the board of Directors of the company, after which date the report will be available to third parties.

2.8. 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 the acquisition of the investment.

These investments are not traded at stock exchanges.

The investments in subsidiaries held by the Company are subject to impairment review. Upon finding conditions for impairment, it is recognized in the separate statement for profit or loss and other comprehensive income as a 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 the occurrence of legal grounds to this effect like losing 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 the 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 to 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 the 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.

2.9. 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 overtime 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 an 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.

2.10. 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 a secondary character in relation to the main activity of the Company.

2.11. Interest

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

2.12. 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.

2.13. 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 loss 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.

The Company has elected not to recognize a deferred tax asset on:

- Tax loss as of 31.12.2020 in amount of BGN 2 065 thousand (as of 31.12.2019 – BGN 1 812 thousand)
- Thin capitalization under art. 43a as of 31.12.2020 in amount of BGN 2 889 thousand (as of 31.12.2019 in amount of BGN 1 434 thousand)
- Impairment of receivables as of 31.12.2020 in the amount of BGN 4 thousand (as of 31.12.2019 - BGN 5 thousand).
- Accumulated unused (compensable) leave as of 31.12.2020 in the amount of BGN 1 thousand (as of 31.12.2019 - BGN 2 thousand).

VAT

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

In connection with a lease agreement for real estate (office) located in London, UK, the Company has a VAT registration in this 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.

2.14. Fixed Assets

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

2.14.1.1 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 a 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 non-refundable 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 the 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 profit 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 loss 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.

2.14.1.2. 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.

2.14.2. 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 a 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 the 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.

2.14.3. 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

2.14.4. 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 shall be 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, reduced costs to sell of an asset and its value in use.

Impairment losses are recognized as expenses in the separate statement of profit or loss 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.

2.15. 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 an 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 a 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 last 3 years;
- financing spread adjustment - loans to new enterprises, non-financial corporations in a 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 costs. 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.

The company subleases part of leased property (*Note 12*). The Company does not have any leasing contracts classified as finance leases. Based on preserve the risks and rewards on the lessor, the Company has no changes in the reporting of the operating lease income.

Lease income for 2020 amounting to BGN 488 thousand (2019: BGN 333 thousand) is included in the statement of profit or loss and other comprehensive income in the line 'Other income / (expenses), net ".

Direct operating expenses in the amount of BGN 126 thousand are reported in the line 'External service expenses', local taxes and fees in the amount of BGN 144 thousand are reported in the line "Other revenues/ (expenses), net". (2019: the total amount of direct operating costs and the costs of local taxes and fees are BGN 315 thousand). Contingent rents are not recognized.

Leases are irrevocable for a period of 2 years from the beginning of the lease. The future minimum lease payments are presented as follows:

	Minimum lease income			Total In '000 BGN
	Up to 1 year In '000 BGN	Up 1 till 5 years In '000 BGN	Over 5 years In '000 BGN	
As of 31 December, 2020	500	84	-	584
As of 31 December, 2019	506	590	-	1 096

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.

2.16. Employment Benefits

Other long-term employee benefits

Defined contribution plans

A 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, paragraph 3 of the Labor Code (LC) in Bulgaria. In accordance with these provisions of the LC, upon the termination of the employment agreement of an employee who is entitled to a 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 of the date of the separate statement of financial position, the Company measures the approximate amount of potential expenses for all employees by using the estimated credit units.

Retirement benefits

Retirement benefits are recognized as an expense when the Company has clear engagements, without an 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 a 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 have 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 a 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 for their services for the past reporting period.

2.17. Financial Instruments

2.17.1. 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, cancelled or expires.

2.17.2. 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.

2.17.3. 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.

2.17.4. 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.

2.17.5. 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 an 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.

2.17.6. 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 instalments 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 trading liability at fair value and the subsequent profit or loss is included in the net operating result.

2.18. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current accounts and short-term deposits, including repo at banks whose original maturity is up to 3 months. For the purposes of the separate statement of cash flows, bank deposits are analysed 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.

2.19. 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.

2.20. 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 a 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 division, 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.

2.21. 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 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. They are described together with the contingent liabilities of the Company in Note 28. Contingent liabilities and commitments.

2.22. Judgments that are crucial for the application of the Company's accounting policy. Key estimates and assumptions with high uncertainty.

2.22.1. 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 assets, in particular in case the asset may be used without a 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 a case-by-case basis on the grounds of specific facts and circumstances.

On the basis of this approach and applying a high level of conservatism, the management has judged not to recognize deferred tax asset to the annual separate financial statement for 2020, as follows:

- Tax loss as of 31.12.2020 in amount of BGN 2 065 thousand (as of 31.12.2019 – BGN 1 812 thousand)
- Thin capitalization under art. 43a as of 31.12.2020 in amount of BGN 2 889 thousand (as of 31.12.2019 in amount of BGN 1 434 thousand)
- Impairment of receivables as of 31.12.2020 in the amount of BGN 4 thousand (as of 31.12.2019 - BGN 5 thousand).
- Accumulated unused (compensable) leave as of 31.12.2020 in the amount of BGN 1 thousand (as of 31.12.2019 - BGN 2 thousand).

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.

2.22.2. Uncertainty of accounting estimates

In preparing 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 of 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 an 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 to 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 has not recognized impairment losses on investments in subsidiaries in 2020 and 2019.

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 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 there are no quoted prices at the active market. Detailed information about the assumptions used is 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.

2.23. Financial risk management

Categories of financial assets and liabilities

The carrying amounts of the Company's financial assets and liabilities may be presented in the following categories:

Financial assets	<i>Note</i>	2020	2019
In thousand BGN			
Debt instruments at amortized cost:			
Receivables by related parties	16	345	651
Other receivables and assets	17	1 306	1 097
Cash and cash equivalents	18	267	138
		1 918	1 886

Financial liabilities	<i>Note</i>	2020	2019
In thousand BGN			
Financial liabilities at amortized cost:			
Subordinated debts	19	32 784	-
Loans from financial and non-financial institutions	20	61 692	68 170
Bonds liabilities	21	194 719	136 523
Short - term trade payables	24	583	1 799
Liabilities to related parties	22,25	37 093	55 493
Other short-term liabilities	23,26	3 169	3 522
		330 040	265 507

Please see note 2.17. *Financial Instruments* for accounting policy information for each category of financial instruments. The methods used to measure the fair values of financial assets and liabilities at fair value are described in note 2.25. *Determination of fair values*. A description of the Company's risk management policies and objectives regarding financial instruments is presented below.

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:

2.23.1. 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. The company has borrowings, issued bonds and lease liabilities in foreign currency – Euro, PLN(Polish zloty) 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.

Financial assets and liabilities denominated in foreign currency and translated into Bulgarian levs at the end of the reporting period are presented as follows:

	Short-term exposure		Long-term exposure	
	Polish zloty	British pounds	Polish zloty	British pounds
	In '000 BGN	In '000 BGN	In '000 BGN	In '000 BGN
31 December 2020				
Financial assets	1	421	-	-
Financial liabilities	(19 990)	(566)	-	(83)
Total risk exposure	(19 989)	(145)	-	(83)
31 December 2019				
Financial assets	2	473	-	-
Financial liabilities	(741)	(1 435)	(20 592)	(612)
Total risk exposure	(739)	(962)	(20 592)	(612)

The tables below show the sensitivity of the annual net financial result after taxes and equity to a probable change in the exchange rates of the Bulgarian lev against the following foreign currencies:

- o Polish zloty +/- 2.7% (for 2019 +/- 0.6%)
- o British Pounds (+/- 1.1%) (for 2019 +/- 2.2%)

All other parameters are considered constant.

These rates are based on average exchange rates over the last 12 months of 2020 year. The sensitivity analysis is based on the investments of the Company in foreign currency financial instruments held at the end of the reporting period.

31 December 2020	Increase of the Bulgarian Lev rate		Decrease of the Bulgarian lev rate	
	Net financial result	Equity	Net financial result	Equity
	'000 BGN	'000 BGN	'000 BGN	'000 BGN
Polish zloty +/- 2.7%	538	538	(538)	(538)
British Pounds +/- 1.1%	2	2	(2)	(2)
31 December 2019				
	Increase of the Bulgarian Lev rate	Net financial result	Equity	Decrease of the Bulgarian lev rate
	'000 BGN	'000 BGN	'000 BGN	'000 BGN
Polish zloty +/- 0.6%	124	124	(124)	(124)
British Pounds +/- 2.2%	31	31	(31)	(31)

Exposure to exchange rate fluctuations varies throughout the year depending on the volume of international transactions performed. However, the analysis presented above is considered to represent the Company's exposure to currency risk.

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 2020, 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 analysed on the basis of currently available data the potential effect on its financial position and in particular on the models used, according to IFRS 9.

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

As of the date of preparation of 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 analysed the expected effect on both the economic growth and the credit quality of the countries (and respectively the counterparties) where it operates, and the analysis is presented below.

Effect on economic growth

The table below presents information on the expectations for economic growth of the Republic of Bulgaria, according to the data of the International Monetary Fund (October 2020: <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020>), 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%	4.1%

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%	(8.3) %	1.3%	5.2%

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

	Historical data			Forecast			
	2017	2018	2019	2020 (before Covid-19)	2020 (Covid-19)	Average 2021-24 (before Covid-19)	2021 (Covid-19)
Republic of Romania	7.1%	4.4%	4.1%	3.5%	(4.8)%	3.0%	4.6%
Republic of North Macedonia	1.1%	2.7%	3.6%	3.4%	(5.4)%	3.5%	5.5%
Republic of Ukraine	2.5%	3.3%	3.2%	3.0%	(7.2)%	3.3%	3.0%
Republic of Georgia	4.8%	4.8%	5.1%	4.8%	(5.0)%	5.2%	5.0%
Republic of Belarus	2.5%	3.1%	1.2%		(3.0)%		2.2%
Russian Federation	1.8%	2.5%	1.3%	1.9%	(4.1)%	1.8%	2.8%
Hellenic Republic	1.5%	1.9%	1.9%	2.2%	(9.5)%	0.9%	4.1%
Republic of Poland	4.9%	5.1%	4.1%	3.1%	(3.6)%	2.5%	4.6%
Italy Republic	1.7%	0.8%	0.3%	0.5%	(10.6)%	0.6%	5.2%
Kingdom of Spain	2.9%	2.4%	2.0%	1.8%	(12.8)%	1.6%	7.2%
United Kingdom	1.9%	1.3%	1.4%	1.4%	(9.8)%	1.5%	5.9%

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

Effect on credit ratings

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

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

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

	Before Covid-19		After Covid-19	
	Rating	Forecast	Rating	Forecast
Republic of Romania	BBB	Stable	BBB	Negative
Republic of North Macedonia	BB+	Stable	BB+	Negative
Republic of Ukraine	B	Positive	B	Stable
Republic of Georgia	BB	Stable	BB	Negative
Republic of Belarus	B	Stable	B	Negative
Russian Federation	BBB	Stable	BBB	Stable
Hellenic Republic	BB	Stable	BB	Stable
Republic of Poland	A-	Stable	A-	Stable
Italy Republic	BBB	Negative	BBB-	Stable
Kingdom of Spain	A-	Stable	A-	Stable
United Kingdom	AA	Negative	AA-	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's management has analysed the expected effect on the overall model of IFRS 9, the results of which are presented in detail below. The focus of the analysis includes:

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

The general conclusion of the Management of the 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).

About the model (including the full and simplified one) for calculating the expected credit losses, the Management considers that it is 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 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 December 31, 2020, both reliable macroeconomic statistics and information on medium-term levels of probability of default are available, Management has decided to:

- Increase of Expected Credit Loss, of the exposures that are part of the simplified model (i.e., trade receivables), as the average increase for secured exposures being 15.7% and for unsecured exposures being 34.8%
- Increase of Expected Credit Loss, of the exposures that are part of the full model (i.e., deposits and cash at bank institutions), as the average increase for deposits was 60.9% and for cash in banking institutions was 67.3%.

2.23.2. 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 Company's exposure to credit risk is limited to the carrying amount of the financial assets recognized at the end of the reporting period, as set out below:

	Note	31.12.2020 '000 BGN	31.12.2019 '000 BGN
Groups of financial assets - carrying amounts:			
Debt instruments at amortized cost			
Receivables from related parties	15	345	651
Other receivables	16	1 313	1 097
Cash and cash equivalents	17	267	138
Book value		1 925	1 886

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.

2.23.3. 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.

The table below presents an analysis of the liabilities of Eurohold Bulgaria AD by maturity periods, based on the residual term from the date of the separate statement of financial position to the date of realization of the liability based on the agreed undiscounted payments:

31.12.2020	Note	Up to 1	1-3	3-12	1-5	Over 5	Total
<i>In thousand BGN</i>		month	months	months	years	years	
Liabilities by residual maturity							
Subordinated debts	19	-	-	-	-	32 784	32 784
Loans and Borrowings	20	5 611	-	13 334	42 747	-	61 692
Bond liabilities	21	751	183	19 254	115 856	58 675	194 719
Trade payables	24	583	-	-	-	-	583
Related parties liabilities	22,25	122	9 944	25 324	1,703	-	37 093
Other current liabilities	23,26	949	229	523	771	697	3 169
TOTAL		8 016	10 356	58 435	161 077	92 156	330 040

In the previous reporting period, the maturities of the Company's contractual obligations are summarized as follows:

31.12.2019	Note	Up to 1	1-3	3-12	1-5	Over 5	Total
<i>In thousand BGN</i>		month	months	months	years	years	
Liabilities by residual maturity							
Loans and Borrowings	20	5 511	-	37 128	25 531	-	68 170
Bond liabilities	21	740	-	15	135 768	-	136 523
Trade payables	24	1 799	-	-	-	-	1 799
Related parties' liabilities	22,25	3	6	53 946	1 538	-	55 493
Other current liabilities	23,26	127	150	1 093	1 273	879	3 522
	TOTAL	8 180	156	92 182	164 110	879	265 507

2.24. 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, subordinated debts, loans, debentures, trade and other payables less the carrying amount of cash and cash equivalents.

The equity for the reporting periods presented can be analysed as follows:

<i>In thousand BGN</i>	31.12.2020	31.12.2019
Total equity	303 701	320 455
Total liabilities, subordinated debts, loans, debentures, trade and other liabilities	330 040	265 507
- Cash and cash equivalents	(267)	(138)
Net debt	329 773	265 369
Total equity (Equity + net debt)	633 474	585 824
Debt ratio (Net debt/total equity)	52%	45%

The increase in the debt ratio in 2020 is mainly due to subordinated debt received from related parties (*Note 19*) and an issued bond with ISIN: BG2100013205 amounting to EUR 30,000,000 (*Note 21*).

2.25. Determination of fair values

2.25.1. 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.

A financial asset or liability is classified at the lowest level of material input used to determine its fair value.

Fair value measurement	Note	Book value	Fair value			
			Level 1	Level 2	Level 3	
In thousand BGN		31.12.2020				31.12.2020
Stock traded repurchase bonds (EMTN)	21	20 217	20 217	-	-	20 217
		20 217	20 217	-	-	20 217

Fair value measurement	Note	Book value	Fair value			
			Level 1	Level 2	Level 3	
In thousand BGN		31.12.2019				31.12.2019
Stock traded repurchase bonds (EMTN)	21	20 213	20 213	-	-	20 213
		20 213	20 213	-	-	20 213

There were no significant transfers between levels during the reporting periods.

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, Bonds Section. Fair values have been determined on the basis of their stock exchange price as of the reporting date (*Note 21*).

2.25.2. 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 favourable market for that asset or liability.

The main or most favourable 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.

The following table presents the levels in the hierarchy of non-financial assets as at 31 December 2020 and 31 December 2019, measured at fair value at regular intervals:

Fair value measurement	Note	Book value	Fair value			
			Level 1	Level 2	Level 3	
In thousand BGN		31.12.2020				31.12.2020
Investments in subsidiaries	14	629 459	-	-	629 459	629 459
		629 459	-	-	629 459	629 459

Fair value measurement	Note	Book value 31.12.2019	Fair value			31.12.2019
			Level 1	Level 2	Level 3	
In thousand BGN						
Investments in subsidiaries	14	581 007	-	-	581 007	581 007
		581 007	-	-	581 007	581 007

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.

As of December 31, 2020, there is an excess of the carrying amount over the equity of certain investments, which is a potential indicator for impairment of investments in subsidiaries. This necessitated impairment tests. External evaluators have been hired for this purpose and operate in accordance with generally accepted international valuation standards.

The fair value of investments in subsidiaries of the Company is determined on the basis of reports of independent licensed appraisers.

The fair value of investments in subsidiaries is based on the following methods used:

- Investment in Euroins Insurance Group AD - Net Asset Value Method
- Auto Union AD - Net Asset Value Method
- Eurolease Group EAD - Net Asset Value Method
- Euro-finance AD - The method of industry coefficients 10%, Discounted net flows method - 90%.

The discounted cash flow method is used to determine the value of a business in terms of its future and expected profitability. In this method, net cash flows are determined by reducing EBITDA (profit before taxes, interest and depreciation) by changing net working capital by investing in non-current assets, without taking into account cash flows related to borrowing, payment of interest on them and cash. The developed business forecast for the development of the company was used as the basis of the method.

The industry coefficients method (Market Multiplier Method) reflects the prices currently being marketed for other similar businesses and provides an indication of the usual opinion of market participants. It is based on derived indicators of the realized transactions.

The net asset value method is a fundamental way of determining the value of a company or its shares using models based on the value of the assets of the company less its liabilities. This method assumes that in a competitive environment, a "reasonable buyer" would not pay more to the company than he would have received for obtaining similar assets (with the same characteristics and condition, degree of suitability, usability, etc.), without commitment.

The tests and assessments of management for impairment of investments are made through the prism of its forecasts and intentions regarding the future economic benefits that are expected to be received from the subsidiaries, including commercial and industrial experience, securing positions in Bulgarian and foreign markets, expectations for future sales and others. The calculations were made with the assistance of an independent licensed appraiser.

31 December 2020 In '000 BGN	Share in equity in%	The book value of the subsidiary	Recoverable amount of the subsidiary	Exceeding recoverable amount over the book value
Company				
Euroins Insurance Group AD	95,95%	513 404	678 600	165 196
Avto Union AD	99,99%	66 775	87 665	20 890
Euro-Finance AD	99,99%	24 645	38 402	13 757
Eurolease Group EAD	90,01%	24 635	28 360	3 725
		629 459	833 027	203 568

31 December 2019 In '000 BGN	Share in equity in%	The book value of the subsidiary	Recoverable amount of the subsidiary	Exceeding recoverable amount over the book value
Company				
Euroins Insurance Group AD	94,41%	464 952	643 689	178 737
Avto Union AD	99,99%	66 775	67 942	1 167
Euro-Finance AD	99,99%	24 645	37 425	12 780
Eurolease Group EAD	90,01%	24 635	25 749	1 114
		581 007	774 805	193 798

As a result of the analysis, the recoverable amount was found to be higher than the value of the investment and management did not identify any impairment for these investments in subsidiaries.

2.26. 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 a result of the year adjusted with the non-cash operating positions, changes in net turnover capital and corporate tax.

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

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

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

Changes in the Company's liabilities arising from a financial activity may be classified as follows:

In '000 BGN	Note	As of 1 January, 2020	Cash flows from financing activities		Non-monetary adjustments		As of 31 December, 2020
			Proceeds	Payments	The effect of changes in exchange rates	Other adjustments	
Subordinated debts*	19	-	-	-	-	32 784	32 784
Loans from financial and non-financial institutions	20	68 170	42 186	(50 909)	-	2 245	61 692
Bonds liabilities	21	136 523	58 675	(9 181)	(1 366)	10 068	194 719
Liabilities to related parties, principal and interest	22, 25	34 246	29 443	(17 765)	-	(30 147)	15 777
Lease liabilities	23, 26	2 856	-	(889)	(52)	365	2 280
Interest payables	26	31	-	(23)	-	6	14
Total:		241 826	130 304	(78 767)	(1 418)	15 321	307 266

*See Notes 19, 25.1, 25.2, 27, 29.11

In '000 BGN	Note	As of 1 January, 2019	Cash flows from financing activities		Non-monetary adjustments		As of 31 December, 2019
			Proceeds	Payments	The effect of changes in exchange rates	Other adjustments	
Loans from financial and non-financial institutions	20	65 007	11 814	(11 737)	-	3 086	68 170
Bonds liabilities	21	129 584	6 133	(10 942)	236	11 512	136 523
Liabilities to related parties, principal and interest	22, 25	19 993	25 189	(15 947)	-	5 011	34 246
Lease liabilities	23, 26	68	-	(869)	-	3 657	2 856
Interest payables	26	8	-	-	-	23	31
Total:		214 660	43 136	(39 495)	236	23 289	241 826

3. Dividend income

	2020	2019
	BGN'000	BGN'000
Euro-Finance AD	547	669
	547	669

4. Gains from sale of investments and revaluations

	2020	2019
	BGN'000	BGN'000
Gains from sale of investments and financial instruments	1 386	4 657
Income from revaluation of investments measured at FVPL	1 057	945
	2 443	5 602

In **2020**, gains on investment and financial instruments include:

- o BGN 796 thousand profit from repurchase of own bonds 10 500 pcs. from EMTN Programme in EUR with ISIN XS1731768302 (Note 21);
- o BGN 478 thousand profit from redemption and repayment / cancellation of commercial loans in the form of Euro Commercial Papers - ECPs (Notes 20)
- o BGN 112 thousand - other profits.

In **2019**, gains on investment and financial instruments include:

- o BGN 4 530 thousand profit from the sale of a minority stake in Eurolease Group AD
- o BGN 127 thousand - other profits.

In 2020 and 2019, the reported revenues from revaluation of debt instruments measured at fair value are from purchased own bonds (Note 21).

5. Interest income

	2020 <i>BGN'000</i>	2019 <i>BGN'000</i>
Interest income – from related parties' loans	-	3
Interest income – from third parties' loans	-	576
	-	579

5.1. Interest income on loans to related parties

	2020 <i>BGN'000</i>	2019 <i>BGN'000</i>
Euroins Insurance Group AD	-	2
Eurolease Group AD	-	1
	-	3

6. Other financial revenue

	2020 <i>BGN'000</i>	2019 <i>BGN'000</i>
Foreign exchange gains	1 590	665
	1 590	665

The reported income from changes in exchange rates is mainly due to the Company's exposure in Polish zlotys (*Note 21*).

7. Interest expense

	2020 <i>BGN'000</i>	2019 <i>BGN'000</i>
Interest expense – loans and borrowings	3 179	3 095
Interest expense – bonds, EMTN program*	9 880	9 854
Interest expense – bonds, ISIN:BG2100013205	183	-
Interest expense – from related parties' loans	2 642	1 715
Interest expense – from third party loans	6	23
	15 890	14 687

*Interest expense on EMTN Program bond loans is presented net of interest income on redeemed bonds in the amount of BGN 1 335 thousand for 2020 (BGN 1 357 thousand for 2019) (*Note 21*).

7.1. Interest expense on borrowings and related parties leasing

	2020 <i>BGN'000</i>	2019 <i>BGN'000</i>
Starcom Holding AD	1 069	154
Euroins Insurance Group AD	755	365
Auto Union AD	242	23
Auto Union Service EOOD	9	5
Eurolease Auto EAD	261	850
<i>incl. Leasing</i>	7	5
Motobul EAD	280	304
Star Motors EOOD	26	14
	2 642	1 715

8. Losses from transactions with financial instruments and revaluations

	2020 <i>BGN'000</i>	2019 <i>BGN'000</i>
Losses on transactions of investments*	734	11
Losses on transactions of investments – related parties	61	23
Losses from revaluation of investments measured at FVPL **	1 116	1 153
	1 911	1 187

*Reported in 2020 losses from operations with investments in the amount of BGN 734 thousand are in connection with the termination of a contract for treasury own bonds 10 500 pcs. program in EUR with ISIN XS1731768302 (*Note 21*).

** In 2020 and 2019, the cost of revaluation of debt instruments measured at fair value is the revaluation of purchased treasury bonds 10 500 pcs. of the EMTN Program in EUR with ISIN XS1731768302 (*Note 21*).

8.1 Losses from transactions with financial instruments – related parties

	2020 <i>BGN'000</i>	2019 <i>BGN'000</i>
Euro-finance AD	61	23
	61	23

9. Other financial expenses

	2020 <i>BGN'000</i>	2019 <i>BGN'000</i>
Foreign exchange losses	151	968
Other financial expenses – related parties	3	6
Bank guarantee fees	269	207
Other financial expenses	13	22
	436	1 203

9.1 Other financial expenses – related parties

	2020 <i>BGN'000</i>	2019 <i>BGN'000</i>
Euro-finance AD	3	6
	3	6

10. Hired services expenses

	2020 <i>BGN'000</i>	2019 <i>BGN'000</i>
Hired services expenses	2 194	4 488
Hired services expenses – related parties	2	9
	2 196	4 497

10.1 Hired services expenses - related parties

	2020 <i>BGN'000</i>	2019 <i>BGN'000</i>
Eurolease Auto EAD	-	7
Auto Italia EAD	1	2
Auto Italia - Sofia EOOD –a related party until 30.12.2020.	1	-
	2	9

10.2. Breakdown of the hired services expenses

	2020 <i>BGN'000</i>	2019 <i>BGN'000</i>
Consulting service	1 020	3 428
Rents and associated costs	205	368
Legal services	192	-
Taxes	133	87
Advertising cost	116	119
Phone and internet service	113	37
Translation service	6	28
Management contract	169	136
Civil contracts	-	64
Postal and courier services	5	11
Credit rating	26	25
Other service	211	194
	2 196	4 497

The remuneration for an independent financial audit for 2020 amounts to BGN 49 thousand (2019 – BGN 91 thousand). During the year, tax consultations or other non-audit services were not provided. This disclosure complies with the requirements of Art. 30 of the Accounting Act.

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

	2020 <i>BGN'000</i>	2019 <i>BGN'000</i>
Recoverable loss from impairment of financial assets	59	85
Accrued loss from impairment of financial assets	(50)	(16)
	9	69

12. Other revenue/(expenses), net

	2020 <i>BGN'000</i>	2019 <i>BGN'000</i>
Other (expenses)	(389)	(277)
Other (expenses) – related parties	(6)	(6)
(Interest expenses) on right-of-use assets	(76)	(73)
Other revenue, incl.	227	605
<i>Rent income (sublease of right-of-use assets)</i>	130	196
<i>Revenues from discounts (on right-of-use assets)</i>	96	-
Other revenue – related parties, incl.	619	403
<i>Rent income (sublease of right-of-use assets)</i>	358	137
	375	652

12.1 Other expenses – related parties

	2020 <i>BGN'000</i>	2019 <i>BGN'000</i>
IC Euroins AD	(1)	(1)
Motobul EAD	(5)	(5)
	(6)	(6)

12.2 Other revenue – related parties

	2020 <i>BGN'000</i>	2019 <i>BGN'000</i>
IC Euroins AD	86	54
Star Motors EOOD	-	5
Euroins Romania Asiguarare – Reasigurare S.A., Romania	162	135
Bulvaria Varna EOOD	-	5
Auto Union Service EOOD	3	26
Daru Car AD	3	25
Auto Italia EAD	-	5
Eurolease Auto EAD	-	11
Hanson Asset Management Ltd, UK- office rental	358	137
Euroins Osigurovanje AD, Northern Macedonia	7	-
	619	403

13. Fixed assets

13.1 Property, machinery and equipment, right-of-use

	Right-of-use assets – Properties BGN'000	Vehicles BGN'000	Equipment BGN'000	Total 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 31 December 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	611	57	6	674
At 31 December 2020	1 149	114	77	1 340
Carrying value:				
At 1 January 2019	-	80	2	82
At 31 December 2019	2 599	187	7	2 793
At 31 December 2020	1 988	130	1	2 119

There are no and no restrictions on the ownership of the tangible fixed assets as of December 31, 2020 and December 31, 2019. The company has no fixed tangible assets that are pledged as collateral for existing liabilities as of December 31, 2020 and December 31, 2019.

13.2 Intangible assets

	Software BGN'000	Acquisition costs BGN'000	Total 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 31 December 2020	17	-	17
Depreciation:			
At 1 January 2019	-	-	-
Accrued depreciation	-	-	-
At 31 December 2019	-	-	-
Accrued depreciation	5	-	5
At 31 December 2020	5	-	5
Carrying value:			
At 1 January 2019	-	-	-
At 31 December 2019	3	11	14
At 31 December 2020	12	-	12

14. Investments in subsidiaries

	Value as at 1.1.2020	Increase	Decrease	Value as at 31.12.2020	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	48 452	-	513 404	543 446	95.95%
Avto Union AD	66 775	-	-	66 775	40 004	99.99%
Euro-Finance AD	24 645	-	-	24 645	14 100	99.99%
Eurolease Group AD	24 635	-	-	24 635	27 241	90.01%
Eastern European Electric Company II B.V.	-	-	-	-	2	100.00%
	581 007	48 452	-	629 459		

In 2020 Eurohold has made the following investments in Euroins Insurance Group AD:

- Instalment in the amount of BGN 41 050 thousand of the unpaid share capital;
- In 2018 Eurohold Bulgaria AD signed an agreement for acquisition of the minority share of the other shareholder in Euroins Insurance Group AD - Basildon Holding S.A.R.L., the special investment company of the equity investment fund South Eastern Europe Fund L.P. (SEEF), managed by the Greek investment company Global Finance. The company agreed to repurchase the share of the fund in the amount of 10.64% of the capital as of the date of concluding the repurchase agreement. After the finalization of the transaction, Eurohold will own 100% of the capital of Euroins Insurance Group AD. The investments made in 2020 when purchasing the agreed share amount to BGN 7 402 thousand.

In 2019 Eurohold has made the following investments in Euroins Insurance Group AD:

- Instalment in the amount of BGN 3 950 thousand of the unpaid share capital;
- The investments in the purchase of the agreed unit Basildon Holding S.A.R.L., the special investment company of the unit for unit investment from South Eastern Europe Fund L.P. (SEEF) in the amount of BGN 12 325 thousand.

The activities of the subsidiaries are as follows:

- Euroins Insurance Group AD - acquisition, management, valuation and sale of holdings in Bulgarian and foreign companies. The company is active in Bulgaria, Romania, Macedonia, Ukraine and Georgia. The company IC Euroins AD, part of Euroins Insurance Group AD, operates on the principle of Freedom of Services in the following Member States of the European Union: Republic of Poland; Republic of Italy; Kingdom of Spain; Germany; Kingdom of the Netherlands. Business line - insurance market;
- Auto Union AD - import, sale and service of cars. Business line - car market;
- Euro-Finance AD - Provision and implementation of investment services and activities in the country and abroad. Business - Investment Intermediation and Asset Management;
- Eurolease Group AD - participation management, financial leasing. The company operates in Bulgaria and Macedonia. Business line - leasing market;
- Eastern European Electric Company II B.V. - energy market.

Impairment of investments in subsidiaries

At the end of the reporting period, the Company's management makes an analysis and assessment whether there are indications for impairment of its investments in subsidiaries. The following are considered key indicators for impairment: considerable reduction of the scope or termination of the subsidiary's business; loss of markets, clients or technological issues, reporting of negative net assets or assets below the registered share capital, trends to worse key financial indicators and decrease of the market capitalization.

Calculations are made by the management with the assistance of external independent licensed valuers who have appropriate qualification and experience. As a basis to forecast the cash flows before tax, the management has used financial forecasts made by the respective subsidiaries for a five-year period, as well as other medium- and long-term plans and intentions for their development.

The key assumptions used for the calculations are defined particularly for each subsidiary and in accordance with its specific business, business environment and risks, expected future economic benefits, as well as the positions on Bulgarian and foreign markets, etc. (Note 2.25.2.).

15. Receivables from related parties

	31.12.2020	31.12.2019
	<i>BGN'000</i>	<i>BGN'000</i>
15.1 Interest receivables		
Euroins Insurance Group AD	2	2
	2	2

15.2 Other receivables

	31.12.2020	31.12.2019
	<i>BGN'000</i>	<i>BGN'000</i>
Auto Union Service EOOD	1	12
Auto Italia EAD	11	8
Bulvaria Varna EOOD	6	7
Daru car AD	-	46
IC Euroins AD	63	146
Eurolease Auto EAD	-	3
Star Motors EOOD	-	12
Autoplaza EAD	4	2
Euroins Osigurovanje AD, Northern Macedonia	13	2
Euro Insurance Group AD	17	84
Motobul EAD	-	11
Auto Union AD	10	58
Espas Auto OOD	-	2
Eurolease Group AD	31	35
Hanson Asset Management Ltd, UK	194	228
	350	656
Impairment	(7)	(7)
	343	649

16. Other receivables and assets

	31.12.2020	31.12.2019
	<i>BGN'000</i>	<i>BGN'000</i>
Tax receivables - VAT	226	262
Bonds at fair value through profit and loss	7	-
Receivables from customers	83	90
Prepaid expenses	113	105
Other receivables, incl:	1 128	936
<i>Receivable from Erste Bank, Novi Sad *</i>	<i>734</i>	<i>734</i>
	1 557	1 393
Impairment	(18)	(34)
	1 539	1 359

*Note 28. Contingent, liabilities and commitments - Court Cases.

17. Cash and cash equivalents

	31.12.2020 BGN'000	31.12.2019 BGN'000
Cash at banks	251	113
Cash in hand	23	25
	274	138
Impairment	(7)	-
	267	138

18. Share capital and reserves

The registered capital of the Company consists of 197,525,600 fully paid-up ordinary shares with a nominal value of BGN 1 per share. All shares are entitled to receive a dividend and liquidation share and represent one vote of the General Meeting of Shareholders of the Company.

18.1 Share capital

	31.12.2020 BGN'000	31.12.2019 BGN'000
Issued shares	197 525 600	197 525 600

As of 31.12.2020 the share capital is distributed as follows:

Share holders	%	Number of shares	Par value
Starcom Holding AD	50.07%	98 894 641	98 894 641
KJK Fund II Sicav-Sif Balkan Discovery	14.23%	28 116 873	28 116 873
Blubeard Investments Limited	10.09%	19 922 400	19 922 400
Specialized Logistic Systems AD	6.04%	11 925 809	11 925 809
POD Budeshte through UPF, VPF and PPF	6.12%	12 084 298	12 084 298
Other legal entities	11.10%	21 935 928	21 935 928
Other individuals	2.35%	4 645 651	4 645 651
Total	100.00%	197 525 600	197 525 600

18.2 Reserves

	31.12.2020 BGN'000	31.12.2019 BGN'000
Share premium	49 568	49 568
General reserves	7 641	7 641
	57 209	57 209

18.3. Earnings per share

	31.12.2020	31.12.2019
Weighted average number of shares, (pcs)	197 525 600	197 525 600
Net profit/(loss) for the year, (BGN'000)	(16 754)	(14 631)
Net profit/(loss) per share, (BGN)	(0,085)	(0,074)

19. Subordinated debts

	31.12.2020	31.12.2019
	<i>ХИЛ. ЛВ.</i>	<i>ХИЛ. ЛВ.</i>
Subordinated debt instruments, not issued, tier 1 capital	32 784	-
	32 784	-

After reviewing the indebtedness and in order to capital reinforcing of the Group, the Parent company has negotiated and converted part of the liabilities as of 31 December 2020 in the form of subordinated debts (not issued), owe to Starcom Holding AD - main shareholder in Eurohold Bulgaria AD. The Debt presenting Tier 1 capital, in accordance with the applicable provisions of Bulgarian and Community law in force. As of 31 December 2020, Tier 1 capital amounts to a total of BGN 32 784 thousand and has an indefinite repayment period, but not earlier than 5 years, and an interest rate of 6.5%, due at the end of each quarter (*Notes 25.1, 25.2, 27, 29.1.1.*).

20. Loans and borrowings

Non-current loans and borrowings

	31.12.2020	31.12.2019
	<i>BGN'000</i>	<i>BGN'000</i>
International Investment Bank	11 993	25 531
International Bank for Economic Co-operation	29 304	-
Other*	1 450	-
	42 747	25 531

Current loans and borrowings

	31.12.2020	31.12.2019
	<i>BGN'000</i>	<i>BGN'000</i>
International Investment Bank	13 887	10 509
International Bank for Economic Co-operation	206	-
Other**	4 852	32 130
	18 945	42 639

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

*Borrowing, with a maturity of 11.2023, with an annual interest rate of 5.5% and borrowing limit of BGN 2 000 thousand.

** Euro Commercial Papers (ECPs), with a maturity of 05.2021, with an annual interest rate of 2.0% and total nominal EUR 2 500 thousand. (as at 31.12.2019 - ECP, with a maturity of 03.2020-04.2020, with an annual interest rate of 2.0% and total nominal EUR 16 500 thousand).

In the period 2020 the Company has issued and repurchased three issues Euro Commercial Papers ECP, with a total nominal value of EUR 20 200 thousand. At the end of 2020, all three emissions have been repaid and deleted early, resulting in a profit of BGN 478 thousand (*Note 4*).

Analysis of loans and borrowings

Bank	Type	Currency	Size contracted	Principal as of 31.12.2020	Principal as of 31.12.2019	Interest rate	Maturity date	Security
International Investment Bank	Loan - Principal	EUR	15,000,000 €	5 400 000 €	9,000,000 €	6.0%+ EURIBOR	12.2021	Pledge on subsidiary shares
International Investment Bank	Loan - Principal	EUR	10,000,000 €	7 700 000 €	9,240,000 €	6.0%+ EURIBOR	3.2025	Pledge on subsidiary shares
International Bank for Economic Co-operation	Loan - Principal	EUR	20,000,000 €	15 000 000 €	-	6.5%	07.2022	Pledge on subsidiary shares

The unutilized amount of the loan from the International Bank for Economic Co-operation as of December 31, 2020 amounts to EUR 5 million.

21. Bond liabilities

Non - current bond liabilities

	31.12.2020 BGN'000	31.12.2019 BGN'000
EMTN Programme in EUR*	115 856	115 175
EMTN Programme in PLN*	-	20 593
Corporate bond ISIN:BG2100013205**	58 675	-
	174 531	135 768

Current bond liabilities

	31.12.2020 BGN'000	31.12.2019 BGN'000
EMTN Programme in EUR, interest*	15	15
EMTN Programme in PLN*	19 302	-
EMTN Programme in PLN, interest*	688	740
Corporate bond ISIN:BG2100013205**	183	-
	20 188	755

* Bond liabilities are presented at amortized cost, net of treasury own bonds, which are measured at fair value based on information from Bloomberg/Eurobank and other sources reflecting the effect on profit or loss for the period. As of 31 December 2020, the Company holds 10 500 pcs. treasury own bonds from EMTN programme in EUR with ISIN XS1731768302 (as of 31.12.2019 – 10 500 pcs. of EMTN programme in EUR).

As of 31 December 2019, the treasury bonds (10 500 pieces) were given as collateral in connection with a concluded repurchase transaction with a closing date of 10.2020, and the contract was terminated by mutual agreement on 15.10.2020. The losses on transactions of investments reported by the Company amounts to BGN 734 thousand. (Note 8). On November 1, 2020, a new contract for the acquisition of own bonds (10,500 pieces) was concluded, which bonds were given as collateral in connection with a concluded repo transaction with a closing date of 31.10.2021. The income reported by the Company (*Gains from sale of investments and financial instruments*) amounts to BGN 796 thousand (Note 4).

The obligations for treasury own bonds from Starcom Holding AD (10 500 shares) are not settled as at 31.12.2020 and 31.12.2019 (Note 25.3.).

Information on EMTN programme terms (EUR and PLN) is publicly available and available on the Irish Stock Exchange page, Bonds section. The maturity of the EMTN Program in PLN is on December 29, 2021, and that of EMTN Program in EUR – on December 7, 2022.

** A bond loan with ISIN:BG2100013205 in the amount of EUR 30 000 000 was registered by the Central Depository AD on 26.11.2020. The issue is second in line to ordinary, named, dematerialized, interest-bearing, secured, non-convertible, free transferable bonds under the conditions of primary private (non-public) disposal within the meaning of Art. 205, para. 2 of the Commercial law. The nominal and issue value of each bond is EUR 1,000 (thousand). The maturity date of the issue is 26.11.2027 and the principal is repaid once at maturity. Interest payments are every six months from the date of registration of the issue (26.11.2020), at a fixed nominal interest rate – 3.25% on an annual basis. The bond loan is secured by a 'Bond Loan Insurance' Contract concluded between the issuer Eurohold Bulgaria AD, as an insured, and IC EUROINS AD, as an insurer. Trustee of the bondholders under the bond issue is Financial House Ever AD.

22. Non-current liabilities to related parties

	31.12.2020	31.12.2019
	<i>BGN'000</i>	<i>BGN'000</i>
Loans principal		
Eurolease Auto EAD – loan granted	1 600	1 400
Eurolease Auto EAD – leases	103	138
	1 703	1 538

23. Other non-current liabilities

	31.12.2020	31.12.2019
	<i>BGN'000</i>	<i>BGN'000</i>
Retirement benefit obligations	15	15
Lease liabilities – right-of use	1 453	2 137
	1 468	2 152

24. Trade payables

	31.12.2020	31.12.2019
	<i>BGN'000</i>	<i>BGN'000</i>
Trade payables	583	1 799
	583	1 799

25. Current liabilities to related parties**25.1 Interest payables**

	31.12.2020	31.12.2019
	<i>BGN'000</i>	<i>BGN'000</i>
Starcom Holding AD*	-	24
Auto Union AD*	-	23
Eurolease Auto EAD	767	620
Euroins Insurance Group AD	1 121	365
Motobul EAD*	-	153
Auto Union Service EOOD**	-	5
Star Motors EOOD**	44	14
	1 932	1 204

25.2. Current borrowings - principal

	31.12.2020	31.12.2019
	<i>BGN'000</i>	<i>BGN'000</i>
Euroins Insurance Group AD	9 087	14 131
Starcom Holding AD*	-	6 740
Eurolease Auto EAD***	2 000	2 113
Motobul EAD*	-	5 323
Auto Union AD*	-	1 200
	11 087	29 507

*See Notes 19, 27, 29.1.1.

**See Notes 27, 29.1.1.

***Liabilities under receivables transfer agreements are non-collateral and have an annual interest rate of 7.5%.

The borrowings from related parties are non-collateral and with fixed maturity in 2021 and have an annual interest rate 6.0% (Note 7.1.).

25.3 Other payables

	31.12.2020	31.12.2019
	<i>BGN'000</i>	<i>BGN'000</i>
Starcom Holding AD**	20 536	20 536
IC Euroins AD	51	47
Eurolease Auto EAD	488	453
Eurolease Auto EAD - leases	38	38
IC EIG RE EAD	54	32
Motobul EAD	1	3
Avto Union AD*	-	871
Avto Union Services EOOD*	-	314
Star Motors EOOD*	1 158	950
Euro-Finance AD	45	-
	22 371	23 244

* Liabilities under receivables transfer agreements are non-collateral and with annual rate in amount of 3.0% (*Notes 27, 29.1.1.*).

** An obligation to repurchase own bonds (*Note 21*).

26. Other current liabilities

	31.12.2020	31.12.2019
	<i>BGN'000</i>	<i>BGN'000</i>
Payables for acquisition of investments	197	16
Interest payables	14	31
Commissions on bank guarantees	22	21
Tax payables	213	73
Payables to employees and social security institutions	89	82
Dividends payables	249	249
Dividends payables – related parties – Starcom Holding AD	101	101
Lease liabilities – right-of-use	686	665
Other liabilities	130	132
	1 701	1 370

27. Non-cash transactions

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

2020

- In 2020, the Company, in its capacity as a borrower under two loan agreements with related parties, has set off the amount of BGN 4,150 thousand in decrease in the principal of one loan and increase the principal of the other loan, such as cash flows are settled directly between the two lenders - related parties.
- In 2020 the Company executed related parties SWAP transactions while simultaneously issuing new short-term Euro Commercial Papers (ECPs) in the amount of EUR 16,366 thousand (BGN 32,009 thousand) and Corporate bonds for EUR 100,000 (BGN 196 thousand), and repurchasing issued ECPs in the amount of EUR 16,542 thousand (BGN 32,354 thousand).

- In 2020, with debt replacement agreements, the main shareholder Starcom Holding AD assumes liabilities of the Company to two subsidiaries in the total amount of BGN 13,204 thousand, including principals in the amount of BGN 12,667 thousand and interests in the amount of BGN 537 thousand. The assumed liabilities are joined to the existing liabilities of the Company to Starcom Holding AD in the total amount of BGN 19,579 thousand (including principal and interest) and form a total liability of BGN 32,784 thousand, in which the total liability interest is capitalized. The total liability thus formed (BGN 32,784 thousand) is a subordinated debt, representing Tier 1 capital, according to the applicable provisions of the current Bulgarian and Community law. The Tier 1 capital has a total value of BGN 32,784 thousand and has an indefinite repayment period, but not earlier than 5 years, and an interest rate of 6.5%, due at the end of each quarter. (*Notes 19 and 29.1.1.*)
- In 2020, with a debt replacement agreement the obligations of the Company under a loan agreement to a subsidiary in the total amount of BGN 328 thousand (principal BGN 314 thousand and interest BGN 14 thousand) were assumed by another subsidiary. (*Notes 25.1, 25.3 and 29.1.1.*)

2019

- In 2019, the Company sold investments in subsidiaries, with part of the proceeds being deducted with a loan in the amount of BGN 1 380 thousand.
- In 2019, the Company received an unduly received interest payment from Starcom Holding AD in connection with the repurchased own bonds against a debt of Eurohold Bulgaria AD on a loan in the amount of BGN 1 335 thousand.
- In 2019, the Company executed related party SWAP transactions while simultaneously issuing new short-term trading securities (ECPs) in the amount of EUR 14,406 thousand (BGN 28,176 thousand) and repurchasing issued short-term trading securities ECPs in the amount of EUR 14 336 thousand (BGN 28 039 thousand);

28. Contingent, liabilities and commitments

Litigations

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

The company appeals against imposed by the Financial Supervision Commission penal decrees with total material interest in the amount of BGN 100 thousand. As at the date of these reports a forecast for the probability of entry into force of the decrees cannot be made, the Company has not reported expenses for provisions under them.

The company is a plaintiff in a material interest case of EUR 375 363,21. The company requests a refund of the amount it has transferred. The transferred amount was completely blocked in an account at Erste Bank, Novi Sad, on the basis of a prosecutor's order and an order of the civil court and will be returned to the company after a formal ruling in the above case. A final judgment is expected within the next 12 months. In view of the declared state of emergency in the country it is possible to extend the deadline. (*Note 16. Other receivables and assets*).

Warranties and provided guarantees

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

Business division	Amount in EUR'000 as of 31.12.2020	Amount in BGN'000 as of 31.12.2020	MATURITY (EUR'000)					
			2021	2022	2023	2024	2025	After 2025
Lease sub-holding								
For funding of lease operations	12 506	24 460	5 010	3 271	1 993	1 384	689	159
Automotive sub-holding								
Working capital loans	3 298	6 450	3 298	-	-	-	-	-
TOTAL:	15 804	30 910	8 308	3 271	1 993	1 384	689	159

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

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

Company from:	Contracted limit in EUR'000 as of 31.12.2020	Contracted limit in BGN'000 as of 31.12.2020	MATURITY (EUR'000)	
			2021	2022
Automotive sub-holding	3 750	7 334	3 750	-
Automotive sub-holding	1 050	2 054	-	1 050
Automotive sub-holding	5 700	11 148	5 700	-
Energy sub-holding	5 000	9 779	5 000	-
TOTAL:	15 500	30 315	14 450	1 050

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

Company/ Guarantor	Currency	Guaranteed liability	Guaranteed amount as of 31.12.2018 in original currency		Maturity date
Euroins Insurance Group AD	EUR	Issue of bonds (EMTN programme)	70 000 000		12/2022
Euroins Insurance Group AD	PLN	Issue of bonds (EMTN programme)	45 000 000		12/2021
Euroins Insurance Group AD	EUR	Bank loan	15 000 000		07/2022

29. Transactions and balances with related parties

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

The related parties of the Company are as follows:

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

Subsidiaries of Starcom Holding AD:

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

Subsidiaries of Eurohold Bulgaria AD:

- **Euroins Insurance Group AD (EIG)** – subsidiary of Eurohold Bulgaria AD;
- IC Euroins AD – subsidiary of EIG;
- Euroins Romania Asigurare – Reasigurare S.A., Romania – subsidiary of EIG;
- Euroins Osigurovanje AD, North Macedonia – subsidiary of EIG;
- IC Euroins Life EAD – subsidiary of EIG;
- IC EIG Re AD – subsidiary of EIG;
- IC Euroins Ukraine PrAT, Ukraine – subsidiary of EIG;
- Euroins Claims I.K.E. Greece - subsidiary of EIG;
- IC Euroins Georgia JSC, Georgia - subsidiary of EIG;
- European Travel Insurance PrAT, Ukraine - subsidiary of EIG;
- CJSC Insurance company ERGO, Belarus - subsidiary of EIG;
- Russian Insurance Company Euroins, Russian Federation - associated of EIG;
- **Avto Union AD (AU)** – subsidiary of Eurohold Bulgaria AD;
- Avto Union Service EOOD – subsidiary of AU;
- 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 – subsidiary of AU - a related party until 30.12.2020;
- 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 AD (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;

- o **Eastern European Electric Company II B.V, The Netherlands** - subsidiary of Eurohold Bulgaria AD;
- o Eastern European Electric Company B.V, The Netherlands – subsidiary of Eastern European Electric Company II B.V, The Netherlands.

29.1. The related parties' transactions

29.1.1. Transactions with subsidiaries and other related parties under common control

2020

- o The Company, in its capacity as a borrower on a loan with Starcom Holding AD and on a loan with Auto Union AD, has set off the amount of BGN 4,150 thousand in reduction of the loan principal with Starcom Holding AD and increase of the loan principal with Auto Union AD, as the cash flows are settled directly between Starcom Holding AD and Auto Union AD in three tranches.
- o The Company has concluded a SWAP transaction with IC EIG RE EAD, buying back 6 pcs. ECPs with XS1966018308 with a nominal of € 600,000 worth € 599,400 and simultaneously replace it with 6 newly issued ECPs with ISIN: XS2141135975 for € 588,000. As of 31.12.2020 ECPs with ISIN: XS2141135975 was repurchased by Eurohold Bulgaria AD and repaid/cancelled.
- o The Company has concluded a SWAP transaction with Euroins Bulgaria, buying back 114 pcs. ECPs with XS1966018308 with a nominal of EUR 11,400,000 worth € 11,388,600 and simultaneously replace it with 116 newly issued ECPs with ISIN: XS2141135975 for € 11,368,000. As of 31.12.2020 ECPs with ISIN: XS2141135975 was repurchased by Eurohold Bulgaria AD and repaid/cancelled.
- o The Company has concluded a SWAP transaction with Euroins Bulgaria, buying back 45 pcs. ECPs with ISIN: XS1984471612 with a nominal of EUR 4,500,000 worth € 4,455,000 and simultaneously replace it with 45 newly issued ECPs with ISIN: XS2157195020 for € 4,410,000. As of 31.12.2020 ECPs with ISIN: XS2157195020 was repurchased by Eurohold Bulgaria AD and repaid/cancelled.
- o The Company has concluded a SWAP transaction with Euroins Bulgaria, buying back 1 pcs. ECP with ISIN: XS2205084127 with a nominal of EUR 100,000 worth € 99,400 and simultaneously replace it with 100 newly issued Corporate bonds with ISIN: BG2100013205 for € 100,000.
- o With a debt replacement agreement, the main shareholder Starcom Holding AD assumes liabilities of the Company to Auto Union AD in the total amount of BGN 4,245 thousand, including principal in the amount of BGN 4,047 thousand and interest in the amount of BGN 198 thousand.

- With a debt replacement agreement, the main shareholder Starcom Holding AD assumes liabilities of the Company to Auto Union AD in the total amount of BGN 4,110 thousand, including principal in the amount of BGN 4,090 thousand. and interest in the amount of BGN 20 thousand.
- With a debt replacement agreement, the main shareholder Starcom Holding AD assumes liabilities of the Company to Motobul EAD in the total amount of BGN 2,724 thousand, including principal in the amount of BGN 2,570 thousand and interest in the amount of BGN 154 thousand.
- With a debt replacement agreement, the main shareholder Starcom Holding AD assumes liabilities of the Company to Motobul EAD in the total amount of BGN 2,125 thousand, including principal in the amount of BGN 1,960 thousand and interest in the amount of BGN 165 thousand.
- The assumed liabilities to Auto Union AD and Motobul EAD are joined to existing liabilities of the Company to Starcom Holding AD in the total amount of BGN 19,579 thousand (including principal BGN 18,487 thousand and interest BGN 1,092 thousand) and form a total liability of BGN 32,784 thousand, in which the total liability interest is capitalized. The total liability thus formed (BGN 32,784 thousand) is a subordinated debt, representing Tier 1 capital, according to the applicable provisions of the current Bulgarian and Community law. The Tier 1 capital has a total value of BGN 32,784 thousand and has an indefinite repayment period, but not earlier than 5 years, and an interest rate of 6.5%, due at the end of each quarter (*Notes 19 and 27*).
- With a debt replacement agreement, the obligations of the Company under a loan agreement with Auto Union Service EOOD in the total amount of BGN 328 thousand (principal BGN 314 thousand and interest BGN 14 thousand) were assumed by Star Motors EOOD (*Notes 25.1. and 25.3.*).

2019

- The Company has concluded a SWAP transaction with Euroins Romania, buying back 4 pcs. ECPs with ISIN:XS1811833737 with a nominal of € 400,000 worth € 398,000 and simultaneously replace it with 4 newly issued ECPs with ISIN:XS1984471612 for € 392,000.
- The Company has concluded a SWAP transaction with Euroins Bulgaria, buying back 6 pcs. ECPs with ISIN:XS1811833737 with a nominal of EUR 600,000 worth EUR 597,000 and 17 pcs. ECPs with ISIN:XS1819580579 with a nominal of EUR 1 700 000 valued at EUR 1 691 500 and at the same time replaced it with 24 new issues ECPs with ISIN:XS1984471612 for EUR 2 352 000.
- The Company has concluded a SWAP transaction with Euroins Romania, buying back 82 pcs. ECPs with ISIN:1796869961 with a nominal of EUR 8 200 000 worth EUR 8 167 200 and at the same time replaced it with 84 new issues ECPs with ISIN:1966018308 for EUR 8 232 000.
- The Company has concluded a SWAP transaction with EIG RE EAD by buying back 11 pcs. ECPs with ISIN:1796869961 with a nominal of EUR 1 100 000 valued at EUR 1 094 500 and at the same time replaced it by 11 new issues ECP with ISIN:1966018308 for EUR 1 078 000.
- The Company has concluded a SWAP transaction with Eurolease Auto EAD, buying back 8 pcs. ECPs with ISIN:1796869961 with a nominal of EUR 800,000 worth EUR 796,000 and simultaneously replace it with 8 new issues ECPs with ISIN:1966018308 for EUR 784,000.
- The Company has concluded a SWAP transaction with EUROINS AD, buying back 16 pcs. ECPs with ISIN:1796869961 with a nominal of EUR 1 600 000 valued at EUR 1 592 000 and simultaneously replaced it with 16 new issues ECPs with ISIN:1966018308 for EUR 1 568 000.

The other related parties' transactions for 2019 and 2018 are disclosed in *Notes 3., 4., 5.1., 7.1., 8.1., 9.1., 10.1., 12.1., 12.2. and 21.*

29.1.2. Transactions with key management personnel

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

	2020 BGN	2019 BGN
Short-term remunerations:		
Salaries	303 230	304 926
Social security costs	10 419	7 588
Total short - term remuneration	313 649	312 514

29.1.3. Related party accounts at the end of the year

Related party accounts are disclosed in the following *Notes 15, 19,22, 25 and 26*.

30. Events after the end of the reporting period

COVID-19

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 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.

CEZ Group

On January 19, 2021, the Bulgarian Energy and Water Regulatory Commission (EWRC) approved Eurohold Bulgaria for the acquisition of the Czech energy company CEZ Group's subsidiaries in Bulgaria.

In this way, Eurohold obtained all the necessary approvals by the Bulgarian regulators to carry out the acquisition. The deal was approved by the Bulgarian Commission for Protection of Competition (CPC) on 29th October 2020.

Eurohold will acquire CEZ Group's business in Bulgaria through its subsidiary and specially set up Eastern European Electric Company B.V. (EEEC). The deal includes 67% of the power utility CEZ Distribution Bulgaria and the power supplier CEZ Electro Bulgaria, as well as 100% of the shares of the licensed electricity trader CEZ Trade Bulgaria, IT services company CEZ ICT Bulgaria, solar park Free Energy Project Oreshetz, biomass-fired power plant Bara Group and CEZ Bulgaria that coordinates and manages all CEZ Group's subsidiaries in Bulgaria.

The next stage in the acquisition process will be to sign financing agreements and transfer of the shares. Eurohold will finance the acquisition through a combination of equity and borrowed capital provided by leading global investment banks.

Extraordinary annual session of the General meeting of the shareholders

On April 10, 2021, at an extraordinary annual session of the General meeting of the shareholders, the following resolutions were taken:

- o Decision to increase the capital of Eurohold Bulgaria AD, from BGN 197,525,600 (one hundred ninety-seven million five hundred twenty-five thousand six hundred) to BGN 276,535,840 (two hundred seventy-six million five hundred thirty-five thousand eight hundred and forty) by issuing a new issue of shares under the conditions of public offering under the Public Offering of Securities Act. The new issue consists of 79,010,240 shares of the same type and class as the existing issue of shares of the company, namely: dematerialized, registered, non-preferred, with the right to 1 (one) vote at the general meeting of shareholders of the company, entitled to dividend and right to liquidation share, proportional to the nominal value of the share. The nominal value of each share is BGN 1.00 (one). The issue value of each share is BGN 2.50 (two and 0.50). The capital of Eurohold Bulgaria AD will be increased only if at least 31,604,096 shares are subscribed and fully paid, representing 40% (forty percent) of the offered shares. In this case, based on Art. 192a, para. 2 of the Commercial Law, the capital will be increased only by the value of the subscribed and fully paid shares, equal to or exceeding the indicated minimum admissible amount of the raised capital, whereby the public offering is considered successfully completed. It is not possible to subscribe for shares above the maximum admissible amount of the capital requested for raising in the amount of 79,010,240 shares.
- o Decision for amendments to the Articles of Association of the company.
- o Decision for authorization of the Management Board and the persons who manage and represent Eurohold Bulgaria AD to conclude a corporate guarantee of a total value above the threshold under Art. 114, para. 1, item 2, proposed 4 in connection with Art. 114, para. 1, item 1, letter "b" of Law on Public Offering of Securities, according to a motivated report prepared by the Management Board of the company, as a result of which a liability will arise for Eurohold Bulgaria AD, in its capacity of corporate guarantor for the payment of all liabilities (including, but not limited to, principal, interest, penalties, fees, commissions, other expenses) of its subsidiary - Eastern European Electric Company BV, which are related to and / or would arise from the conclusion of financing transactions in the form of (i) subordinated debt, (ii) perpetual non-convertible preferred shares with guaranteed dividend, issued by the subsidiary - Eastern European Electric Company BV. and / or by the subsidiary - Eastern European Electric Company II BV (Eastern European Electric Company II BV), (iii) a mezzanine loan and / or (iv) another financial instrument with an economic effect similar to the effect of the instruments under (i), (ii) and / or (iii), in the following main parameters of the financing transaction and, respectively, of the provided corporate guarantee: minimum value EUR 50 000 000 (fifty million), including the corresponding return for the applicable financing instrument for creditors / investors (eg interest, fixed dividend, nominal discount) and maximum value 150 000 000 EUR (one hundred and fifty million), including the corresponding return for creditors / investors (eg interest, fixed dividend, nominal discount); term - from 3 to 10 years; The transaction is carried out in favor of the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company BV and / or the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company II BV and indirectly, in favor of the parent company Eurohold Bulgaria AD; Purpose of the transaction - financing of part of the acquisition price of CEZ Group's assets in Bulgaria, parties to the transaction: Eurohold Bulgaria AD - corporate guarantor, on the one hand and the creditors / investors in the above-mentioned financing instruments of Eastern European Electric Company B.V. and / or Eastern European Electric Company II BV - counterparty (beneficiary) to the corporate guarantee transaction, on the other hand.

The minutes of the GMS held on April 10, 2021 are available on the Company's website www.eurohold.bg, as well as on the company's account in the Commercial Register and the Register of Non-Profit Legal Entities at the Registry Agency - www.portal.registryagency.bg.

Eurolease Group AD

On November 27, 2020, at a meeting of the Board of Directors of Eurolease Group AD, a decision was made to change the capital structure, as well as to reduce it. At the same meeting a decision was made to cover the accumulated loss and change the statute in connection with the reduction of capital.

At the Extraordinary General Meeting of Shareholders of Eurolease Group AD, entered on January 28, 2021 in the Commercial Register and the Register of Non-Profit Legal Entities, the following decisions were taken:

- o Change of the capital structure, reduction of the authorized capital from BGN 27,241 thousand to BGN 19,296 thousand under Art. 200, item 1 of the Commercial Law by reducing the nominal value of the shares.
- o According to Art. 246, para. 2, item 4 of the Commercial Law, the funds from the reduction in the amount of BGN 7,945 thousand are referred to the Reserve Fund of the Company and the accumulated loss from previous years in the amount of BGN 6,858 thousand is covered.

There are no other events after the date of the reporting period that would require additional disclosure or adjustments in the financial statements of Eurohold Bulgaria AD as of December 31, 2020.

ANNUAL MANAGEMENT REPORT

2020



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EUROHOLD BULGARIA - CORPORATE OVERVIEW

EUROHOLD BULGARIA

2020

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

Financial highlights 2020

Individual

BGN 629 million

Investments in subsidiaries

BGN 634 million

Assets

BGN 197,5 million

Share capital

BGN 304 million

Equity

BGN 33 million

Subordinated debt instruments

BGN 1.74

Share price as of 31.12.2020

- **OUR BUSINESS OPERATIONS**
- **Insurance**
- **Automotive**
- **Leasing**
- **Investment intermediation and Asset Management:**
- **Energy sector (in the process of acquisition)**

- **5 subsidiary companies**
- **32 operating companies**
- **1 associated company**
- **14 countries in Europe**
- **9,400 shareholders**
- **25 years of history**

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

Avto Union - investments in the automotive sector

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

Eurolease Group is a leasing group

Large leasing group operating on 2 markets in the Balkans.

Euro-Finance - investment intermediation and asset management:

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

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

In the process of acquisition of the CEZ Group companies in Bulgaria

Everybody has a story, we have a vision

Business profile - Eurohold Bulgaria is one of the leading public companies whose shares are traded on the Bulgarian Stock Exchange - Sofia. The investment portfolio of the Holding includes subsidiaries operating in four areas – insurance, financial services, motor vehicle sales and leasing. Mutually complementary activities provide significant opportunities for a rapid growth of the market shares of the companies in the holding structure, cost optimization, enhancing competitiveness and, as a result, increasing Eurohold's profits.

At present, Eurohold Bulgaria is in the process of acquiring the energy business of CEZ GROUP in Bulgaria.

Our mission - to maintain high financial stability and provide adequate return to its shareholders; to support the growth of its subsidiaries; to stimulate innovation and increase customer satisfaction; to ensure the required conditions for a continuous improvement in the synergy between its subsidiaries; to maintain high confidence in its relations with its customers, employees and shareholders.

The main goals of Eurohold - to satisfy the needs of its customers by means of offering innovative and competitive products and services, to expand the markets in which it operates and to increase the market shares of each of its subsidiaries; to increase the amount of sales in combination with high profitability, to preserve the positive reputation of the company. Achieving the goals will lead to sustainable growth in revenues and profits.



OUR GROUP STRATEGY IS BASED ON THE FOLLOWING PRINCIPLES:

- » Development and maintenance of leading positions in the region of Southeast Europe in the insurance, leasing and automotive business;
- » Focus on organic growth, complemented by the acquisition of companies that meet the criteria of Eurohold;
- » Promoting synergy and cross-selling across business segments by centralizing and optimizing operations, marketing, and business processes;
- » Focus on risk management, guaranteed profitability and stable financial condition of each company within the Eurohold Group;
- » Creating and retaining highly qualified managers and employees by providing opportunities for professional and career growth;
- » Setting common goals in each business segment regarding the negotiation of better conditions for suppliers, advertising and participation in public tenders.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

For the Eurohold Group, corporate sustainability means the ability to meet the expectations of all our stakeholders and to fulfill our obligations, not only today, but also in the future.



Eurohold Bulgaria AD has imposed the group policy for social responsibility in the holding structure, to which all companies from its economic group adhere.

The Eurohold group is convinced of the importance and benefits of corporate responsibility that is related to protecting people, their well-being, and protecting the environment and with an impact on society.

The essence of group corporate responsibility is the constant efforts to improve the economic environment by encouraging responsible behavior on the part of our employees, conducting an open dialogue with stakeholders and strengthening the positive impact of the companies of the Eurohold economic group on society.

All companies in the holding structure support the implementation of the principles of corporate social responsibility and sustainability in their activities.

Credit ratings

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

SIGNIFICANT EVENTS FOR THE EUROHOLD BULGARIA

Important for Eurohold Bulgaria events that occurred in 2020 until the date of this Business Activity Report

1. GENERAL MEETING OF THE SHAREHOLDERS OF EUROHOLD BULGARIA ADOPTS A RESOLUTION FOR SHARE CAPITAL INCREASE OF THE COMPANY AND ISSUANCE OF A CORPORATE GUARANTEE BY EUROHOLD TO ITS SUBSIDIARY

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

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

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

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

2. GRANTED APPROVALS BY THE COMPETENT REGULATORY AUTHORITIES FOR THE ACQUISITION OF THE SUBSIDIARIES OF THE CZECH ENERGY GROUP CEZ IN BULGARIA

On October 29, 2020, the Commission for Protection of Competition (CPC) granted its approval for Eurohold Bulgaria AD, through its subsidiary Eastern European Electric Company BV, to acquire control over the subsidiaries of CEZ Group in Bulgaria.

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

Eurohold Bulgaria AD will acquire control over the business of CEZ in Bulgaria through an especially created for this purpose company Eastern European Electric Company B.V., the Netherlands, which in turn is 100% owned by Eastern European Electric Company II BV. The latter is 100% sole owned by Eurohold Bulgaria AD. The Dutch companies were established as the so-called special purpose vehicles (SPVs): to carry out the acquisition of CEZ assets in Bulgaria. The company which acquires directly the participation in the target companies is Eastern European Electric Company B.V.

The acquisition comprises of 67% of the share capital of the electricity distribution company CEZ Distribution Bulgaria AD and of the power supply utility company CEZ Electro Bulgaria AD, as well as of the acquisition of 100% from the capital of the licensed electricity trader CEZ Trade Bulgaria EAD, the IT services company CEZ ICT Bulgaria EAD (a subsidiary of CEZ Distribution Bulgaria AD), the photovoltaic (solar) park "Free Energy Project Oreshets" EAD, the company for production of electricity from biomass - Bara Group EOOD, and CEZ Bulgaria EAD, which coordinates and manages the activities of all companies in the Czech group in the Bulgaria (together herein referred to as "CEZ Assets in Bulgaria").

Following receipt of the required approvals and authorizations from the competent regulatory authorities, the transaction enters into its final stage. The next steps in its implementation are completion of the procedures for securing part of the financing through own funds (raised from share capital increase), securing the debt part of the financing by closing the negotiations and respectively executing the relevant financing agreements for the borrowed capital, and respectively carrying out the corresponding transfer of the shares.

Insofar as the acquired companies CEZ Distribution Bulgaria AD and CEZ Electro Bulgaria AD are publicly listed companies whose shares are traded on a regulated market and the acquired by Eastern European Electric Company BV participation exceeds two thirds of the voting rights in the general meeting of each of these listed companies (67%), according to the provision of art. 149, para. 6 of the Public Offering of Securities Act, after the acquisition of the shares, Eastern European Electric Company BV, the Netherlands will be obliged to submit a mandatory tender offer to the other shareholders (owners of voting rights in the GMS) in these companies for the purchase of their shares. In case the offer is accepted by all shareholders of each of the two companies, for Eastern European Electric Company BV will arise an obligation for the acquisition of a minority stake in the amount of 33% of the capital of each of the public listed companies CEZ Distribution Bulgaria AD and CEZ Electro Bulgaria AD.

The funding of the above-described acquisition of CEZ's assets in Bulgaria, including the minority stake in the two public listed target companies, will be secured through own funds (raised from share capital increases) and borrowed capital provided by leading global investment banks.

3. ISSUED BOND LOAN FROM EUROHOLD BULGARIA AD

On November 26, Eurohold Bulgaria AD successfully placed a second issue of corporate bonds under the terms of an initial private placement with a commitment for subsequent admission of the issue to trading on a regulated market within 6 months from the date of registration with Central Depository AD.

The bond loan has a total nominal and issue value of EUR 30,000,000, divided into 30,000 number of common, registered, dematerialized, interest-bearing, secured, non-convertible and freely transferable bonds. The bonds are of the same class and give equal rights to their holders. The nominal annual interest rate is fixed at 3.25% and interest payments every 6 months. The issue has a maturity date November 26, 2027.

The funds raised from the issue were used according to the purposes for which it was issued, namely to repay short-term liabilities of the Company to non-banking institutions - Euro Commercial Papers (ECP) (in the period 2020 were issued, repurchased and repaid and deleted from the registers three issues of Euro Commercial Papers (ECP), with a total face value of EUR 20,200 thousand and payment of subscribed but unpaid capital of the subsidiary Euroins Insurance Group AD in the amount of EUR 10,000 thousand.

The Management Board of Eurohold Bulgaria AD has appointed Financial House Ever AD as a Bondholders' trustee under the second issue of corporate bonds with ISIN code BG2100013205. The selected trustee of the bondholders and the contract between the trustee and the issuer were confirmed by the bondholders at a meeting of the First General Meeting of Bondholders held on December 18, 2020.

4. EUROHOLD BULGARIA, THROUGH ITS SUBSIDIARY EUROINS INSURANCE GROUP HAS FINALIZED A DEAL WITH ACQUISITION OF INSURER OF GERMAN ERGO IN BELARUS

On April 29, 2020 - Euroins Insurance Group AD (EIG), part of Eurohold Bulgaria AD, finalized an acquisition of the insurance company ERGO Belarus (now IC Euroins Insurance Company) after approval by the regulatory authorities in the country - Ministry of antitrust regulation and trade and the Ministry of Finance.

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

ERGO Belarus (now IC Euroins Insurance Company) specializes in the segment of non-life insurance (liability, property, medical, transport, accidents, travel assistance, etc.) and is the third largest private insurer in the country in a sector dominated by this stage of state-owned companies.

5. ACQUISITION OF SHARES FROM THE SHARE CAPITAL OF EUROINS INSURANCE GROUP AD

From January 1, 2020 to the present, Eurohold Bulgaria AD has acquired another 12,305,773 shares of the capital of Euroins Insurance Group AD, 8,390,300 of which were acquired in 2020. As a result of the acquisition, the participation in the capital of the subsidiary insurance subholding was increased to 96.67%, with which the total shares held by Eurohold Bulgaria currently amount to 525,371,935 shares.

The acquisition is carried out in accordance with an agreement signed by Eurohold Bulgaria AD in 2018 for the acquisition of the minority share of the other shareholder in Euroins Insurance Group AD - Basildon Holding S.A.R.L., the special investment company of the equity fund South Eastern Europe Fund LP (SEEF), managed by the Greek investment company Global Finance. The company agreed to repurchase the share of the fund in the amount of 10.64% of the capital as of the date of concluding the repurchase agreement. After the finalization of the transaction, Eurohold will own 100% of the capital of Euroins Insurance Group AD. The investments made in 2020 in the repurchase of the agreed share amount to BGN 7,402 thousand. After the completion of the transaction, Eurohold Bulgaria AD will own 100% of the capital of Euroins Insurance Group AD.

ACQUISITION OF CONTROL OVER THE SUBSIDIARIES OF CEZ IN BULGARIA

With the acquisition of control over the subsidiaries owned by CEZ in Bulgaria, Eurohold Bulgaria AD aims to establish a strong regional company within the holding following the established model of Euroins Insurance Group AD (one of the largest insurance groups in Southeast Europe) and an opportunity to diversify its investment portfolio.

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

The acquisition package comprises of 67% of the share capital of the electricity distribution company CEZ Distribution Bulgaria AD and of the power supply utility company CEZ Electro Bulgaria AD, as well as of the acquisition of 100% from the capital of the licensed electricity trader CEZ Trade Bulgaria EAD, the IT services company CEZ ICT Bulgaria EAD (a subsidiary of CEZ Distribution Bulgaria AD), the photovoltaic (solar) park "Free Energy Project Oreshets" EAD, the company for production of electricity from biomass - Bara Group EOOD, and CEZ Bulgaria EAD, which coordinates and manages the activities of all companies in the Czech group in the Bulgaria

As of the date of preparation of this Activity Report, Eurohold Bulgaria is in the process of structuring the financing of the transaction, which will be followed by the transfer of the shares.

The financing of the purchase of the shares from the majority shareholder and of those from the minority shareholders of the two public listed companies part of the package deal (CEZ Electro Bulgaria AD and CEZ Trade Bulgaria EAD) will be secured through own funds (raised from share capital increase) and borrowed capital from leading global investment banks.

INFORMATION FOR THE COMPANY

A. HISTORY

THE HISTORY OF EUROHOLD BULGARIA BEGINS 25 YEARS AGO

✓ **2006 - ESTABLISHMENT. SUCCESSOR OF TWO LARGE HOLDING GROUPS**

Eurohold Bulgaria AD (AD - Joint-stock company) is a holding company established on December 12, 2006 in the Republic of Bulgaria through the merger of the public company Eurohold AD (1996) and the holding company Starcom Holding AD (1995).

The merger strengthened the position of the newly incorporated holding company Eurohold Bulgaria AD as one of the major groups in Bulgaria with a significant potential for future development, considerable equity and financial resources.

✓ **2007-2010 - CHOICE OF BUSINESS MODEL AND CONCEPT**

At its incorporation, Eurohold Bulgaria AD owned a number of subsidiaries, which operated in the insurance, leasing, real estate and tourist property management, industry, etc. In 2010, the management of the Company decided to restructure its investments, determining for strategic investments its investments in companies operating in the field of insurance, leasing, automobiles, as well as investment intermediation and asset management.

In order to optimize costs and achieve high synergy between its strategic subsidiaries, it has been decided to incorporate sub-holding structures operating in the insurance sector, the leasing sector, car sales, investment intermediation and asset management.

✓ **NOWADAYS - EXPANSION AND LEADER IN EUROPE. RECOGNIZABLE BRAND WORLDWIDE**

The largest public holding in Bulgaria and one of the leading independent business groups in Southeast Europe (SEE).

In the past 25 years, the holding has made 16 successful acquisitions of companies from different sectors in Central and Eastern Europe in deals with leading corporations in their sectors in Europe. Through Euroins Insurance Group AD (EIG), Eurohold operates in 14 European countries and has subsidiaries in Bulgaria, Romania, North Macedonia, Ukraine, Georgia, Russia, Belarus and Greece. EIG also operates in Greece, Spain, Poland, Italy, the United Kingdom, the Netherlands and Germany under FOS (freedom of services) and FOE (freedom of establishment).

Since 2019, Eurohold has focused its efforts on entering new regulated markets and strategic expansion by acquiring investments in the energy sector. In the current 2021, the acquisition of CEZ Group's subsidiaries in Bulgaria have to be finalized, which will have a positive impact on reducing the concentration of the insurance business in the Eurohold Group and increasing the sustainability of revenues and operating results.

B. COMPANY INFORMATION. ACTIVITY AND BUSINESS MODEL

EUROHOLD BULGARIA AD (EUROHOLD BULGARIA S.A.)

Company information

Country of incorporation	Republic of Bulgaria
Registration number	UIC 175187337
Identification number of the legal entity	LEI code 74780000J0W85Y204X80
Legislation	Bulgarian
Headquarters and correspondence address	City of Sofia, PO 1592, Iskar District, 43, Christopher Columbus Blvd.,
Phone number	+359 2 9651 651; + 359 651 653
Fax	+359 2 9651 652;
E-mail	investors@eurohold.bg ; office@eurohold.bg
Website	www.eurohold.bg

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

Scope of activity

Eurohold Bulgaria AD is registered in the Republic of Bulgaria. acquisition, management, assessment and sale of shares in Bulgarian and foreign companies; acquisition, management and sale of bonds; acquisition, assessment and sale of patents, concession of licenses for patent use to companies in which the Company holds a share; funding companies, in which the Company holds a share.

Main activity

Main business of the holding company carrying out financial and investment activity related to the acquisition, sale and management of participations and financing of related companies.

Business model

Eurohold Bulgaria AD is one of the largest independent financial groups in the region of central and south-eastern Europe. The Eurohold Group is a fast-growing holding structure that extends both organically and through acquisitions.

In order to optimize management, business processes and fixed cost, the Company has structured its businesses in sub-holding structures depending on the sector in which they operate. Eurohold Bulgaria AD, together with its subsidiaries and their operating companies, forms an economic group - the Eurohold Group. At the same time, Eurohold Bulgaria AD is part of the economic group of its majority shareholder Starcom Holding AD.

As of the date of this report, Eurohold Bulgaria AD has direct participation in five subsidiaries. Four of these companies are sub-holding structures combining Eurohold's business activities in the insurance, sale of motor vehicles, leasing and energy sectors, while the fifth company, operating in the field of investment intermediation and asset management, is independently represented.

The division in the energy sector is not operating, as it is new for the Company. At present, Eurohold Bulgaria AD is in the process of acquiring the energy business of CEZ GROUP in Bulgaria, for which it has received all necessary approvals from the regulatory authorities - the Commission for Protection of Competition and the Commission for energy and water regulation.

Company statute

Eurohold Bulgaria AD is a public joint-stock company under the provisions of Public Offering of Securities Act. The shares of the company are listed for trading on the Main Market of Bulgarian Stock Exchange AD with stock exchange code EUBG and of Warsaw Stock Exchange (WSE) with stock exchange code EHG.

Research and development

For the period of its existence Eurohold Bulgaria AD has not directly incurred expenses for research or development. Similar activity was not performed in the companies of its economic group.

MANAGEMENT BODIES. CONTROL AUTHORITIES

Eurohold Bulgaria AD has a two-tier management system:

- The Supervisory Board consists of six natural persons;
- Management Board consists of five natural persons;
- The Company has appointed two Procurators.

As of 31.12.2020 the members of the Management and Supervisory Boards are as follows:

SUPERVISORY BOARD	MANAGEMENT BOARD	PROCURACY
Asen Milkov Christov Chairperson	Kiril Ivanov Boshov Chairperson	Hristo Lyubomirov Stoev Procurator
Dimitar Stoyanov Dimitrov Deputy Chairperson	Asen Minchev Minchev Executive member	Milena Miltchova Guentcheva Procurator
Kustaa Lauri Äimä Independent member	Velislav Milkov Christov Member	
Radi Georgiev Georgiev Member	Asen Emanuilov Assenov Member	
Lyubomir Stoev Independent member	Razvan Stefan Lefter Independent member	
Luise Gabrielle Roman Member		

Detailed information on the qualifications, professional experience and other significant participations of the members of the Supervisory and Management Board and Procurator of the Company can be found in the section "Additional information legally required regarding the company"

In 2020, there were no changes in the members of the Supervisory and Management Boards.

The procurator Milena Guentcheva was appointed in December 2020.

The manner of representation of the company remains unchanged. Eurohold Bulgaria AD is represented only together by an executive member of the Managing Board and a procurator.

The activity of the Company is not dependent on the individual professional experience or qualifications of other employees.

Audit Committee

As of May 2009, an Audit committee has been created in the company.

At the meeting held on 30.09.2020, the General Meeting of Shareholders adopted a new statute (Rules of Procedure) of the audit committee and decided to renew the mandate of the members of the audit committee with a new 5 (five) year term.

In accordance with Art. 107, para.7 of the Independent Financial Audit Act (IFAA), the Audit Committee of Eurohold Bulgaria AD has adopted Operating Rules which regulate the activity of the Audit Committee. The operating rules define the functions, rights and obligations of the Audit Committee on financial audit and internal control as well as its relationship with the registered auditor and the management bodies of the Company and are described in detail in the Corporate Governance Declaration.

The objective of the Audit Committee is to support the management of the Company in fulfilling its obligations for the integrity of the separate and consolidated financial statements, assessing the effectiveness of the internal financial control systems and monitoring the effectiveness and objectivity of internal and external auditors.

Members of the Audit Committee

Audit Committee

Ivan Georgiev Mankov- Independent member and Chairperson of the Audit Committee

Dimitar Stoyanov Dimitrov- Member of the Audit Committee

Rositsa Mihaylova Pencheva - Independent member of the Audit Committee

SHARE CAPITAL. EQUITY STRUCTURE

A. SHARE CAPITAL

Eurohold Bulgaria AD is established with capital amounting to 50 002 586 BGN, divided into 50 002 586 ordinary registered non-preferred dematerialized shares, each with the right to one vote in the General Meeting of the Shareholders, right to a dividend and right to a liquidation quota, with a nominal value to 1 BGN per share. Since the establishment of the Company, several increases in the capital of the Company have been made through cash contributions.

As of the date of this report, the share capital of the Eurohold Bulgaria AD amounts to BGN 197 525 600, divided into 197 525 600 ordinary registered non-preferred dematerialized shares, each with the right to one vote, right to a dividend and right to a liquidation quota, with a nominal value to 1 BGN per share.

All shares issued by the Company are in circulation are from the same class and are fully paid in. The entire capital of the Company is paid in cash and the capital is not increased by in-kind contributions and no shares are issued that do not constitute capital.

As of 31.12.2020 and as at the date of preparation of this activity report, the Company hasn't bought back and does not possess its own shares.

As of December 31, 2020, 97,227 shares of Eurohold Bulgaria AD were held by companies in the Eurohold Group (as of December 31, 2019 - 1,352,567 shares). All shares issued by Eurohold Bulgaria AD provide their holders with the right to vote at the General Meeting of the Company. The competent body in relation to making decisions on the increase of the capital of the Company is the General Meeting of Shareholders.






For the period from the establishment of Eurohold Bulgaria AD to the date of this statement, the Company has successfully implemented five subsequent increases in its share capital.

Eurohold Bulgaria AD as a public company carries out an increase of its share capital under the conditions of initial public offering of securities by issuing a new issue of shares under the terms of a public offering under the Public Offering of Securities Act.

All increases in the share capital of Eurohold Bulgaria were made under the conditions of public offering of shares of the same type and class as the initially registered issue of shares, with a nominal value of BGN 1.00 (one) each.

The funds raised from all increases in the share capital of the Company were used to support the subsidiaries and to reduce the long-term indebtedness of the Company.

The chart below shows the history of all increases in the share capital from the establishment of the company until today:

BGN 50,002,586	
December 12, 2006	foundation capital
	
BGN 62,497,636	
June 2007	+ 12 495 050 new shares issued by public offering
	
BGN 108,643,712	
May 2011	+ 46 146 076 new shares issued by public offering
	
BGN 127,345,000	
November 2011	+ 18 701 288 new shares issued by public offering
	
BGN 161,345,000	
February 2017	+ 34 000 000 new shares issued by public offering
	
BGN 197,525,600	
December 2017	+36 180 600 new shares issued by public offering

The shares of Eurohold Bulgaria AD are admitted to trading on the Main Market of Bulgarian Stock Exchange AD, Segment Shares Standard, stock exchange code EUBG and Warsaw Stock Exchange (WSE) with a stock code EHG.

Capital increase

- ✓ On April 22, 2019, at a GMS of the shareholders of Eurohold Bulgaria AD, a decision was made to start a procedure for capital increase through public offering of 80 million new shares through the issuance of preferred shares. Upon successful subscription of all offered shares, the company's capital could reach BGN 277 million. The funds raised from this new public offering of shares had to be fully used for the planned expansion of the company in new regulated business segments, offering great opportunities for sustainable growth. The procedure for the capital increase was terminated by the Company due to the establishment that the investor interest is focused mainly on ordinary shares and not on preferred shares, as decided by the General Meeting of Shareholders.
- ✓ In 2020 there was no increase in the share capital of the Company
- ✓ As of the date of preparation of this Management Report, Eurohold Bulgaria AD is in the process of increasing its share capital through an initial public offering of new shares

On April 10, 2021, at an extraordinary general meeting of the shareholders of Eurohold Bulgaria AD, a decision was made to increase the capital of the company from BGN 197,525,600 (one hundred ninety-seven million five hundred twenty-five thousand six hundred) to BGN 276,535,840 (two hundred seventy-six million five hundred thirty-five thousand eight hundred and forty) by issuing new shares under the conditions of public offering under the Public Offering of Securities Act. The new issue consists of

79,010,240 shares of the same type and class as the existing issue of shares of the company, namely: dematerialized, registered, non-preferred shares, with the right to 1 (one) vote in the general meeting of the shareholders of the company, with the right to dividend and right to liquidation share, proportional to the nominal value of the share. The nominal value of each share is BGN 1.00 (one). The issue value of each share is BGN 2.50 (two and 0.50). The capital of Eurohold Bulgaria AD will be increased only if at least 31,604,096 shares are subscribed and fully paid, which represents 40% (forty percent) of the offered shares. In this case, based on Art. 192a, para. 2 of the Commercial Law, the capital will be increased only by the value of the subscribed and fully paid shares, equal to or exceeding the indicated minimum admissible amount of the raised capital, whereby the public offering is considered to be successfully completed. It is not possible to subscribe for shares above the maximum admissible amount of the capital requested for raising, in the amount of 79,010,240 shares.

The funds raised from the public offering of the new shares of the company's capital will be used to finance the acquisition of CEZ Group's assets in Bulgaria.

To carry out the public offering of the issue of new shares from the capital increase of Eurohold Bulgaria AD, as of the date of this Activity Report, the company has submitted to the Financial Supervision Commission for approval a Prospectus for initial public offering of securities (issue of shares from capital increase). The planned use of the raised capital and the risks related to the activity of Eurohold Bulgaria AD and to the investment in the securities subject to public offering are described in detail in the Prospectus.

After the approval of the Prospectus by the Financial Supervision Commission, it will be published and available on the websites of:

- » The Financial Supervision Commission (www.fsc.bg) after the approval of the Prospectus by the Financial Supervision Commission;
- » The issuer Eurohold Bulgaria AD (www.eurohold.bg) after the approval of the Prospectus by the Financial Supervision Commission;
- » The authorized investment intermediary - Euro-Finance AD - issue manager (www.eurofinance.bg) after the approval of the Prospectus by the Financial Supervision Commission.

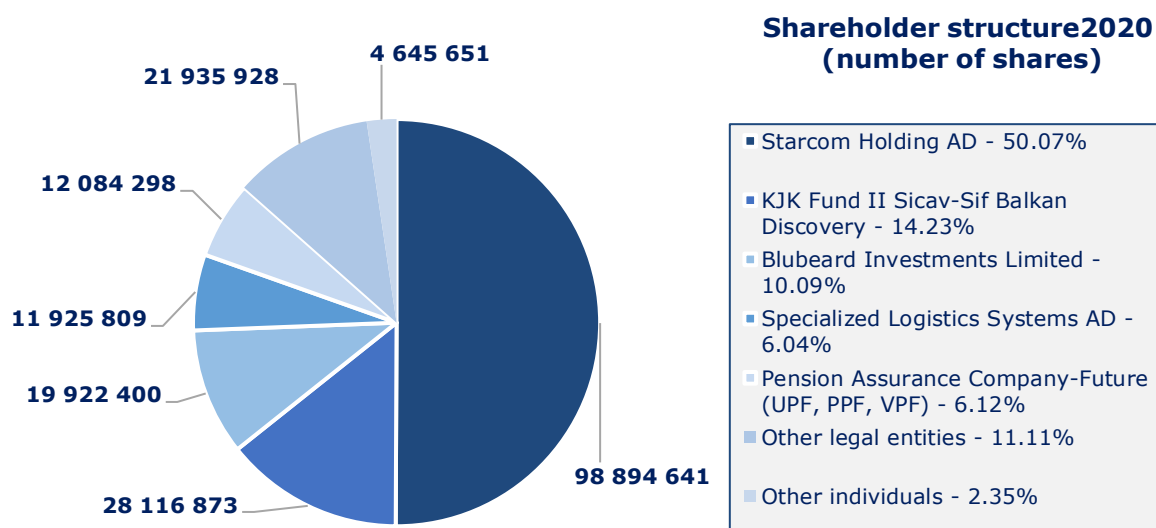
After the successful completion of the capital increase, Eurohold Bulgaria will register the shares from the new issue of shares for trading on the Bulgarian Stock Exchange AD and the Warsaw Stock Exchange.

After the admission of the securities for trading, the Prospectus will be published and available on the websites of:

- » Bulgarian Stock Exchange AD (www.bse-sofia.bg);
- » Warsaw Stock Exchange (www.gpw.pl)

B. SHAREHOLDER STRUCTURE

As of 31.12.2020 and as of the date of preparation of this Management Report, there are only five persons who hold a direct shareholding in the amount of 5 or more per cent of the voting shares in the General Meeting of Shareholders of the Company.



The majority shareholder in Eurohold Bulgaria is Starcom Holding AD, holding as of 31.12.2020 a controlling interest of 50.07% of the capital of Eurohold Bulgaria AD. Starcom Holding AD is a holding company, registered in the Republic of Bulgaria, which operates in compliance with the Bulgarian legislation.

KJK FUND II SICAV-SIF BALKAN DISCOVERY is the second major shareholder in Eurohold Bulgaria AD, which owns 14.23% of the issued shares from the capital of Eurohold at the end of 2020.

Blubeard Investment Limited, British Isles, has a direct shareholding amounting to 10.09% of the voting shares in the General Meeting of Eurohold.

Other investors owning over 5% of the capital of Eurohold are Specialized Logistics Systems with 6.04% and Pension Assurance Company-Future by UPF-Future, PPF-Future and VPF-Future - 6.12%.

In addition to the above persons, the individual Asen Milkov Hristov, through his shareholding in the amount of 51% in Starcom Holding AD, has an indirect participation in the capital in the amount of over 5 percent, through his shareholding in the capital of the majority shareholder Starcom Holding AD, the person has an indirect participation equal to the amount of participation of Starcom Holding AD - 50.07%.

No any other natural or legal persons who may directly or indirectly own in the hypotheses of Art. 145 and the following from POSA share participation in the amount of 5 or more percent of the voting shares in the general meeting of the company are known.

There are no natural persons shareholders who directly own more than 5 percent of the voting shares in the General Meeting of Eurohold Bulgaria.

C. INFORMATION ABOUT THE MAJORITY SHAREHOLDER

The majority shareholder Starcom Holding AD is a company entered in the Commercial Register kept by the Registry Agency of the Republic of Bulgaria with UIC 121610851, with headquarters and address of management: 191, Ruski Blvd., town of Etropole 2180. The registered capital of the company amounts to BGN 66,900,000, divided into 669,000 common, registered, available shares with a nominal value of BGN 100 each. The scope of business of Starcom Holding AD is acquisition, management, assessment and sale of shares in Bulgarian and foreign companies, acquisition, assessment and sale of patents, transfer of licenses for use of patents to companies in which the company participates, financing of companies, in which the Company holds a share. Starcom Holding AD has a one-tier management system - a Board of Directors consisting of three members - Assen Milkov Christov - Executive Director, Kiril Ivanov Boshov - Chairperson of the Board of Directors and Velislav Milkov Christov - Member of the Board of Directors. Starcom Holding AD is represented by the Executive Director Assen Christov.

As a majority shareholder in Eurohold Bulgaria AD, Starcom Holding AD does not have different voting rights at the General Meeting of Shareholders.

D. DIRECT AND INDIRECT CONTROL CARRIED OUT OVER EUROHOLD BULGARIA AD. DEPENDENCE OF THE COMPANY ON OTHER LEGAL ENTITIES AND INDIVIDUALS WITHIN THE GROUP

➤ Direct control

Exercised direct control over the Company - Eurohold Bulgaria AD is not directly dependent on other entities within the group, except for the majority owner of the capital - Starcom Holding AD, which owns 50.08% (as of the date of preparation of this report) of the capital of Eurohold Bulgaria AD.

➤ Indirect control

- indirect control within the meaning of § 1, item 14, letter a) of the Additional Provisions of the Public Offering of Securities Act on the company is exercised by the natural person, namely:
- Assen Milkov Christov, who exercises indirect control over the Company, insofar as the person owns 51% of the capital of Starcom Holding AD.

➤ Actual owners

In accordance with the requirements and within the meaning of the Act on Measures against Money Laundering (AML), Eurohold has disclosed the following beneficial owners - individuals - on its account in the Commercial Register: Assen Milkov Christov and Kiril Ivanov Boshov, each of them as a natural person who directly or indirectly owns a sufficient percentage of the shares, stakes or voting rights, including through holding bearer shares, according to §2, para. 1, item 1 of the Additional provisions of the AML.

In this regard, Eurohold Bulgaria AD is indirectly dependent on natural persons - beneficial owners - within the meaning of § 2, para. 1, item 1 of the Additional Provisions of the Law on Money Laundering (Law on Measures against Money Laundering), namely:

- Asen Milkov Hristov, who exercises indirect control over the company, insofar as the person owns 51% of the capital of Starcom Holding AD;
- Kiril Ivanov Boshov, who exercises indirect control over the company, insofar as the person owns 34% of the capital of Starcom Holding AD.

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

Eurohold Bulgaria AD has not entered into arrangements with other parties, nor is aware of such arrangements which may result in a future change of the control over the Company.

Eurohold Bulgaria AD has not entered into arrangements with other parties, nor is aware of such arrangements which may result in a specific future change in the relations of control towards the Company.

MAIN SCOPE OF ACTIVITY. ECONOMIC GROUP

A. MAIN SCOPE OF ACTIVITY

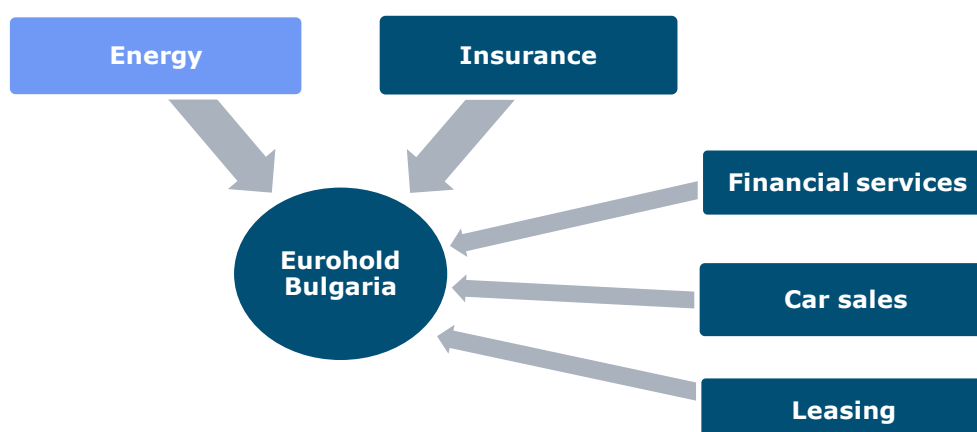
Eurohold Bulgaria AD is a holding company mainly carrying out financial activities related to the acquisition, sale and management of participations and financing of related companies.

Eurohold manages and supports the business group's business through its strategy, risk, financing of associated enterprises, control, communication, legal advice, human resources, information systems and technologies and other functions.

Eurohold has three-tier organizational structure. Each of the three tiers has its specific functions, business activities and goals.

In order to optimize management, business processes and fixed costs, Eurohold has created four subsidiaries - sub-holding structures in the respective business areas. Business lines are organized by type of business and market segments, namely: insurance, car sales, leasing and financial services (investment intermediation and asset management) and the latest division - energy.

Business activities



At the end of 2020, the insurance business is the most important business unit of Eurohold Bulgaria, followed by the automotive, leasing and financial services.

The Energy Division will start operating after the completion of the deal for the purchase of CEZ's Assets in Bulgaria. This is a significant investment for Eurohold Bulgaria, which as of the date of this report is in the process of implementation. Its finalization is in implementation of the planned long-term investment strategy of Eurohold for entering new regulated business segments and diversification of its investment portfolio.

Following the completion of the acquisition of the energy companies, part of CEZ Bulgaria EAD, with the greatest importance in the structure of the Eurohold Group will be the sub-holding structures operating in the insurance and energy sector.

B. ECONOMIC GROUP

Eurohold Bulgaria is a holding company and together with its subsidiary companies (sub-holding structures and their subsidiaries) form an economic group.

At the same time, Eurohold Bulgaria AD is part of the Group of its majority shareholder, Starcom Holding AD. As of the date of preparation of this report, the most significant investment of Starcom Holding AD is Eurohold Bulgaria AD.

Information about the majority shareholder Starcom Holding AD

Registration and legal form: Starcom Holding AD is a joint stock company registered in the Commercial Register, maintained by the Registry Agency of the Republic of Bulgaria with UIC 121610851, registered office and address: 191, Ruski Blvd., city of Etropole 2180.

The registered subject of activity of the company is: Financial leasing; warranty transactions; acquisition of receivables on loans and other forms of financing (factoring, forfeiting, etc.); acquisition of participations in a credit institution or in another financial institution; granting loans with funds that have not been raised through public attraction of deposits or other repayable funds; all the above activities are carried out after obtaining the necessary licenses, registrations, permits and/or approvals from the relevant competent institutions; as well as any other activities that are permitted by law and for which no licenses, registrations, permits and/or approvals from institutions are required. The main activity of the subsidiary will be in the field of financial activities. As of the date of this report, the subsidiary Starcom Finance EAD has not started to develop its core business.

Registered shareholder equity: in the amount of BGN 66,900,000, divided into 669,000 ordinary, registered, available shares with a nominal value of BGN 100 each. The company's shares are not traded on a regulated market.

Investments of Starcom Holding AD as of 31.12.2020:

- » Starcom owns 50.07% of its subsidiary Eurohold Bulgaria AD, which is the largest business unit in the structure of Starcom;
- » Starcom holds a 92.10 % interest in the authorized capital of First Investment Bank AD, Russia (formerly Alma Bank AD). The main activity of the Bank is to conduct commercial banking operations on the territory of the Russian Federation. The Bank has no branches and representative offices. There are no subsidiaries and affiliates. The company is registered with a registered office in city of Moscow;
- » Starcom Holding AD holds a majority share representing 87,80% of the capital of Hanson Asset Management Limited, Great Britain. Hanson Asset Management is an independent investment firm based in London. The company is registered in England & Wales, company is authorized and regulated by the Financial Conduct Authority.
- » Starcom Holding AD acquired through the purchase of 100% of the capital of Quintar Capital Limited, a limited liability company established under the laws of Hong Kong. The company has a registered share capital of 7,900,000 Hong Kong dollars, divided into 7,900,000 ordinary shares. The company holds a license for regulated asset management activities in Hong Kong, issued by the Securities and Futures Commission (SFC) of Hong Kong.
- » In 2020, Starcom established a sole proprietorship joint stock company Starcom Finance EAD. The company is registered in Bulgaria with a capital of BGN 1,050,000 and a nominal value of BGN 1, fully paid upon its registration in the Commercial Register. The main activity of the subsidiary will be in the field of financial activities.

**ORGANIZATIONAL STRUCTURE OF THE ECONOMIC GROUP OF STARCOM HOLDING AD AND
GROUP OF EUROHOLD BULGARIA AS OF 31.12.2020**

STARCOM HOLDING AD (Bulgaria)					
Quintar Capital Limited Hong Kong - 100%		First Investment Bank, Russia - 92.10%			
Hanson Asset Management, Great Britain - 87.80%		Starcom Finance EAD, Bulgaria - 100%			
EUROHOLD BULGARIA AD, (Bulgaria) - 50.07%					
Business sectors:	INSURANCE	LEASING	ENERGY *	FINANCE	MOTOR VEHICLES
Subsidiary companies	Euroins Insurance Group AD, Bulgaria - 95.95%	Eurolease Group AD, Bulgaria - 90.01%	Eastern European Electric Company B.V., The Netherlands - 100%	Euro-Finance AD, Bulgaria - 99.99%; Insurance Company Euroins - 0.01%	Avto union AD, Bulgaria - 99.99%
Operating companies	Insurance Company Euroins AD, Bulgaria - 98.63%	Eurolease Auto EAD, Bulgaria - 100%	Eastern European Electric Company B.V., The Netherlands - 100%		Auto Italia EAD, Bulgaria - 100%
	Euroins Romania Asigurare Reasigurare S.A., Romania - 98.51%	Eurolease Auto DOOEL Northern Macedonia - 100%			N Auto Sofia EAD, Bulgaria - 100%
	Euroins Osiguruvanje AD, Northern Macedonia - 93.36%	Eurolease Rent a car EOOD, Bulgaria - 100%			Espace Auto AD, Bulgaria - 51%
	IC EIG Re EAD, Bulgaria - 100%	Amigo Leasing EAD, Bulgaria - 100%			Avto Union Service EOOD, Bulgaria - 100%
	IC Euroins-Life EAD, Bulgaria - 100%	Autoplaza EAD, Bulgaria - 100%			EA Properties OOD, Bulgaria - 51%
	Private joint-stock company European travel insurance, Ukraine - 99,99%	Sofia Motors EOOD, Bulgaria - 100%			Daru Car EAD, Bulgaria - 100%
	Private joint-stock company ZK Euroins, Ukraine: - 92.62% direct; - 5.74% indirect (via Private joint-stock company European Tourist Insurance, Ukraine)	Eurolease Auto S.A., Romania: - 77.98% direct; - 20.45% indirect (via Euroins Romania)			Bulvaria Varna EOOD, Bulgaria - 100%
	Euroins Claims I.K.E., Greece - 100%				Bulvaria Sofia EAD, Bulgaria - 100%
	Euroins Georgia AD, Georgia - 50.04%				Star Motors EOOD, Bulgaria - 100%
	Private joint-stock insurance company ERGO, Belarus - 93.12%				Star Motors DOOEL, Northern Macedonia - 100%
	Russian insurance company Euroins OOO, Russia - 48.61% (associated participation)				Star Motors SH.P.K., Kosovo - 100%
					Motohub OOD, Bulgaria - 51%
					Motobul EAD, Bulgaria - 100%
					Bopar Pro S.R.L., Romania - 99%
					Benzin Finance EAD, Bulgaria - 100%

*as of the date of this statement, the companies in the Energy segment have no activity

Source: Eurohold Bulgaria AD

Changes occurred in the organizational structure of the economic groups of Starcom and Eurohold after 31.12.2020 until the date of this Management report:

For the period from 31.12.2020 to the date of this statement, the following changes have taken place in the Organizational structure of the Eurohold economic group shown above, as follows:

- The majority shareholder Starcom Holding AD has increased its participation in the capital of Eurohold Bulgaria AD to 50.08%;
- Eurohold Bulgaria AD has acquired another 3,915,473 shares of the capital of its subsidiary Euroins Insurance Group AD. As a result of the acquisition, the participation in the capital of the subsidiary insurance sub-holding was increased to 96.67%, with which the total shares held by Eurohold Bulgaria AD amount to 525 371 935 shares.
- Following a procedure to reduce the capital of the Company in connection with a decision taken in January 2021 by the General Meeting of the Company to invalidate the shares held by the Company (repurchased shares in the amount of 1,448 shares) and a corresponding reduction of capital, As of February 11, 2021, Euroins Insurance Group AD is the sole owner of the capital of Insurance Company Euroins (Belarus).
- Euroins Insurance Group AD has increased its participation in the subsidiary company Euroins Romania Asigurare-Reasigurare S.A. up to 98.52% following completing a share capital increase procedure. On March 26, 2021 the Trade Register of the Republic of Romania registered an increase in the share capital of Euroins Romania Asigurare-Reasigurare S.A. with 50,000,000 Romanian lei by means of issuance of 5,000,000 new shares with an issue value of 10 Romanian lei per share and a nominal value of one share 1 Romanian leu. The newly issued shares are fully subscribed and paid through a cash contribution by Euroins Insurance Group AD. Following the completion of the registration procedure, the capital of Euroins Romania Asigurare-Reasigurare S.A. amounts to 537,823,413 Romanian lei, distributed in 537,823,413 registered shares with a nominal value of 1 /one/ Romanian leu each, of which Euroins Insurance Group AD holds 529,855,189 shares, corresponding to approx. 98.52% of the new share capital. The decision for the increase of the share capital was adopted on 17.09.2020 at the Extraordinary General Meeting of Shareholders of the Euroins Romania Asigurare-Reasigurare S.A. The Romanian Financial Supervisory Authority (Autoritatea de Supraveghere Financiară, ASF) approved the capital increase by Decision № 342 / 11.03.2021.

Forthcoming changes in the participation of Euroins Insurance Group in the share capital of its subsidiary Euroins Romania Asigurare-Reasigurare SA

On 03.12.2020 the Extraordinary General Meeting of Shareholders of Euroins Romania Asigurare-Reasigurare S.A. adopted a resolution for the increase of the share capital of the Company with 76,642,614 Romanian lei by means of issuance of 7,664,261 new shares with an issue value per share of 10 Romanian lei and nominal value per share 1 Romanian leu. The newly issued shares are fully subscribed and paid through the conversion of receivables of the creditor Euroins Insurance Group AD. As of the date of this activity report, the capital increase of the insurance company has been approved by the Romanian Financial Supervisory Authority (Autoritatea de Supraveghere Financiară, ASF), and the increase should be announced and registered with the Trade Register of the Republic of Romania. Following the registration of the capital increase, the share capital of Euroins Romania Asigurare-Reasigurare S.A. will increase with 7,664,261 new shares and shall amount to 545,487,674 Romanian lei, distributed in 545,487,674 registered shares with a nominal value of 1 /one/ Romanian leu, of which Euroins Insurance Group AD holds 537,519,450 shares, corresponding to approx. 98.54% of the new share capital. The entry in the Trade Register is expected to be completed within April 2021.

No other changes have taken place in the structure of the economic group of the majority owner of Eurohold Bulgaria AD.

Countries in which the Eurohold Group is positioned. Main Markets for the Group



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

The main markets in which the Group operates are Bulgaria, Romania, North Macedonia, Ukraine, Georgia, Greece, Belarus (since 2020) and Russia (associated participation).

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

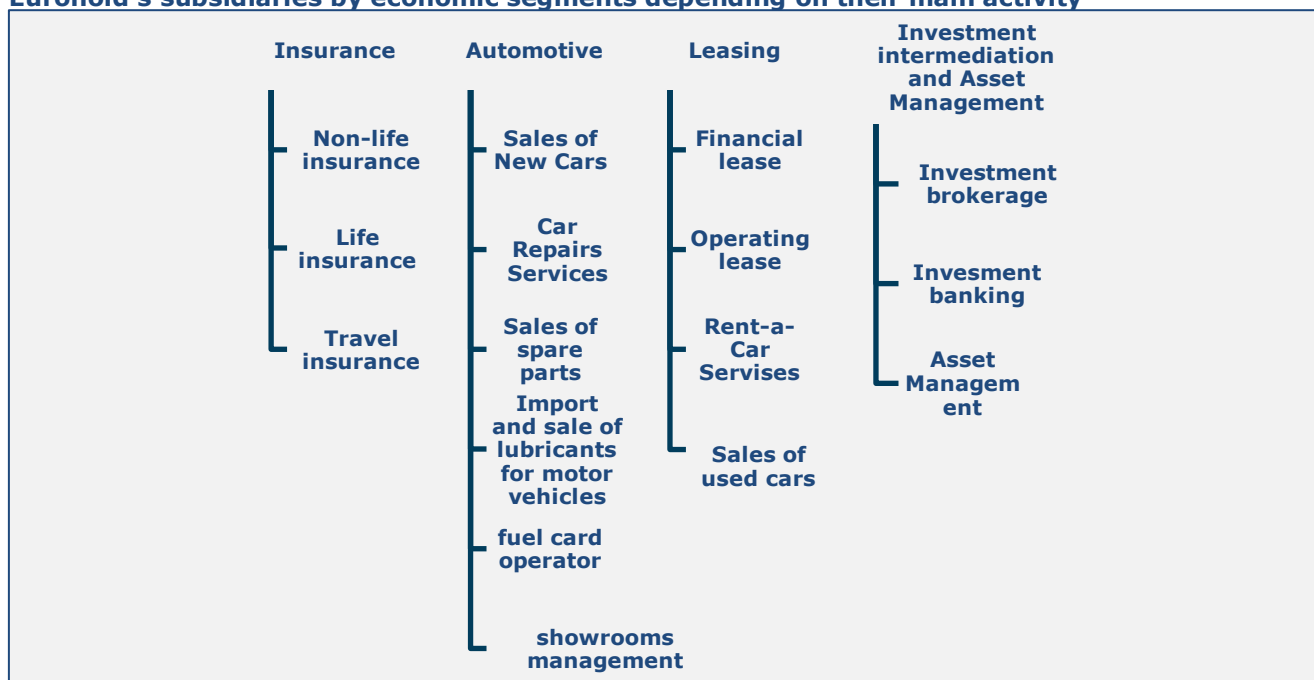
Business lines and sub-holding Groups (subsidiaries)

The subsidiaries are holding structures uniting the investments of Eurohold Bulgaria in the sectors - Insurance, Sale of motor vehicles, Leasing, Investment Intermediation and Asset Management, and from the middle of 2019 - and the energy sector (without activity at the moment, but in the process of acquisition).

Information about subsidiaries

Subsidiaries of Eurohold Bulgaria AD	Country of registration	Main activity	% of participation in the share capital as of 31.12.2020
EUROINS INSURANCE GROUP AD	Bulgaria	Acquisition, management, assessment and sale of interest in Bulgarian and foreign companies; Holding company - operates actively (via its subsidiaries) in Bulgaria, Romania, North Macedonia, Georgia, Ukraine, Belarus, Russia, Spain, Italy, Poland, Germany, The Netherlands and The United Kingdom	Eurohold Bulgaria AD – 95.95% (as of 31.12.2020); 96.37% (currently)
EUROLEASE GROUP AD	Bulgaria	Management of companies' participations in the leasing direction Holding company that operates (through its subsidiaries) in Bulgaria and Northern Macedonia	Eurohold Bulgaria - 90.01%
AVTO UNION AD	Bulgaria	Management of participations in companies from the automotive direction Holding company that operates (via its subsidiaries) mainly in Bulgaria	Eurohold Bulgaria - 99.99%
EURO-FINANCE AD	Bulgaria	Providing and carrying out investment services and activities in Bulgaria and abroad	Eurohold Bulgaria - 99.99% IC Euroins AD - 0.01%
EASTERN EUROPEAN ELECTRIC COMPANY II B.V.	Netherlands	Holding company established for the purpose of consolidating investments in the energy sector (currently not operating)	Eurohold Bulgaria - 100%

Summary presentation of types of services and activities offered by the operating companies of Eurohold's subsidiaries by economic segments depending on their main activity



Presentation of the economic group of Eurohold Bulgaria, including the owned participation in a company and the geographical distribution of the market positions of the Eurohold group, indicated by business sectors

Insurance sector	Geographic markets	Main activity	Number of shares	Nominal value per 1 share	% of participation in the fixed capital as of 31.12.2020; and as of the date of this document *
Subsidiary					
Euroins Insurance Group AD	Bulgaria	Holding company - acquisition, management, assessment and sale of shares in Bulgarian and foreign companies	543,445,791	BGN 1	Eurohold Bulgaria AD - 95.95% (as of 31.12.2020); 96.37% (currently)
Operating companies					
Insurance Company Euroins AD	Bulgaria	Non-life insurance	40 970 000	BGN 1	Euroins Insurance Group AD - 98.63%
Euroins Romania Asigurare Reasigurare SA	Romania	Non-life insurance	532 823 413	RON 1	Euroins Insurance Group AD - 98.51% (as of 31.12.2020); 98.52% (currently)
Euroins Osiguruvanje AD	Northern Macedonia	Non-life insurance	7 600	EUR 511,29	Euroins Insurance Group AD - 93.36%
Insurance Company EIG Re EAD	Bulgaria	Non-life insurance	19 112 000	BGN 1	Euroins Insurance Group AD - 100%
Insurance Company Euroins Life EAD	Bulgaria	Life insurance	1,137,507	BGN 10	Euroins Insurance Group AD - 100%
Private joint-stock company European Tourist Insurance	Ukraine	Travel assistance	9,473,000	UAN 1	Euroins Insurance Group AD - 99.99%
Private joint-stock company IC Euroins Ukraine	Ukraine	Non-life insurance	7,268,356,799	UAN 0.01	Euroins Insurance Group AD - 92.62%; Private joint-stock company European Tourist Insurance, Ukraine - 5.74%%
Euroins Claims M.I.K.E.	Greece	administration services for the liquidation process of the Euroins Insurance Claimed Claims Branch Greece	5 000	EUR 1	Euroins Insurance Group AD - 100%
IC Euroins Georgia AD	Georgia	Non-life insurance	3,238,284	GEL 1	Euroins Insurance Group AD - 50.04%
Private joint-stock company IC Euroins, (former name Private joint-stock company IC ERGO)	Belarus	Non-life insurance	21 038	BYN 443.95	Euroins Insurance Group AD. 93.12% (as of 31.12.2020) 100% (at this moment)
Russian insurance company Euroins OOO	Russia	Non-life insurance	502 000 000 shares	RUB 1	Euroins Insurance Group AD - 48.61% (associated participation)

Automotive Sector	Geographic markets	Main activity	Number of shares/units	Nominal value per 1 share	% of participation in the share capital as of 31.12.2020 and as of the date of the Registration Document *
Subsidiary					
Avto Union AD	Bulgaria	Holding company - acquisition, management and sale of participations in companies	80 008	BGN 500	Eurohold Bulgaria AD - 90.01%
Operating companies					
Auto Italia EAD	Bulgaria	Import and sale of motor vehicles and spare parts, service activities	815 703	BGN 10	Avto Union AD - 100%
N Auto Sofia EAD	Bulgaria	Import and sale of motor vehicles and spare parts, service activities, sale of lubricants	4 418 528	BGN 1	Avto Union AD - 100%
Espace Auto OOD	Bulgaria	Sale of motor vehicles and spare parts, service activities	173 500	BGN 10	N Auto Sofia EAD - Espace Auto OOD 51.00%
Avto Union Service EOOD	Bulgaria	service activities, trade in spare parts	50	BGN 100	Avto Union AD - 100%
EA Properties EOOD	Bulgaria	Real estate management	50 000	BGN 1	Avto Union AD - 51.00%
Daru Car AD	Bulgaria	Trade in motor vehicles, components and spare parts, service services	12 686	BGN 500	Avto Union AD - 100%
Bulvaria Varna EOOD	Bulgaria	Sale of motor vehicles and spare parts, service activities, sale of lubricants	150 770	BGN 10	Avto Union AD - 100%
Bulvaria Sofia EAD	Bulgaria	Sale of motor vehicles and spare parts, service activities	50 000	BGN 10	Avto Union AD - 100%
Star Motors EOOD	Bulgaria	Sale of motor vehicles and spare parts, service activities, sale of lubricants	30 000	BGN 50	Avto Union AD - 100%
Star Motors DOOEL	Northern Macedonia	Sale of motor vehicles and spare parts, service activities	550 000	EUR 1	Star Motors EOOD - 100%
Star Motors SH.P.K	Kosovo	Sale of motor vehicles and spare parts, service activities	40 000	EUR 1	Star Motors DOOEL - 100%
Motohub EAD	Bulgaria	Import, purchase and sale and service of scooters, motorcycles and mopeds, trade in spare parts, service activity	200	BGN 1	Avto Union AD - 51.00%
Motobul EAD	Bulgaria	Import, sale of lubricants, trade in spare parts and tires and other goods, card operator for fuel trade	100 000	BGN 20	Avto Union AD - 100%
Bopar Pro S.R.L.	Romania	currently not operating (in liquidation)	100	10 Romanian lei	Motobul EAD - 99.00%
Benzin Finance EAD	Bulgaria	currently not operating	105 000	BGN 10	Avto Union AD - 100%

Leasing sector	Geographic markets	Main activity	Number of shares/units	Nominal value per 1 share	% of participation in the share capital as of 31.12.2020 and as of the date of the Registration Document *
Subsidiary					
Eurolease Group AD	Bulgaria	management of participations in subsidiaries	567 531	BGN 34	Eurohold Bulgaria AD - 90.01%
Operating companies					
Eurolease Auto EAD	Bulgaria	financial leasing	20 000 000	BGN 1	Eurolease Group AD - 100%
Eurolease Rent-a-Car EOOD	Bulgaria	long-term (operating lease) and short-term (rent-a-car) car rental	29 350	BGN 100	Eurolease Group AD - 100%
Autoplaza EAD	Bulgaria	purchase - sale of used motor vehicles	750 000	BGN 1	Eurolease Group AD - 100%
Sofia Motors EOOD	Bulgaria	Renting of motor vehicles	610 000	BGN 1	Eurolease Group AD - 100%
Amigo Leasing EAD	Bulgaria	financial leasing	1 200 000	BGN 1	Eurolease Group AD - 100%
Eurolease Auto DOOEL, Skopje	Northern Macedonia	financial leasing	2000	EUR 50	Eurolease Group AD - 100%
Eurolease Auto - Romania	Romania	financial leasing (does not operate a new business)	383 650	RON 10	Eurolease Group AD - 77.98% Euroins Romania Asigurare Reasigurare S.A., Romania - 20.45%

Investment operations sector	Geographic markets	Main activity	Number of shares	Nominal value per 1 share	% of participation in the share capital as of 31.12.2020 and as of the date of the Registration Document
Subsidiary					
Euro-Finance AD	Bulgaria	Investment intermediation in the country and abroad, asset management	14 100 002	BGN 1	Eurohold Bulgaria AD - 99.99% Insurance Company Euroins Bulgaria AD - 0.01%

Energy sector	Geographic markets	Main activity	Number of shares	Nominal value per 1 share	% of participation in the share capital as of 31.12.2020 and as of the date of the Registration Document *
Subsidiary					
Eastern European Electric Company II B.V.	The Netherlands	Holding company - participation, management, control and financing of companies	1 000	EUR 1	Eurohold Bulgaria AD - 100%
Operating companies					
Eastern European Electric Company B.V.	The Netherlands	Holding company - participation, management, control and financing of companies	1 000	EUR 1	Eastern European Electric Company II B.V. - 100%
Operating companies					
In the process of acquisition in 2021	The companies will operate on the territory of Bulgaria <u>Currently, the acquired companies operate in the field of:</u> Power distribution; Electricity trade; Photovoltaic energy production; Biomass electricity generation; IT (information and communication technologies)				Eastern European Electric Company B.V.

The companies from the Energy sector have no activity for the reporting 2020. Eurohold Bulgaria AD through its subsidiary Eastern European Electric Company BV is in the process of finalizing a deal to acquire the assets of CEZ in Bulgaria - the largest energy group in Bulgaria.

A BRIEF OVERVIEW ABOUT THE ACTIVITY OF THE SUBSIDIARIES

Euroins Insurance Group AD (EIG). Business overview

Euroins Insurance Group AD is a joint-stock company registered in the Republic of Bulgaria and carries out its activities in accordance with Bulgarian legislation. The company was established on 04.02.2008, entered in the Commercial Register at the Registry Agency with UIC 175394058 and registered office in Bulgaria. The existence of the Company is not limited by a specific time period or any other termination condition. The majority owner of the capital is Eurohold Bulgaria AD.

Euroins Insurance Group AD is a holding company that focuses on the Group's investment in the insurance sector. It is one of the largest private insurance groups, operating in the Central and Southeast Europe region. Euroins Insurance Group operates mainly in Bulgaria, Romania, Northern Macedonia, Greece, Ukraine, Georgia, Russia, and from 2020 in Belarus. Also, through the Bulgarian insurance company IC Euroins, the Group operates in Poland, Spain, Italy, Greece (through a branch), and recently in the UK, the Netherlands and Germany, offering insurance services distributed under the right to freedom of establishment and freedom to provide services. Currently, the insurance sub-holding owns 10 (ten) subsidiaries and one associate, which have a total of over 250 regional offices and over 3 million customers.

The Insurance Group offers a full range of insurance products in the field of general, health and life insurance.

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

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

Due to the diverse nature of business operations of Eurohold, Euroins Insurance Group benefits from the synergies between companies within the Group.

As part of the strategy of Euroins Insurance Group to expand its operations in Eastern Europe and the Commonwealth of Independent States (CIS), which offer significant growth potential, given the low coverage of insurance services, *the insurance holding acquired new companies* -

In 2018

- ◆ in February 2018, the insurance sub-holding acquired a significant participation in a Russian insurance company amounting to 32.20% of the capital, which at the date of this statement was named RIC Euroins OOD.
- ◆ in April 2018, the company acquired the specialized in travel insurance Ukrainian company ERV with the current name European Travel Insurance PrAT;
- ◆ in September 2018 acquired IC Group, which has been operating since 2005 and is one of the leading insurance companies in Georgia, offering almost all products on the market. The company is one of the largest in the country in the field of health insurance.

In 2019

- ◆ Euroins Insurance Group (EIG) increased its participation in the capital of the Russian Insurance Company Euroins to 48.61%, representing 244,002,300 shares, after on 01.02.2019 an increase in the capital of the Russian company was entered in the unified state register of legal entities of Russia. The increase amounts to 121,500,000 rubles, which is recorded entirely by the EIG.

In 2020

- ◆ Euroins Insurance Group acquires insurance company Belarus. The company is a subsidiary of ERGO Germany, one of the leading insurance groups in Europe and part of Munich Re, which is among the largest reinsurers in the world.

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

Thanks to the ongoing activity in mergers and acquisitions, the insurance group benefits from:

- ◆ New clients;
- ◆ High-quality management and workforce;
- ◆ Valuable relationship with the management teams of the acquired companies;
- ◆ New distribution channels.

In addition, the company has built a strong internal integration team that will have a great value in future acquisitions.

Euroins Insurance Group seeks to diversify its product portfolio and distribution channels while maintaining synergies in all regions. The companies within the insurance sub-holding are traditionally powerful in the motor vehicle insurance segments, but the company takes steps to diversify its activities, using the experience of newly acquired insurance companies and applying their know-how in other companies within the group.

The operating companies of Euroins Insurance Group follow a marketing policy aimed at developing and offering innovative and diverse products and services. Companies in the insurance group carry out continuous monitoring of the insurance needs of all groups of potential clients. In order to meet the needs of customers, different product ranges and combined insurances are developed, flexible service is offered.

The rapid growth of the insurance group over the last 5 years is due to the ability of Euroins Insurance Group to identify growth-enhanced transactions, negotiate the best prices and generate added value from its acquisitions.

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

Avto Union AD. Business overview

Avto Union AD is a joint stock company established in 2005 and entered in the Commercial Register with UIC 131361786 and headquarters in Bulgaria. The existence of the Company is not limited by a term or other termination condition, according to art. 5 of the Articles of Association of the company. The majority owner of the capital is Eurohold Bulgaria AD. Avto Union AD, part of the Eurohold economic group, was established in order to unite the investments in the automotive division of Eurohold Bulgaria AD.

Avto Union AD is

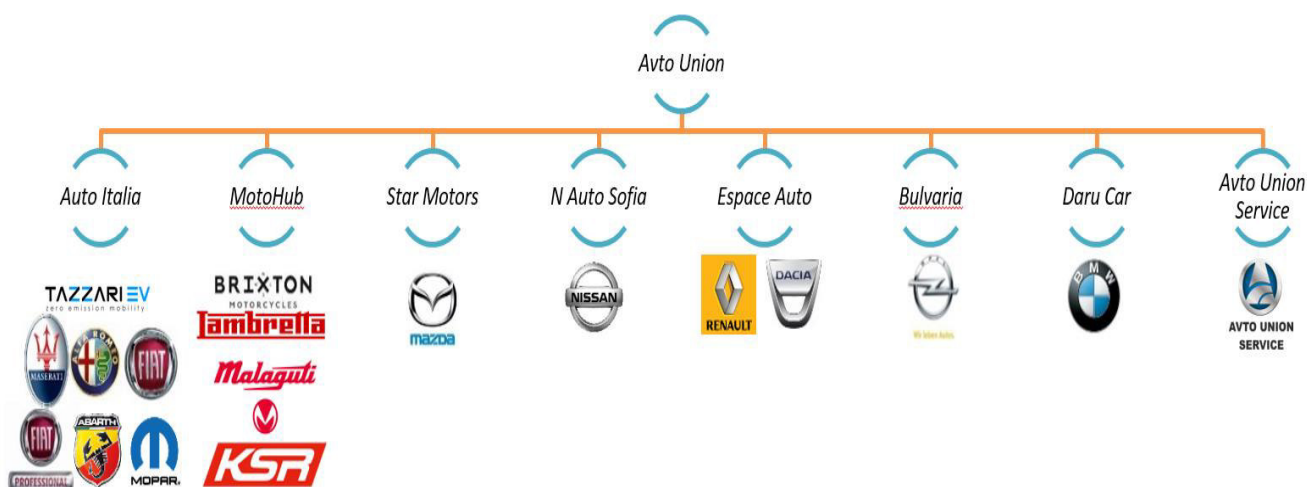
- ◆ a holding company which consolidates Eurohold Bulgaria's investments in the motor vehicle sector.
- ◆ Avto Union is the leading importer and dealer of cars - its portfolio includes 8 brands and 4 brands of scooters, with the largest portfolio of motor vehicle brands in Bulgaria.
- ◆ Avto Union is a unique combination of motor vehicle brands and capabilities. The strategy, supported by the automotive group for a variety of brands is supplemented by continuous improvement in the quality of complementary products and after sales service, as well as by offering new product packages which combine leasing and insurance and comply with the client's needs.

The main activity of the operating companies of Avto Union AD is the sale of new motor vehicles, motorcycles and scooters, the sale of original spare parts, lubricants and accessories, as well as the redemption of motor vehicles.

The portfolio of Avto Union AD, which is the largest number of brands in Bulgaria, according to the statistics published by the European Association of Vehicle Manufacturers, includes eight brand motor vehicles and four brands of scooters, lubricants, fuels and additional automotive services. Through its 11 (eleven)

subsidiary companies, Avto Union AD is the exclusive importer of Mazda, Fiat, Alfa Romeo and Maserati vehicles in Bulgaria, as well as an authorized dealer of Opel, Nissan, Renault, Dacia.

The following chart presents the automotive and motorcycle brands sold by the subsidiaries of Avto Union by companies.



The companies of the Avto Union Group operate as:

- » Official importers of motor vehicles;
- » Official motor vehicle dealerships;
- » Official motor vehicle services;
- » Official distributor of lubricants and alternative spare parts.
- » Fuel card operator - business partnership with leading gas stations.

The Group of Avto Union AD has signed a distribution agreement with regard to the car brands it sells. Distribution contracts (or official representation of the brand in the country) generally give the group the right to sell the brand, develop dealer networks, carry out marketing campaigns and activities, set prices and trade conditions, and act as ambassador of the brand in the negotiated jurisdiction. The transactions of the Avto Union Group with Fiat, Alfa Romeo, Mazda and Maserati are covered by the distribution contracts. In principle, distribution contracts principle provides the Group of Avto Union with rights to sell and service certain brands officially imported by an independent representative. Pursuant to these distribution agreements, the Avto Union Group is obliged to adopt the pricing and marketing policies set by the vehicle manufacturers or their representatives in the respective country.

At the beginning of February 2021, Auto Italia EAD opened a showroom and service of the Italian brand Ferrari. Auto Italia EAD will offer used models certified by the Italian manufacturer, and customers will be able to place orders for brand new cars. The importer Auto Italia EAD has agreed quotas for all current and special models. The newly opened showroom also has a service base for simultaneous service of up to four cars.

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

Eurolease Group EAD. Business overview

Eurolease Group AD was established on October 29, 2012 by a decision of the Management Board of Eurohold Bulgaria AD and was entered in the Commercial Register kept by the Registry Agency on November 6, 2012 as a sole proprietorship joint stock company Eurolease Group with sole owner of the capital Eurohold Bulgaria AD. Eurolease Group AD is part of the Eurohold economic group. It was established in order to consolidate the investments in the leasing direction of the sole owner of the capital "Eurohold Bulgaria" AD (as of the date of establishment).

The leasing sub-holding Eurolease Group is a company which consolidates Eurohold investments in the leasing sector on the Balkans.

The companies from the Eurolease Group offer financial and operating lease of new and used vehicles, new and used passenger and lightweight commercial vehicles, trucks and buses.

The Group also offers and rent-a-car services as well as the sale of buy-back used vehicles of proven origin. The rent-a-car activity is carried out by the company Eurolease - Rent-A-Car, which operates under the trademarks of AVIS and BUDGET. The long-standing experience of providing operating leases to major international and local companies as well as established niche markets for car rental services put the Group among market leaders.

One of the activities of the leasing group is related to the sale of cars returned from leasing, rent-a-car and "buy-back" (through the company Autoplaza EAD). In order to offer a wider range of cars such as brands and level of equipment, experts from the Company select cars and participate in international tenders from established suppliers. In the last year, Autoplaza has established its name as a preferred customer and loyal partner in tender procedures.

The leasing operations of Eurolease Group focus on the development of products offering flexible repayment plans and interest rates that are tailored to the customer's risk profile.

The subsidiaries of Eurolease Group benefit within the Group from the opportunity to provide a full range of financial and operational leasing services, rent a car services and the sale of used cars to individuals and corporate clients, thus enabling Eurolease Group to reach the full spectrum of potential customers and create competitive advantages.

The strategic objective of Eurolease Group EAD is to become one of the leading lessors in the country. For this purpose, Eurolease Group EAD strives to build a strong and sustainable brand based on the provision of high quality and wide-ranging services. The aim is to enhance its reputation as an innovative and flexible partner for diverse clients and to offer new, specific products and services in cooperation with the Group's insurance and car companies.

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

Euro-Finance AD. Business overview

Euro-Finance AD was established in 1994 as a joint stock company and entered in the Commercial Register with UIC 831136740 and headquarters in Bulgaria. The existence of the Company is not limited by a specific time period or any other termination condition. The majority owner of the capital is Eurohold Bulgaria AD. Euro-Finance is a leading Bulgarian company for asset management, brokerage, and financial and investment services.

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

- One of the first licensed investment intermediaries in the country and an active participant on the Bulgarian Stock Exchange;
- Occupies a traditional place in the top 3 in terms of turnover on the BSE;
- It is characterized by fast, accurate and reliable execution of customer orders under extremely competitive conditions;
- Has an experienced team of licensed brokers;
- Offers direct access to the BSE trading system through the online trading platform EFOCS - you have up-to-date market information, speed and security of transactions, automatic confirmations, monitoring and control over the portfolio in real time;

- It offers direct access to the Bulgarian Stock Exchange AD through its EFOCS platform, as well as to the Frankfurt Stock Exchange - Deutsche Börse Xetra.

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

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

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

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

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

Eastern European Electric Company II B.V.. Business Overview

In 2019, Eurohold Bulgaria established a energy sub-holding which has no operation as of the end of reporting period. Currently, Eurohold Bulgaria AD, through its subsidiary Eastern European Electric Company B.V., located in the Netherlands, is in the process of acquiring 7 companies united in the energy group CEZ Bulgaria. CEZ Bulgaria is the largest distributor of electricity in the country, covering an area of about 40,000 square kilometers, serving over 3 million consumers. Given the significant customer base of CEZ Bulgaria, this transaction is essential for the strategic positioning of Eurohold Bulgaria AD.

Eurohold Bulgaria AD signed a contract for the acquisition of the Bulgarian business of CEZ Group in June 2019. The structure of CEZ in the country includes the electricity distribution company CEZ Distribution Bulgaria AD, the public electricity supply company and a licensed trader CEZ Electro Bulgaria AD, the licensed electricity trader CEZ Trade Bulgaria EAD, the IT services company CEZ ICT Bulgaria EAD (a subsidiary of CEZ Distribution Bulgaria AD), the photovoltaic park Free Energy Project Oreshets EAD, the company for production of electricity from biomass "Bara Group" EOOD and "CEZ Bulgaria" EAD, which coordinates and manages the activities of all companies of the group in the country.

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

The finalization of the acquisition of CEZ Bulgaria's assets will have a positive effect both on the profitability of Eurohold Bulgaria AD and on the company's credit rating, which will lead to an improvement in the company's financial condition and risk profile. The consolidated results of Eurohold Bulgaria AD are directly dependent on the results of its subsidiaries and in this sense the integration of the business of CEZ Bulgaria into the current portfolio of businesses will lead to economic benefits for Eurohold Bulgaria AD.

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

CAPITAL INVESTMENTS

Since its incorporation, Eurohold Bulgaria has made many capital investments in its subsidiaries. As of December 31, 2020, the total value of Eurohold Bulgaria's investments in subsidiaries amounts to BGN 629.5 million compared to BGN 581 million at the end of 2019.

Investments by the business segments:

- Euroins Insurance Group (Insurance) - investments in the amount of BGN 513.4 million, the same increased by BGN 48.5 million compared to their amount as of 31.12.2019 which amounted to BGN 464.9 million.
- Avto Union (Cars) - investments amounting to BGN 66.775 million, which retain their value compared to the end of 2019.
- Eurolease Group (Leasing) - investments amounting to BGN 24.645 million. - no change compared to the previous reporting period
- Euro-Finance (Investment Intermediation and Asset Management) - investments in the amount of BGN 24,635 million no change in the amount of investments as of 31.12.2019

In 2020, Eurohold has made investments amounting to BGN 48.4 million only in the insurance business, which are related to:

- Additional contribution of subscribed but unpaid capital from the capital increase of Euroins Insurance Group AD in the amount of EUR 10 million.
- Purchase of a minority share: In 2020, Eurohold Bulgaria AD acquired another 8,390,300 shares of the capital of Euroins Insurance Group AD. The investments made in 2020 from the purchase of the agreed share amount to BGN 7.402 million.

In 2019, Eurohold has invested in Euroins Insurance Group AD as follows:

- Contribution in the amount of BGN 3,950 thousand of the unpaid capital;
- Purchase of a minority share: In 2019 Eurohold Bulgaria AD made investments in the purchase of an agreed minority share from the capital of Euroins Insurance Group AD in the amount of BGN 12,325 thousand.

For the last five financial years the total capital investments made by Eurohold Bulgaria amount to BGN 295.7 million.

Investments of Eurohold Bulgaria AD for the period 2016 -2020

Description of the investment	Number of shares	Capital expenditures (BGN)	Investor
Capital investments of Eurohold Bulgaria in 2016			
Euroins Insurance Group AD Capital increase	105 966 641	105 966 641	Eurohold Bulgaria AD
Total		105 966 641	
Capital investments of Eurohold Bulgaria in 2017			
Euroins Insurance Group AD Capital increase	70 528 260	70 528 260	Eurohold Bulgaria AD
Euro-Finance AD Capital increase	6 500	6 500 000	Eurohold Bulgaria AD
Total		77 028 260	
Capital investments of Eurohold Bulgaria in 2018			
Euroins Insurance Group AD Capital increase	36 963 169	36 963 169	Eurohold Bulgaria AD

Euroins Insurance Group AD Repurchased shares from Basildon Holding	12 305 771	10 981 985	Eurohold Bulgaria AD
Total		47 945 154	
Capital investments of Eurohold Bulgaria in 2019			
Euroins Insurance Group AD Capital increase	3 950 000	3 950 000	Eurohold Bulgaria AD
Euroins Insurance Group AD Repurchased shares	13 983 831	12 324 528	Eurohold Bulgaria AD
Total		16 274 528	
Capital investments of Eurohold Bulgaria in 2020			
Euroins Insurance Group AD Repurchased shares	8 390 300	7 402 926	Eurohold Bulgaria AD
Euroins Insurance Group AD Capital increase	41 050 000	41 050 000	Eurohold Bulgaria AD
Total		48 452 926	
Total investments for the period 2016 – 2020		295 667 509	Eurohold Bulgaria AD

All investments by Eurohold Bulgaria and its subsidiaries were made for the purpose of capital support of the companies, expansion of the activity through new acquisitions and increase of the market positions of the companies.

Forthcoming investments in 2021:

In 2021, Eurohold Bulgaria will close the transaction for the acquisition of CEZ energy assets in Bulgaria, with the total value of the investment amounting to approximately EUR 490 million. The investment is financed in the manner and through the means detailed below.

Acquisition structure of CEZ's Bulgarian Assets transaction - The acquisition of CEZ's Bulgarian Assets will be carried out in 2 stages.

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

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

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

Transaction Financing

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

The financing structure provides for fund raising through three financing instruments:

First financing instrument - secured senior debt financing (senior loan facility) in the amount of approx. EUR 300 - 320 million, extended by leading global investment banks to the subsidiary Eastern European Electric Company B.V., the Netherlands, which represents the core funding of the transaction.

Second financing instrument - execution of a financing transactions on behalf of the subsidiary Eastern European Electric Company II B.V. in the form of any of the or a combination of the following instruments: subordinated debt, perpetual non-convertible preferred shares with guaranteed dividend, issued by the subsidiary Eastern European Electric Company II B.V., a mezzanine loan and/or another financial instrument with an economic effect similar to the effect of the listed instruments. The approximate amount of the funding raised under the selected financial instrument(s) shall be around EUR 100 million. The liabilities of the financed company towards its creditors / investors will be guaranteed by Eurohold Bulgaria AD, by providing corporate guarantee, with the following parameters: minimum value of EUR 50 000 000 (fifty million), including the corresponding return for the applied financing instrument for creditors/ investors (e.g. interest, fixed dividend, nominal discount) and maximum value of EUR 150 000 000 (one hundred and fifty million), including the relevant return for creditors/ investors (e.g. interest, fixed dividend, nominal discount) for a period of 3 to 10 years with purpose of the transaction - financing of part of the acquisition price for the CEZ's assets in Bulgaria.

The funds raised by Eastern European Electric Company II B.V. through the second financing instrument will be down-streamed to its subsidiary Eastern European Electric Company B.V. either through a capital increase, or through financing mechanism similar to the above-listed financing instruments and having a similar economic effect.

Third financing instrument - equity investment in a share capital increase of the subsidiary Eastern European Electric Company B.V. The capital increase will amount to approx. EUR 65 to 75 million and will be carried out in the following manner: first - Eurohold Bulgaria AD will increase the share capital of its subsidiary company Eastern European Electric Company II B.V.; and second, the Eastern European Electric Company II B.V. in turn will increase the share capital of its subsidiary Eastern European Electric Company B.V. Eurohold Bulgaria AD will fund the capital increase of its subsidiary with proceeds from its own share capital increase, conducted pursuant to the resolution of the general meeting of shareholders of the Company adopted on 10.04.2021.

The total amount of financing of the transaction and its distribution by financing instruments will be structured depending on the following factors - net amount of funds raised from the share capital increase of Eurohold Bulgaria AD, and the amount of funding required for the acquisition of the minority stake in the two public listed companies - CEZ Electro Bulgaria AD and CEZ Distribution Bulgaria AD dependant on how much of the minority shareholders have accepted the tender offer. Due to the current uncertainty as to the value of these two main factors, the Company has undertaken steps towards organizing the financing in the most flexible and broad manner as detailed above. In any case, the total amount of the transaction financing will be structured in such a way that at any given time it is equal to the total amount of the costs. The funds raised from the three financing instruments will be expended proportionally for all transaction costs, as detailed above, arising in the acquisition process.

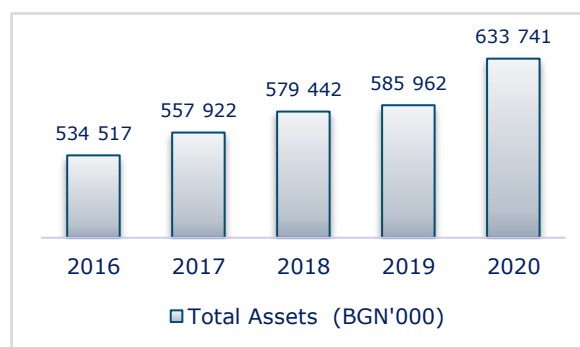
RESULTS FROM THE ACTIVITY

ANALYSIS OF THE FINANCIAL CONDITION

Assets

2020 ended with assets in amount of BGN 633.7 million, marking a slight increase of 8% compared to 2019, when the total assets of the Company amounted to BGN 586 million.

The active work in recent years of Eurohold Bulgaria, related to investing in subsidiaries in order to develop, support and expand their activities, leads to a significant increase in the total assets. For the last five years alone, the assets of the Company have increased by BGN 99.2 million from BGN 534.5 million in 2016 to BGN 633.7 million at the end of 2020.



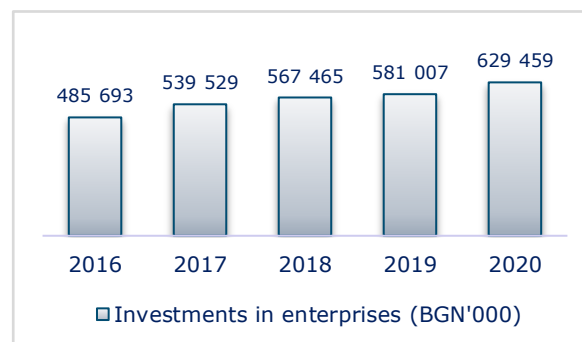
Investments in enterprises

Eurohold Bulgaria AD as a holding company performs mainly financial activities aimed at investing in subsidiaries, their management and control, as well as providing financial support.

The main activity of Eurohold is decisive for the structure of the assets of the Company, where the investments in subsidiaries, associates and other enterprises occupy 99% of all assets.

The amount of funds invested in subsidiaries increased by BGN 144 million for the last four financial years.

As of 31.12.2020 the amount of investments in enterprises amounts to BGN 629.5 million. For comparison, at the end of 2019 they amounted to BGN 581 million.



The marked growth in investments of 8.3% is due to the following changes:

- ✓ Increase by BGN 48.4 million of the investment in the subsidiary Euroins Insurance Group AD after:
 - » purchase of a part of the remaining minority shares in the subsidiary insurance sub-holding in connection with which BGN 7.4 million were paid; and
 - » made in 2020 a contribution in the amount of BGN 41 million from the capital increase of Euroins Insurance Group AD.

In 2019, Eurohold makes the following investments in Euroins Insurance Group AD:

- » Installment in the amount of BGN 3.9 million. from unpaid capital;
- » Purchase of a part of the remaining minority shares in the subsidiary insurance sub-holding in connection with which BGN 12.3 million were paid.
- » In 2019, the investment in the subsidiary Eurolease Group AD decreased by BGN 2.7 million in connection with a contract for the sale of 9.99% of the capital of the subsidiary. As of December

31, 2020, as well as shares of the date of preparation of this report, the holding of Eurohold Bulgaria AD in Eurolease Group has been reduced to 90.01% of the capital.

Other assets

Non-current (excluding investments in enterprises) and current assets occupy an insignificant part of the assets and as of 31.12.2020 they amount to a total value of BGN 4.3 million, of which non-current BGN 2.1 million. For comparison, as of December 31, 2019, their amount was a total of BGN 5 million (BGN 2.8 million non-current).

Non-current assets are property, plant and equipment (mainly assets with rights of use, IFRS 16), as well as intangible assets - software. During the reporting period non-current assets decreased by BGN 0.7 million in connection with depreciation of assets with the right of use accrued for the year in the amount of BGN 0.6 million.

Current assets report a relative maintenance of their amount during the reporting period amounting to BGN 2.1 million.

The cash available to the Company at the end of 2020 amounts to BGN 0.27 million.

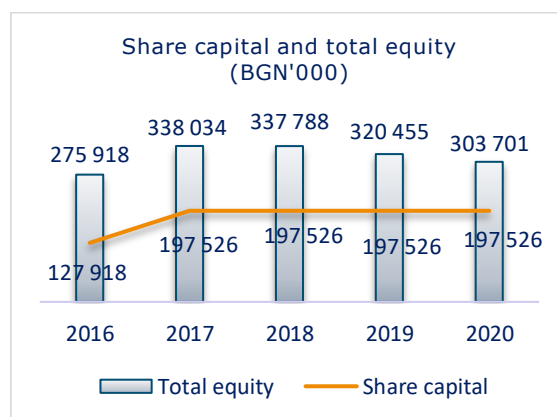
Equity and liabilities

EQUITY

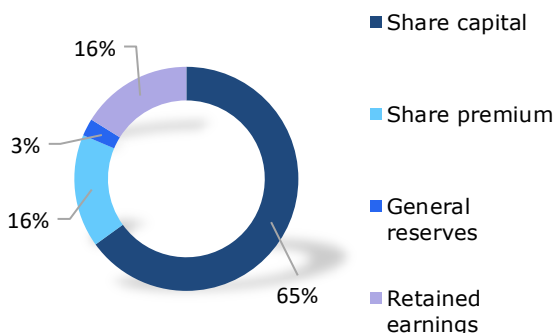
The share capital of Eurohold remains unchanged at BGN 197.53 million.

The total equity of the Company as of 31.12.2020 amounts to BGN 303.7 million, marking a decrease of 5% compared to 2019.

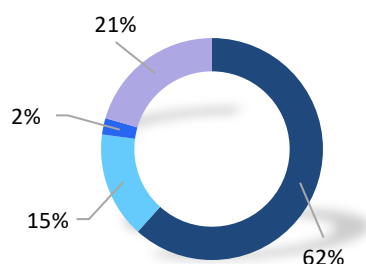
This leads to a change in the equity structure as the share of the share capital increases by 3% at the expense of the accumulated profit, which decreases by 5%.



Equity structure, 2020 (%)



Equity structure, 2019 (%)



Earnings per share

	31.12.2020	31.12.2019
Weighted average number of shares, (number)	197 525 600	197 525 600
Net profit / (loss) for the year, (000'BGN)	(16 754)	(14 631)
Net profit / (loss) per share, (BGN)	(0,085)	(0,074)

Subordinated debt instruments

In order to strengthen the capital of the group and after reviewing the indebtedness, Eurohold Bulgaria has agreed and converted part of its loan obligations as of 31.12.2020 in the form of a subordinated debt (unissued) instrument.

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

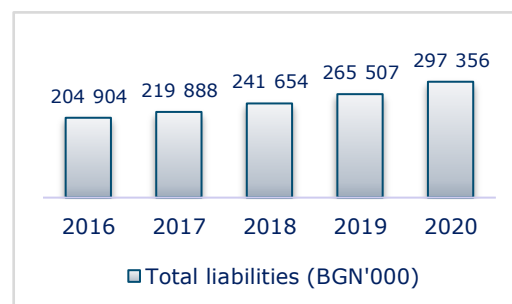
The total amount of own and subordinated first-tier debt capital amounts to BGN 336.7 million at the end of 2020.

In the considered historical 5-year period in support of the own capital, the Company had subordinated debt instruments in 2016, when they amounted to BGN 54 million.

LIABILITIES

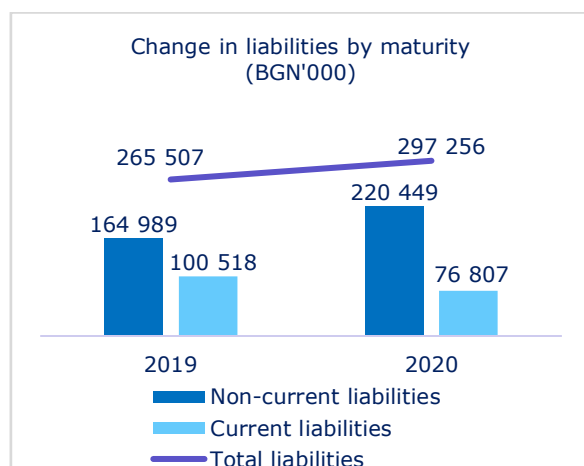
The liabilities of the company (excluding the subordinated debt capital) amount to BGN 297.4 million and increase by the end of 2020 by 12%.

As a holding company, the main activity of Eurohold Bulgaria is related to the acquisition, management and financial support of subsidiaries.



As a direct reflection of the active activity in recent years related to investing in subsidiaries in order to develop, support and expand their activities both organically and through new acquisitions, the amount of Eurohold's liabilities is increasing. For the last five years, the liabilities of the Company have increased by BGN 92.5 million from BGN 204.9 million in 2016 to BGN 297.4 million at the end of 2020. Which increase fully corresponds to the increase for the same period of assets.

Analysis of liabilities for the last two reporting periods



Non-current liabilities prevailed in both periods under review, increasing by BGN 55.5 million in 2020, reaching BGN 220.4 million.

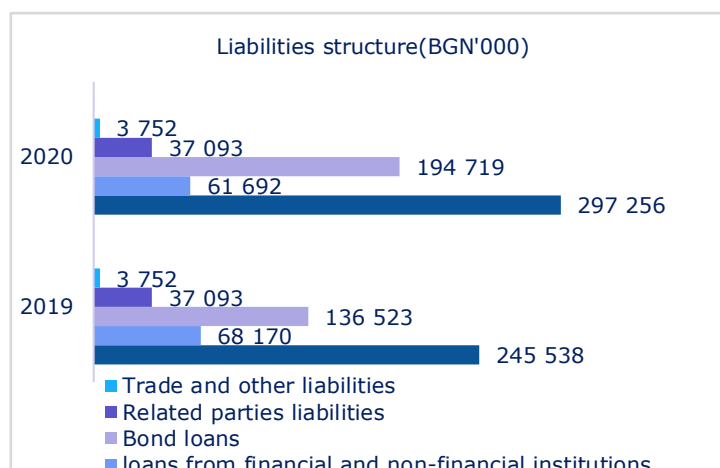
In the case of current liabilities, the opposite trend is observed, as they decreased in 2020 by BGN 23.7 million and amounted to BGN 76.8 million at the end of the period.

The change in current liabilities is mainly due to short-term liabilities to non-financial institutions under Euro Commercial Papers (ECP) repaid in the fourth quarter.

The structure of liabilities shows the way in which the Company is financed. As of the end of 2020, the largest share is occupied by issued debt securities (bond loans), constituting 66% of all liabilities.

Loans from financial and non-financial institutions account for 20% of liabilities.

Liabilities to related parties account for 12% of liabilities.



The following table shows the structure of loan liabilities and their change:

Liabilities on bank loans granted	Change in %	31.12.2020 BGN thousand	31.12.2019 BGN thousand
Liabilities under financial companies, including:	53.7%	55 390	36 040
- Non-current liabilities to banks	61.8%	41 297	25 531
- Current liabilities to banks	34.1%	14 093	10 509
Liabilities on bond loans:	42.6%	194 719	136 523
- Debt loan liabilities (EMTN Programme), incl.	(0.5) %	135 861	136 523
- Non-current liabilities on bond loans:	(14.7) %	115 856	135 768
- Current liabilities on bond loans (interest+principal)	2 549.7%	20 005	755
- Liabilities under issued second bond loan with ISIN BG2100013205, including:	n/a	58 858	-
- Non-current liabilities on bond loans:	n/a	58 675	-
- Current liabilities on bond loans (interest)	n/a	183	-
Liabilities to other financial institutions, including:	(80.4) %	6 302	32 130
- Non-current other liabilities on bank institutions:	n/a	1 450	-
- Current other loans (Euro Commercial Papers - ECP)	(84.9) %	4 852	32 130
Payables to related parties	(33.2) %	37 093	55 493
- Non-current liabilities to related parties:	10.7%	1 703	1 538
- Current liabilities to related parties:	(34.4) %	35 390	53 955
Total liabilities on loans	12.8%	293 504	260 186

Bank loans

At the end of 2020, loans from banking institutions reported an increase of BGN 19.4 million and from BGN 36 million at the end of 2019 reached BGN 55.4 million as of 31.12.2020. This increase is due to the following factors:

- » Reduction of the total liability on the utilized first bank loan by the International Investment Bank by BGN 7 million (EUR 3.6 million);
- » Reduction of the total liability on the utilized second bank loan by the International Investment Bank by BGN 3 million (EUR 1.54 million);

Liabilities under loans from the International Investment Bank represent attracted funds on 2 loans granted by the financial institution. The first loan has an agreed limit of EUR 15 million and a principal due as of December 31, 2020 in the amount of EUR 5,400 million, maturity - December 2021. The other loan has an agreed limit of EUR 10 million and a principal due as of December 31, 2020 in the

amount of EUR 7,700 million, maturity in March 2025. The agreed interest rate on both loans is 6.0% + EURIBOR and they are secured by a pledge of shares of a subsidiary.

- » Increase in the amount of bank loans in connection with the contract concluded in the third quarter of 2020 for loan with the International Bank for Economic Cooperation for a total limit of BGN 39 million (EUR 20 million) and utilized as of the reporting date BGN 29.3 million. (EUR 15 mln.)

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

Bond loans

Liabilities under bond loans increased by BGN 58.2 million and reached BGN 194.7 million at the end of 2020. The observed increase is characterized by the following changes:

- » The liability on the issued bond loan (within the EMTN Program) decreased by BGN 0.7 million and at the end of the reporting period amounted to BGN 135.9 million. The company owns 10,500 repurchased own bonds from the issued EMTN Program in EUR. The repurchased own bonds (10,500 pieces) as of 31.12.2019 are given as collateral in connection with a concluded repo transaction with a closing date of 10.2020, while the repurchased in 2020 are provided as collateral in connection with a concluded repo transaction with maturity on October 31, 2021 (*Information on EMTN programme conditions (EUR and PLN) is publicly available and available on the Irish Stock Exchange website, Bond section.*). The maturity of the EMTN Programme in PLN is on 29.12.2021, and that of the EMTN Programme in EUR - on 7.12.2022.
- » On November 26, 2020 Eurohold Bulgaria AD issued a bond loan with ISIN code BG2100013205 in the amount of EUR 30,000,000 (BGN 58,674,900) under the terms of an initial private (non-public) offering within the meaning of Art. 205, para. 2 of the Commercial Law. The issue is the second in a row and represents 30,000 corporate bonds issued, which are ordinary, registered, dematerialized, interest-bearing, secured, non-convertible, and freely transferable of one class and with equal rights. The nominal and issue value of each bond is EUR 1,000 (one thousand). The maturity date of the issue is November 26, 2027, and the principal is repaid once at maturity. Interest payments are made every six months, as of the date of registration of the issue (November 26, 2020), at a fixed nominal interest rate - 3.25% on an annual basis. The bond loan is secured in favor of all bondholders with Bond Loan Insurance, valid until the date of full repayment of the issue and covering 100% of the risk of non-payment by Eurohold Bulgaria AD to any and all payment of interest and/or principal. Eurohold will take the necessary actions for subsequent admission of the bond issue to trading on a regulated market - Bulgarian Stock Exchange AD within 6 (six) months from the date of registration of the bond issue in Central Depository AD. At the first general meeting of the bondholders, held on 18.12.2020 as a Trustee of the bondholders for issue of corporate bonds with ISIN code BG2100013205, Financial House Ever AD was selected - performing activity as an investment intermediary. The funds raised from the issue were used according to the purposes for which it was issued, namely for repayment of short-term liabilities of the Company and additional payment of subscribed but unpaid capital of the subsidiary Euroins Insurance Group AD.

Liabilities on loans granted from other non-financial institutions

- » During the reporting period, long-term liabilities arose on a loan received from other unrelated parties in the amount of BGN 1.5 million with an agreed limit of BGN 2 million, an annual interest rate of 5.5% and a maturity of 11.2023.
- » Eurohold has liabilities under Euro Commercial Papers (ECP), with a maturity of 5.2021, an annual interest rate of 2% and a face value of EUR 2.5 million. (as of 31.12.2019 - ECP liabilities with maturity 03.2020 - 05.2020, annual interest rate - 2.0% and total face value EUR 16.5 million.

- » During the period 2020, the Company issued and repurchased three issues of Euro Commercial Papers (ECP), with a total face value of EUR 20,200,000. At the end of 2020, all three issues were repaid ahead of schedule and deleted from the registers, as a result of which a profit of BGN 478 thousand was reported.

Payables to related parties

Liabilities to related parties represent liabilities under principal and interest on borrowings, as well as other liabilities. Part of the other liabilities are liabilities under contracts for transfer of receivables, as well as liabilities to Starcom Holding on repurchased own bonds (10,500 number) in the amount of BGN 20.5 million (at the end of both reporting periods).

Results of the activity

Eurohold Bulgaria AD is a holding company with significant investments in subsidiaries and as such does not perform independent and regular commercial transactions. The main (operating) revenues of the holding company have a financial character, as the most significant of them - profits from operations with financial instruments and subsequent valuations are manifested in different reporting periods and are not permanent. In this regard, investors and stakeholders should analyze the results of this non-consolidated financial statement together with the consolidated report, giving a clear and complete picture of the results, financial condition and development prospects of the Eurohold Group, including risk factors affecting the whole group.

Financial result

Eurohold Bulgaria AD for the period January 1 - December 31, 2020 reports a financial result on an individual basis of loss in the amount of BGN 16.8 million. For comparison, the financial result realized for the comparable period of the previous year is a loss of BGN 14.6 million.

Revenues

In the analysis of the Revenues of Eurohold Bulgaria in historical terms on the basis of the individual activity of the company, it is not appropriate to make a comparison of generated revenues and profits from operating activities of the company in different historical periods, due to the specific nature of the activity, namely - holding activity aimed at investments in companies through the creation and acquisition, their management and financing of related companies. In this sense, the revenues generated by the company are irregular and many of them are related to one-time transactions. In order to get an idea of the results of Eurohold's activities, the group results, including the performance of all subsidiaries, must be examined.

The revenues of Eurohold Bulgaria AD on standalone base are formed by the main activity of the Company and mainly financial revenues are generated from the following activities:

- ✓ Income from investment operations
- ✓ Profits on financial instruments transactions and their subsequent valuations
- ✓ Income from dividends
- ✓ Income from interest on loans granted to subsidiaries and third parties
- ✓ Income from the services of the subsidiaries
- ✓ Other financial income

Revenues from operating activities	Change in %	2020 BGN thousand	2019 BGN thousand
- Income from dividends	(18.2) %	547	669
- Profits on financial instruments transactions and their subsequent valuations;	(56.4) %	2 443	5 602
- Income from interest	(100.0) %	-	579
- Other financial income	139.1%	1 590	665
Total income from operating activities	(39.1) %	4 580	7 515

During the current reporting period, the holding company reports revenues in the amount of BGN 4.6 million, of which dividend revenues in the amount of BGN 0.5 million (distributed by the subsidiary Euro-Finance), profits from operations with financial instruments and subsequent valuations in the total amount of BGN 2.4 million, and other financial revenues (positive differences from changes in exchange rates) in the amount of BGN 1.6 million, mainly due to the Company's exposure in PLN.

The main revenues from the operating activity of Eurohold Bulgaria AD for 2020 are reported from operations with financial instruments and subsequent valuations as the company has realized respectively:

- » BGN 796 thousand profit from repurchase of own bonds 10,500 shares of EMTN Programme in EUR with ISIN XS1731768302;
- » BGN 478 thousand profit from redemption and repayment/cancellation of trade loans in the form of Euro Commercial Papers - ECP;
- » BGN 112 thousand - other profits.

The revenues reported for the comparative period 2019 amount to BGN 7.5 million, respectively, which represent dividend revenues in the amount of BGN 0.7 million, profits from operations with financial instruments and subsequent valuations in the total amount of BGN 5.6 million, interest income BGN 0.6 million and other financial income (positive differences from changes in exchange rates) in the amount of BGN 0.7 million.

During 2019, the profit on investments and financial instruments include:

- » BGN 4 530 thousand profit from sale of a minority share of Eurolease Group AD
- » BGN 127 thousand - other profits.

In 2020 and 2019, the reported income from revaluation of debt instruments measured at fair value represents revaluations from repurchased own bonds.

Expenses

The costs of carrying out the operational activity of Eurohold are mainly related to the costs of specific ongoing projects, interest costs on borrowed funds utilized/raised to finance the activities of the Holding, as well as the development and support of subsidiaries of its economic group, including costs of operations with financial instruments and others of a financial nature.

Eurohold also reports fixed costs for staff and other external services such as office rent, operating costs and others related to the normal course of operations.

Operating expenses	Change in %	2020 BGN thousand	2019 BGN thousand
- Interest expenses	(8.2) %	(15,890)	(14,687)
- Losses from operations with financial instruments and subsequent valuations	61.0%	(1,911)	(1,187)
- Other financial expenses	(63.8) %	(436)	(1,203)
- Expenses for external services	(51.2) %	(2,196)	(4,497)
- Personnel expenses	3.6%	(606)	(585)
- Expenses for depreciation	(4.1) %	(679)	(708)
- (Accrued)/recoverable impairment loss on financial assets, net	(87.0) %	9	69
Total operating expenses	(4.8) %	(21,709)	(22,798)

For 2020, Eurohold Bulgaria recorded a slight decrease by 4.8% in its operating expenses, which for the reporting period amounted to BGN 21.7 million and remained unchanged compared to the previous reporting period.

In 2020, there is an increase in interest expenses by 8%, amounting to BGN 15.9 million, while in 2019 the company's accrued interest expenses amounted to BGN 14.7 million. The increase in interest expenses by BGN 1.2 million is mainly due to an increase in interest-bearing liabilities under a bank loan and a new bond loan issued, as well as to loans received during the period from related parties.

- » In 2020, the company has accrued interest expenses to banking and non-bank financial institutions and on bond issues in the amount of BGN 13.2 million, of which interest on loans amounts to BGN

3.2 million, interest on bond loans in the amount of BGN 9.9 million, under EMTN Programme and interest on corporate bond loan - BGN 2.6 million.

In 2019, interest expenses to banking and non-bank financial institutions and on bond issues in the amount of BGN 12.9 million, of which interest on loans amounted to BGN 3.1 million, interest on bond loans in the amount of BGN 9.8 million. BGN under EMTN Programme.

- » The interest on loans received from related parties and third parties for 2020 amount to BGN 2.6 million, and for 2019 they amount to BGN 1.7 million.

Expenditures for external services decreased significantly by 51%, amounting to BGN 2.2 million at the end of the reporting period, while during the comparable period their amount was BGN 4.5 million.

Eurohold Bulgaria AD reports for 2020 losses from operations with financial instruments and subsequent estimates in the amount of BGN 1.9 million, while for 2019 expenses in the amount of BGN 1.2 million were reported, of which:

- » Losses from investment operations - for 2020 in the amount of BGN 0.7 million; 2019 - BGN 0.01 million
- » The losses reported in 2020 from investment operations in the amount of BGN 0.7 million are in connection with the termination of a contract for repurchased own bonds of 10,500 units of the EMTN Program in EUR with ISIN XS1731768302
- » Expenses on operations with investments to related parties - for 2020 in the amount of BGN 0.06 million; 2019 - BGN 0.02 million
- » Expenses from revaluations of debt instruments, measured at fair value - for 2020 in the amount of BGN 1.1 million; 2019 -1.2 million BGN

In 2020 and 2019, the costs of revaluations of debt instruments measured at fair value are from the revaluation of repurchased own bonds of 10,500 units of the EMTN Programme in EUR with ISIN XS1731768302.

The value of other financial expenses amounts to BGN 0.4 million for 2020, reporting a significant decrease of BGN 0.8 million and represents mainly negative differences from changes in exchange rates and bank guarantee fee.

The remaining fixed and variable costs of the company, such as personnel costs, depreciation, (accrued)/reversed loss from impairment of financial assets, do not report significant changes in 2020 compared to the previous reporting period.

Cash flows

According to the cash flow statement, Eurohold Bulgaria has BGN 0.3 million of free cash at the end of 2020.

Cash flows from operating activities have negative values, which are formed mainly by the excess of payments for operating activities over revenues.

Cash flows for 2020 are formed mainly by the financial and investment activities of the Company related to the restructuring of long-term debts, as well as the accumulation of free cash from subsidiaries and their direction to finance the current and investment activities of other subsidiaries.

Cash flows	2020 BGN thousand	2019 BGN thousand
- Operating activity	(3,210)	(4,277)
- Investment activity	(48 181)	3 281
- Financing activities	51 527	850
Net cash	(136)	(146)
- Effect from application of IFRS 9	(7)	2
- Cash funds and cash equivalents at the beginning of the year	138	282

Cash funds and cash equivalents at the end of the period	267	138
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CAPITAL RESOURCES

The ratios characterizing the debt and the equity show how the Company is financed.

The debt and financial autonomy ratios take into account the coverage of borrowed funds with equity and vice versa.

As of 31.12.2020 the share of equity in the assets of Eurohold Bulgaria AD is 0.47 while at the end of 2019 this ratio was 0.55 or at the end of the current reporting period a decrease of 0.08 was reported.

At the end of 2020 the ratio Long-term liabilities/Equity is 1.09 and while as of 31.12.2019 the same ratio is 0.83 which shows that the Company has increased the amount of its long-term indebtedness to equity. The value of the financial autonomy ratio as of 31.12.2019 is 1.21, and at the end of 2020 it is 0.92, which shows that Eurohold Bulgaria reports a decrease in this indicator by 0.29 points. The following table shows selected financial indicators from the separate financial statements of Eurohold Bulgaria for 2020 and the comparative period of 2019.

FINANCIAL RATIOS

The data from the financial statements are presented in thousands of BGN

INDICATORS		2020	Change in comparison to previous periods	2019
Income Statement				
1. Accounting profit/loss (before tax)	BGN thousand	-16 754	-14,51%	-14 631
2. Net profit/loss (after taxes)	BGN thousand	-16 754	-14,51%	-14 631
3. Revenues from operating activities	BGN thousand	4 580	-39,06%	7 515
Statement of Financial Position as of December 31				
4. Equity	BGN thousand	303 701	-5,23%	320 455
5. Liabilities (long-term + short-term)	BGN thousand	330 040	24,31%	265 507
6. Assets (long-term + short-term)	BGN thousand	633 741	8,15%	585 962
Information on shares				
Share capital	BGN thousand	197 526	0,00%	197 526
Number of shares	thousand	197 526	0,00%	197 526
Net profit/loss per share	BGN	-0,085	-14,86%	-0,074
Ratios				
Financial autonomy ratio (4/5)		0,92	-0,29	1,21
Debt ratio (5/4)		1,09	0,26	0,83
Gross profitability of income (1/3)		-3,66	-1,71	-1,95
Net profitability of revenues (2/3)		-3,66	-1,71	-1,95
Gross profitability of equity (1/4)		-0,06	-0,01	-0,05
Net profitability of equity (2/4)		-0,06	-0,01	-0,05
Gross profitability of liabilities (1/5)		-0,05	0,01	-0,06
Net profitability of liabilities (2/5)		-0,05	0,01	-0,06
Gross asset profitability (1/6)		-0,03	0,00	-0,03
Net asset profitability (2/6)		-0,03	0,00	-0,03

** The calculated change reflects the change of the presented values by 2020 compared to the respective values as of the previous reporting period - 2019.*

CURRENT TRENDS AND LIKELY FUTURE DEVELOPMENT OF THE EUROHOLD GROUP

Trends related to new acquisitions

From the point of view of significant events outside the segments in which the Eurohold Group currently operates, the acquisition of CEZ's assets in the country will have a significant positive effect on the future development of the group and will contribute to improving the consolidated results of Eurohold Bulgaria AD, and realization of higher volumes of newly generated business, resp. Operating income. Management's expectations are that the acquisition of CEZ Bulgaria EAD will have a positive effect on the financial condition of the Eurohold Group, including significantly improved consolidated financial ratios and indicators of total liquidity, return on income, return on equity, and higher financial autonomy. The purchase of CEZ Bulgaria is a good market opportunity for the implementation of the medium and long-term plan of Eurohold Bulgaria AD, namely diversification of the portfolio, reduction of market risk and increase of the share of the regulated markets, which will lead to higher accuracy in forecasting of cash flows and more stable profitability. CEZ Bulgaria is the largest distributor of electricity in the country, covering an area of about 40,000 sq. km, serving over 3 million consumers. Given the significant customer base of CEZ Bulgaria, this deal is important for the strategic positioning of Eurohold Bulgaria, as well as of its subsidiaries. Eurohold also has a clear commitment to investing in technology and digitizing processes to improve the efficiency of energy companies while maintaining financial stability and regulatory compliance, as well as by ensuring continuity in the operational management of the acquired assets.

It is important to note that the finalization of the acquisition of CEZ Bulgaria will have a positive effect on the credit rating of the company, which will lead to an improvement in the financial condition and risk profile of Eurohold Bulgaria AD.

The existing functional regulation in the Energy sector, the scope and volume of activities carried out by the acquired companies, as well as the significant customer base, determine the strategic interest of Eurohold in the acquisition of CEZ's Assets in Bulgaria. The investment in CEZ subsidiaries in Bulgaria fully complies with the adopted investment strategy, as with its implementation a realization of the set goals will be achieved resulting in diversification of the investment portfolio of Eurohold Bulgaria, as well as reducing market risk and the risk of economic cyclicalities, through the entry in new regulated markets that improves the predictability of cash flows and offer new opportunities for growth and therefore stable profitability.

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

The estimated investments, as well as the financing mechanism of the acquisition of CEZ's Assets in Bulgaria are presented in detail under item "Capital Investments" in this Activity Report.

Regarding the existing businesses by the end of 2020, the main factor influencing the trends for their development in 2021 is the degree and speed of controlling the spread of COVID-19 infection, as well as the measures that governments will take in this regard.

Eurohold Bulgaria AD, as a holding company, is fully focused on the activities of its subsidiaries and their growth trends.

For Eurohold Bulgaria AD 2019 was an extremely successful year with reported record revenues of BGN 1.6 billion, representing a growth of 27% and due to the growth realized for the period of all companies in the group.

However, the events of 2020 did not develop in the same way as a result of the coronavirus pandemic (COVID-19) that broke out earlier that year and the resulting global economic crisis. This circumstance had an adverse effect on the activity of some of the subsidiaries of Eurohold Bulgaria AD mainly on the businesses of the automotive and leasing division.

The main trends related to the activities of the Eurohold Group after the last financial year (2019) until the date of this Report are related only to the impact of the COVID-19 coronavirus pandemic on the various business groups and countries in which the companies operate. The change in market conditions following COVID-19 and the anti-epidemic measures taken by governments affecting households, consumption, the supply chain, unemployment, border and travel closures, tourism are key factors affecting the group's business. Based on the measures taken in all countries where the company operates, timely and adequate

measures have been taken to limit the infection, created an opportunity for business continuity and the introduction of remote work "home office", found alternative sources of sales through online applications and other digital tools at the discretion of each company for best performance.

The crisis caused by the COVID-19 pandemic posed new challenges to the Group and seriously affected our customers. Uncertainty over the pandemic has highlighted continuing difficulties for small and medium-sized businesses and rising unemployment, which inevitably led to a decline in new business levels throughout the second quarter of 2020 and a smooth recovery in the second half of the year.

For the period of 2020 so far no other events or factors have occurred that are significant for the financial condition of Eurohold Bulgaria and its economic group.

All Eurohold's businesses are regulated by the relevant state regulatory authorities, even those businesses that do not have legal regulatory requirements - the subsidiaries of the automotive group Avto Union AD and the leasing group Eurolease Group AD also fall within the scope of regulated by the Commission for financial supervision persons in their capacity as issuers of debt securities. In this sense, both Eurohold Bulgaria AD and its subsidiaries have complied and continue to comply with all recommendations given by the relevant regulatory authority, reporting in their interim reports on a quarterly basis all the effects of the pandemic impact on business, revenues and results from the activity.

DESCRIPTION OF THE MAIN RISKS

Before deciding to invest in shares of Eurohold Bulgaria AD, potential investors must carefully analyze the risk factors described in this section as an integral part of the rest of the information in the Management report.

The risk can be both a threat to the financial health of the company and an opportunity to achieve a competitive advantage. The risk associated with an investment affects the value of an asset. The most common definition of risk is that it represents an unwanted deviation of the results of an event from the initial expectation.

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

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

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

The order of listing the risks in each of the categories below is according to their significance in terms of their negative impact on Eurohold and its economic group, as well as the probability of their occurrence.

a) NON-SYSTEMATIC RISKS

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

Risks related to the activity and structure of Eurohold

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

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

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

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

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

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

► Insurance business

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

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

Underwriting risk

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

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

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

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

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

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

Market Risk

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

Market risk includes the following sub-risks:

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

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

Credit Risk

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

Operational risk

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

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

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

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

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

➤ Automotive sector

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

Risks related to withdrawal of permits and authorizations

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

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

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

Dependence on norms and standards

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

Other systematic and non-systematic risks of particular importance

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

➤ **Leasing sector**

Risk of lack of attracted external debt financing at reasonable prices

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

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

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

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

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

➤ **Investment intermediation and asset management**

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

Market and credit risk

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

Risk in settlement and clearing of transactions

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

Risk of change in the regulatory framework

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

regulations could have a significant adverse effect on the prospects of Euro-Finance AD, its results and / or financial condition.

Risks in the transmission and processing of information

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

Risks related to Eurohold's development strategy

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

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

Risks associated with future acquisitions and their integration in the structure

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

Risks related to the management of Eurohold

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

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

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

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

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

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

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

Risks related to recruiting and retaining qualified staff

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

Risk of concentration

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

Risk of lack of liquidity

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

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

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

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

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

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

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

b) SYSTEMATIC RISKS

Macroeconomic risk

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

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

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

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

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

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

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

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

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

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

Risk of occurrence of force majeure circumstances

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

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

Global impact of the pandemic of (COVID-19)

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

According to Eurostat, the euro area, which is Bulgaria's main trading partner, reported a historically unprecedented decline in the GDP chain in real terms of 11.8% for the period April - June 2020. However, the dynamics of global economic indicators in the period after May 2020 signals a partial improvement in economic activity in the services and industry sectors. At the end of October 2020, governments again took restrictive measures against the background of a sharp increase in the incidence of coronavirus infections in the countries, which led to a new decline in activity in the fourth quarter of 2020. At present, there is a renewed spread of the disease worldwide, and its activity in Bulgaria is the highest since the beginning of the pandemic, as a result of which the government takes new more urgent measures and restrictions related to the closure of malls, restaurants, schools, gyms and all cultural events.

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

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

Today's unpredictable situation is changing rapidly and additional impacts may occur, of which the Issuer is currently unaware. Even after mastering COVID-19, the Eurohold Group may continue to experience

adverse effects on its business as a result of the global economic impact of the virus, as well as the impact of any recession that has occurred or may occur in the future.

Actions and measures of the Eurohold Group to deal with the COVID-19 pandemic

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

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

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

- Organization, control and monitoring of the work process - teams, schedules, including ensuring the work regime "home office";
- Periodic briefing of employees;
- Introduction of the necessary protection measures at the Company's presence points, including sending disinfection instructions at the workplace, as well as measures/work plan in case of information about an employee in contact with a coronavirus patient and specific actions in such a situation.

As always, during a pandemic, ensuring the health and well-being of our employees remains our primary concern.

A full formalization of processes has been introduced, ensuring an adequate and transparent organization with a clear and appropriate division of responsibilities and an effective system ensuring the transmission of information and reducing the risk of business interruption in any of the elements - system interruption, procedures, the risk to essential data and functions, as well as the performance of the core business specific to each company part of the Eurohold. This organization was realized through:

- Establishment of a Crisis Headquarters;
- Review the plan for continuation of the activity, risk assessment and prepare a specific plan for action and crisis management in connection with the complicated virological situation of COVID-19 and risk minimization;
- Regular risk measurement and management;
- others.

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

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

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

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

Although our offices remained open, we committed to our customers to offer products and services through remote consulting and sales. Immediate measures were taken in the entire group of the Company regarding

the protection of employees, development of online platforms for performing activities without the presence of customers, digitalization of the entire activity of concluding leasing contracts, subsequent customer service, including car damage, as well as and the sale of cars, etc. The management of the companies also focused on the development of new products and services to meet the changed market environment and customer needs.

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

Capital and liquidity management is our key focus, which we constantly monitor, both at the group level and at the individual level of each subsidiary and operating company. As a result, in 2020 we made a number of capital increases in order to support companies and meet their capital requirements (applies to the insurance business and in particular the Romanian company, as actions to increase its capital have been taken to date).

In this regard, in the fourth quarter of 2020, the management of Eurohold Bulgaria AD has transformed part of its short-term liabilities into long-term ones by issuing a bond loan. Also, at the end of 2020, in order to strengthen the capital structure of the group, it has agreed and converted part of its liabilities in the form of subordinated debts, representing first-tier capital.

We have revised our models for impairment of expected credit loss in accordance with IFRS 9 "Financial Instruments" at all levels - country, group, segment, company. As a result, we updated some of our expectations on companies by increasing the expected credit loss on exposures that are part of the full impairment model. In order to provide reliability, the models for impairment of expected credit loss under IFRS 9 will continue to be reviewed and updated quarterly as necessary, taking into account the effects of COVID-19 on our businesses until economic conditions normalize.

In connection with the deteriorating economic situation and the increased uncertainty due to the impact of COVID-19, we also reviewed the models for estimating the reserves of insurance companies and made changes in the direction of increase, where necessary.

In connection with the measures and actions taken by the Group to limit the impact of COVID-19 on companies, additional costs have been incurred for rapid adaptation to the dynamic economic environment, which in turn has affected our operational results both individually and as a group level.

Over the years, in parallel with the growth of business and regional expansion, we have built good financial stability, which gives us peace of mind and confidence that we will cope and pass successfully through the current crisis. Even in the conditions of COVID-19 we continue not to deviate from our goals, to follow our strategy and to expand our activity, finalizing already prepared deals in the region. This is confirmed by the acquisition of ERGO Belarus, which was finalized at the end of April 2020, after approval by the regulatory authorities in the country. The company acquired by our insurance sub-holding Euroins Insurance Group AD is a subsidiary of the German ERGO, one of the leading insurance groups in Europe. Also, at this moment we are in a position to complete the most significant deal in the history of Eurohold, namely the acquisition of the assets of the energy group CEZ Group in Bulgaria.

The outbreak of the pandemic had a negative impact and the collapse of global stock markets. Eurohold Bulgaria AD, as a public company whose shares are traded on the Bulgarian Stock Exchange (BSE) and Warsaw Stock Exchange (WSE), was also not overlooked by the stock market crash, as the share price fell. To date, the price of Eurohold shares has not only regained its level before the pandemic, but also achieved significant growth.

Impact of the coronary crisis in the following reporting periods

The outbreak of Covid-19 has had and continues to have a significant impact on business around the world and the economy in which the companies in our group operate. The impact and duration of the Covid-19 crisis on a global scale is likely to affect our business in the coming periods. Prolonged reduced economic activity due to the effects of coronavirus could have an adverse effect on our business, lower revenues due to reduced customer activity and due to stock market volatility and a disrupted supply chain, may also have an impact. on the capital position and liquidity of the group.

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

At present, the COVID-19 pandemic is entering its third phase, with significant uncertainties remaining regarding the assessment of the duration of the spread of coronavirus infection and its impact. A number of countries are taking drastic new measures to control the coronavirus infection, including Bulgaria.

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

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

Political risk

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

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

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

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

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

Risk of high unemployment rates

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

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

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

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

- The economic activity rate for the population aged 15-64 is 72.7%, and compared to the fourth quarter of 2019, it decreases by 0.3 percentage points;
- The employment rate for the population aged 15-64 decreased by 1.2 percentage points compared to the same quarter of 2019 and reached 68.8%.

- The unemployment rate is 5.2%, or 1.1 percentage points higher compared to the fourth quarter of 2019.
- The discouraged persons aged 15 - 64 are 62.1 thousand or 5.2% of the economically inactive persons in the same age group.

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

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

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

Source: www.nsi.bg

Credit risk of the country

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

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

The international rating agency S&P Global Ratings confirmed the long-term and short-term credit rating of Bulgaria in foreign and local currency 'BBB/A-2'. The outlook for the rating remains stable.

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

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

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

Source: www.minfin.bg

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

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

In the coming years, Bulgaria will be one of the main beneficiaries of EU transfers, including EUR 16.6 billion (27% of GDP in 2020) in the next multiannual financial framework (2021-2027) and 7.5 billion

(12% of GDP) EU grants under the Next Generation EU (NGEU) mechanism. Despite the challenge of absorbing such a large amount of funds, Fitch Ratings believes that this will increase economic growth from the projected 3% in 2021 to 4-5% in the period 2022-2025.

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

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

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

Source: www.minfin.bg

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

Inflation risk

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

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

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

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

Source: www.nsi.bg

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

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

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

Currency risk

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

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

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

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

Interest rate risk

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

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

Risks related to regulatory changes Regulatory risk

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

Financial risk

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

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

Risk of increased competition:

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

c) MANAGEMENT AND RISK MINIMIZATION MECHANISMS

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

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

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

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

» Financial Risk Management

Categories of financial assets and liabilities

The carrying amounts of the Company's financial assets and liabilities may be presented in the following categories:

Financial assets	<i>Note</i>	2020	2019
In thousand BGN			
Debt instruments at amortized cost:			
Receivables by related parties	15	345	651
Other receivables and assets	16	1 306	1 097
Cash and cash equivalents	17	267	138
		1 918	1 886
Financial liabilities			
In thousand BGN			
Financial liabilities at amortized cost:			
Subordinated debts	19	32 784	-
Loans from financial and non-financial institutions	20	61 692	68 170
Bond liabilities	21	194 719	136 523
Short - term trade payables	24	583	1 799
Liabilities to related parties	22,25	37 093	55 493
Other short-term liabilities	23,26	3 169	3 522
		330 040	265 507

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:

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. The company has borrowings, issued bonds and lease liabilities in foreign currency – Euro, PLN (Polish zloty) 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.

» Credit risk analysis

Credit risk is the risk that a counterparty will not pay its obligation 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, the deposit of funds and others. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognized at the end of the reporting period, as set out below:

	Note	31.12.2020 хил. лв.	31.12.2019 хил. лв.
Groups of financial assets - book values:			
Debt instruments at amortized cost			
Receivables from related parties	15	345	651
Other receivables and assets	16	1 313	1 097
Cash and cash equivalents	17	267	138
Book value		1 925	1 886

The amounts presented in the unconsolidated statement of financial position are on a net basis, excluding 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 derivative financial instruments is considered insignificant, as the counterparties are banks with good reputation and high external credit rating.

» Liquidity risk analysis

Liquidity risk is the risk that the Company will be unable to meet its financial obligations when they become due. Policy in this area is aimed at ensuring that sufficient liquidity is available to service liabilities when they become due, including in emergencies and contingencies. The purpose of the management is to maintain a constant balance between the continuity and flexibility of financial resources through the use of adequate forms of financing.

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

The table below presents an analysis of the liabilities of Eurohold Bulgaria AD by maturity periods, based on the remaining period from the date of the unconsolidated statement of financial position to the date of realization of the liabilities based on the agreed undiscounted payments:

31.12.2020	Note	Up to 1	1-3	3-12	1-5	Over 5	Total
000'BGN		month	months	months	years	years	
Liabilities for residual term							
Subordinated debt instruments	19	-	-	-	-	32 784	32 784
Loans from financial and non-financial institutions	20	5 611	-	13 334	42 747	-	61 692
Debt loan liabilities	21	751	183	19 254	115 856	58 675	194 719
Short-term trade payables	24	583	-	-	-	-	583
Liabilities to related parties	22,25	122	9 944	25 324	1 703	-	37 093
Other obligations	23,26	949	229	523	771	697	3 169
	ОБЩО	8 016	10 356	58 435	161 077	92 156	330 040

In the previous reporting period the maturities of the contractual obligations of the Company are summarized as follows:

31.12.2019	Note	Up to 1	1-3	3-12	1-5	Over 5	Total
000'BGN		month	months	months	years	years	
Liabilities for residual term							
Loans from financial and non-financial institutions	20	5 511	-	37 128	25 531	-	68 170
Debt loan liabilities	21	740	-	15	135 768	-	136 52:
Liabilities to related parties	24	1 799	-	-	-	-	1 799
Short-term trade payables	22,25	3	6	53 946	1 538	-	55 493
Other obligations	23,26	127	150	1 093	1 273	879	3 522
	ОБЩО	8 180	156	92 182	164 110	879	265 507

» Capital risk management

With the capital management the Company aims to create and maintain opportunities for it to continue to operate as a going concern and to ensure the appropriate return on investment of shareholders and economic benefits of other stakeholders and participants in its business, as well as to maintain optimal capital structure.

The company currently monitors the security and capital structure based on the debt ratio, namely the net debt capital to the total amount of capital. Net debt includes all liabilities, subordinated debt instruments, loans, debenture debt, trade and other payables less the carrying amount of cash and cash equivalents.

The capital for the presented reporting periods can be analyzed as follows:

In 000'BGN	31.12.2020	31.12.2019
Equity	303 701	320 455
Total liabilities, subordinated debt instruments, loans, debenture debt, trade and other payables	330 040	265 507
- Cash and cash equivalents	(267)	(138)
Net debt	329 773	265 369
Total equity (equity + net debt)	633 474	585 824
Debt ratio (net debt/total equity)	52%	45%

The increase in the debt ratio in 2020 is mainly due to subordinated debt received from related parties and a new debenture loan ISIN:BG2100013205 in the amount of 30 000 000 EUR.

Financial assets and liabilities denominated in foreign currency and translated into Bulgarian levs at the end of the reporting period are presented as follows:

	Short-term exposure		Long-term exposure	
	Polish zloty	British pounds	Polish zloty	British pounds
	In '000 BGN	In '000 BGN	In '000 BGN	In '000 BGN
31 December 2020				
Financial assets	1	421	-	-
Financial liabilities	(19 990)	(566)	-	(83)

Total risk exposure	(19 989)	(145)	-	(83)
31 December 2019				
Financial assets	2	473	-	-
Financial liabilities	(741)	(1 435)	(20 592)	(612)
Total risk exposure	(739)	(962)	(20 592)	(612)

The tables below show the sensitivity of the annual net financial result after taxes and equity to a probable change in the exchange rates of the Bulgarian lev against the following foreign currencies:

- Polish zloty +/- 2.7% (for 2019 +/- 0.6%)
- British Pounds (+/- 1.1%) (for 2019 +/- 2.2%)

All other parameters are considered constant.

These rates are based on average exchange rates over the last 12 months of 2020 year. The sensitivity analysis is based on the investments of the Company in foreign currency financial instruments held at the end of the reporting period.

31 December 2020	Increase of the Bulgarian Lev rate		Decrease of the Bulgarian lev rate	
	Net financial result	Equity	Net financial result	Equity
	'000 BGN	'000 BGN	'000 BGN	'000 BGN
Polish zloty +/- 2.7%	538	538	(538)	(538)
British Pounds +/- 1.1%	2	2	(2)	(2)
31 December 2019				
	Net financial result	Equity	Net financial result	Equity
	'000 BGN	'000 BGN	'000 BGN	'000 BGN
Polish zloty +/- 0.6%	124	124	(124)	(124)
British Pounds +/- 2.2%	31	31	(31)	(31)

Exposure to exchange rate fluctuations varies throughout the year depending on the volume of international transactions performed. However, the analysis presented above is considered to represent the Company's exposure to currency risk.

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 2020, 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 of 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.

Analysis of the effects of the Covid-19 Pandemic (Coronavirus)

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

Effect on economic growth

The table below presents information on the expectations for economic growth of the Republic of Bulgaria, according to the data of the International Monetary Fund (October 2020: <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020>), 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%	4.1%

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%	(8.3) %	1.3%	5.2%

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

	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%	(4.8)%	3.0%	4.6%
North Macedonia	1.1%	2.7%	3.6%	3.4%	(5.4)%	3.5%	5.5%
Ukraine	2.5%	3.3%	3.2%	3.0%	(7.2)%	3.3%	3.0%
Georgia	4.8%	4.8%	5.1%	4.8%	(5.0)%	5.2%	5.0%
Belarus	2.5%	3.1%	1.2%		(3.0)%		2.2%
Russian Federation	1.8%	2.5%	1.3%	1.9%	(4.1)%	1.8%	2.8%
Greece	1.5%	1.9%	1.9%	2.2%	(9.5)%	0.9%	4.1%
Poland	4.9%	5.1%	4.1%	3.1%	(3.6)%	2.5%	4.6%
Italy	1.7%	0.8%	0.3%	0.5%	(10.6)%	0.6%	5.2%
Spain	2.9%	2.4%	2.0%	1.8%	(12.8)%	1.6%	7.2%
United Kingdom	1.9%	1.3%	1.4%	1.4%	(9.8)%	1.5%	5.9%

As can be seen from the above data, the Management takes into account the possible short-term risks to the overall economic development of the main markets where it operates. The expected reduction of the Gross Domestic Product could be significant, but there are also general expectations for rapid recovery

during the period 2021-2022 and a return to the average predicted growth levels before Covid-19 (Coronavirus).

Effect on credit ratings

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

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

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

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

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

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

Analysis of the expected effect on the IFRS model 9

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

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

The general conclusion of 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) may have.

About the model (including the full and simplified one) for calculating the expected credit losses, the Management considers that it is 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 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 December 31, 2020, both reliable macroeconomic statistics and information on medium-term levels of probability of default are available, Management has decided to:

- Increase of Expected Credit Loss, of the exposures that are part of the simplified model (i.e., trade receivables), as the average increase for secured exposures being 15.7% and for unsecured exposures being 34.8%
- Increase of Expected Credit Loss, of the exposures that are part of the full model (i.e., deposits and cash at bank institutions), as the average increase for deposits was 60.9% and for cash in banking institutions was 67.3%.

OTHER INFORMATION ABOUT THE COMPANY'S BUSINESS ACTIVITY

DIVIDEND POLICY

The company's policy regarding the distribution of dividends is in accordance with the requirements of the current legislation in the country and the Articles of Association of Eurohold Bulgaria AD (Art. 64), which does not contain any restrictions on the distribution of dividends to any of the shareholders.

Eurohold Bulgaria maintains a divestment distribution policy from 2015 to 2020 including dividend distribution from the Company's profit as follows:

- ✓ In 2015, a dividend in the amount of BGN 582,714 was distributed;
- ✓ In 2016, a dividend in the amount of BGN 365,680 was distributed;
- ✓ In 2017, a dividend in the amount of BGN 1,613,450 was distributed;
- ✓ In 2018, a dividend in the amount of BGN 1,800,000 was distributed;
- ✓ In 2019, a dividend in the amount of BGN 2,469,070 was distributed;
- ✓ In 2020, Eurohold Bulgaria did not distribute a dividend

When deciding on the distribution of dividends, a balance between the benefits of the shareholders and the company is observed.

DIVERSITY POLICY

Eurohold Bulgaria has not adopted a policy regarding the diversity of the members of the Supervisory and Management Boards, as well as the managers and employees.

However, the Eurohold Group adheres to the principles of:

- ▶ equality,
- ▶ impartiality,
- ▶ avoiding any form of discrimination and
- ▶ provides the same opportunities,

by seeking to achieve a gender balance in management and supervisory bodies or the boards of directors of subsidiaries, managers and employees.

In the internal regulations of the companies part of Eurohold there is no division by sex, age, nationality, race, ethnicity, religion, disadvantaged people and any other form of illegal and unjust discrimination.

The leading factors in electing a new member of the management and supervisory bodies or boards of directors of companies or managers and employees in companies part of the Eurohold Bulgaria group are: appropriate qualification and education, management skills, professional experience, competence, knowledge of regulations and the requirements of the specific sector in which the Company operates.

APPLICABLE LEGISLATION

Eurohold Bulgaria AD is a company registered and operating in accordance with the legislation of the Republic of Bulgaria.

The main regulations applicable to the public status of Eurohold Bulgaria AD are the following:

Normative acts such as:	<p>Commercial Act(CA);</p> <hr/> <p>International Financial Reporting Standards (IFRS);</p> <hr/> <p>The Public Offering of Securities Act(POSA);</p> <hr/> <p>Act on the Financial Supervision Commission;</p> <hr/> <p>Act on Measures Against Market Abuse with Financial Instruments;</p> <hr/> <p>Personal Data Protection Act;</p> <hr/> <p>Anti Money Laundering Act.</p>
Sub-statutory legislation such as:	<p>Ordinance No.2 of 17.09.2003 on thee prospectuses for public offering and admission to trading on a regulated securities market and on the disclosure of information(ammended and supplemented, issue 61 dated 10.07.2020),</p> <hr/> <p>Ordinance No 39 of 21.11.2007 on Disclosure of a Shareholding in a Public Company,</p> <hr/> <p>Ordinance on the minimum contents of the letter of attorney granting rights to represent a shareholder at a general meeting of a company, which shares are subject to a public offering</p>
Regulations such as:	<p>Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on the market abuse (Market Abuse Regulation),</p> <hr/> <p>Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protectionof natural persons with regard to the processing of personal data data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation),</p> <hr/> <p>and others</p>

ADDITIONAL INFORMATION LEGALLY REQUIRED REGARDING THE COMPANY

I. INFORMATION UNDER ART. 187d AND 247 OF THE COMMERCIAL ACT

1.1. Number and nominal value of the acquired and transferred during the year own shares, the part of the capital they represent, as well as price for the acquisition or the transfer

In 2020 the Company has not bought back or transferred any of its own shares, therefore at the end of the period the Company does not have any own shares

1.2. Number and nominal value of own shares and the part of the capital they represent

As of 31.12.2020 and as at the date of preparation of this activity report, the Company hasn't bought back and does not possess its own shares.

As of 31.12.2020 97 227 pcs. Shares of Eurohold Bulgaria AD are held by one subsidiary - Euro - Finance AD with a nominal value of BGN 97,227, representing 0.05% of the capital of Eurohold Bulgaria AD. The shares owned by Euro-Finance AD were not acquired in 2020.

1.3. Pledge of enterprise

Up until now, the Company has not transferred or pledged its enterprise, has not acquired and has not disposed of assets of significant value outside the Company's usual course of business.

1.4. Information about the insolvency proceedings

The Company is not aware of any claims filed for initiating an insolvency procedure against it or against any of its subsidiaries.

1.5. Information on the amount of remuneration of each of the members of the management and supervisory bodies for the reporting financial year, paid by Eurohold Bulgaria and its subsidiaries.

In 2020, the members of the management and control bodies received the following gross remuneration from Eurohold Bulgaria and its subsidiaries, as follows:

Remuneration received by the members of the Supervisory Board and the Management Board for 2020	from Eurohold Bulgaria AD	from subsidiaries	TOTAL
Supervisory Board	178 307	314 661	492 968
Assen Christov	14 640	130 672	145 312
Dimitar Dimitrov	7 200	124 851	132 051
Radi Georgiev	<i>there is no agreed and paid remuneration for 2020.</i>	59,138	59 138
Kustaa Äimä	<i>there is no agreed and paid remuneration for 2020.</i>	<i>there is no agreed and paid remuneration for 2020.</i>	<i>there is no agreed and paid remuneration for 2020.</i>
Lyubomir Stoev	87 618	<i>there is no agreed and paid remuneration for 2020.</i>	87 618
Luisse Gabrielle Roman	68 849	<i>there is no agreed and paid remuneration for 2020.</i>	68 849
Management Board	111 600	997 403	1 109 003
Kiril Boshov	24 000	547 318	571 318
Asen Minchev	75 600	53 760	129 360
Velislav Christov	<i>there is no agreed and paid remuneration for 2020.</i>	119 177	119 177
Assen Assenov	12 000	277 148	289 148
Razvan Lefterov	<i>there is no agreed and paid remuneration for 2020.</i>	<i>there is no agreed and paid remuneration for 2020.</i>	<i>there is no agreed and paid remuneration for 2020.</i>
Procurators	13 320	-	13 320
Hristo Stoev	13 320	<i>there is no agreed and paid remuneration for 2020.</i>	13 320
Milena Guentcheva	<i>there is no agreed and paid remuneration for 2020.</i>	3 898	3 898

Source: Eurohold Bulgaria AD

Kustaa Lauri Äimä and Razvan Lefter do not have an agreement with Eurohold to pay monthly remuneration for their work as Members of the Supervisory Board and the Management Board, therefore such was not voted on by the General Meeting of Shareholders (GMS) and was not paid during the historical periods in any form.

No remuneration and/or compensation in kind were paid to the members of the Management and Supervisory Boards during the specified period.

Eurohold Bulgaria, as well as its subsidiaries, does not set aside amounts for payment of pensions, retirement benefits or other similar benefits to the members of the Management and Supervisory Boards, as well as to the Procurators of the company.

The members of the Management Board and the Supervisory Board receive their remuneration on the basis of concluded management contracts and control contracts with the Company, respectively. The current employment contracts of the members of the Management and Supervisory Boards with Eurohold are valid until the termination of the respective position.

Eurohold Bulgaria has adopted a policy for the remuneration of the members of the Supervisory and Management Boards. This policy regulates the basic rules for determining the remuneration of persons who hold office as members of the supervisory and management board of the public company in connection with the exercise of their powers in the exercise of management and supervisory functions in the company. The remuneration policy has been developed on the basis of the requirements in the Public Offering of Securities Act and Ordinance No.48 of the Financial Supervision Commission of March 20, 2013 (amended and supplemented, SG, issue 61 dated 10.07.2020) for the requirements to the remuneration with a view to creating a transparent and fair internal framework for formation of the remuneration of the members of the Supervisory Board and the Management Board of Eurohold Bulgaria AD. As of the date of preparation of the Report on the activity in the company, the function of the Remuneration Committee is performed by the Supervisory Board.

1.6. Company shares owned by members of the Management and Supervisory Board

As of December 31, 2020, the members of the Management and Supervisory Boards and the Procurator of the Company hold shares in the capital of Eurohold Bulgaria, as follows:

Members of Management Board and Supervisory Board	Owned number of shares
Supervisory Board	200
Assen Christov	does not own
Dimitar Dimitrov	200
Radi Georgiev	does not own
Kustaa Äimä	does not own
Lyubomir Stoev	does not own
Luis Gabriel Roman	does not own
Governing Board	67 600
Kiril Boshov	does not own
Asen Minchev	does not own
Velislav Christov	200
Assen Assenov	67 400
Razvan Lefterov	does not own
Procurators	-
Hristo Stoev	does not own
Milena Guentcheva	does not own

Source: Eurohold Bulgaria AD.

In 2020, the members of the Management and Supervisory Boards, as well as the procurators of the company did not acquire shares of the company and did not transfer shares to the company.

The members of the Management and Supervisory Boards, as well as the procurators have not acquired, do not own and have not transferred bonds issued by the company.

1.7. Rights of the members of the boards to acquire shares and bonds of the Company

As of the date of preparation of this activity report no agreements or other agreements have been reached with the employees of Eurohold Bulgaria AD for their participation in the capital of the Company.

The members of the Management Board and the Supervisory Board and the Procurators of the Company may freely acquire shares from the capital, as well as bonds of the Company on a regulated securities market in compliance with the provisions of the Law on Implementation of Measures against Market Abuse, European regulations and Financial Regulation and the Public Offering of Securities Act.

No options for acquisition of Company's shares have been issued in favor of the management and supervisory bodies' members, employees or third parties.

1.8. Information on the participation of the members of the management and control bodies of the Company and of its procurator / s in legal entities, as unlimited partners, the ownership of 25 and more percent of the capital of another company, as well as their participation in management or control bodies or as procurators in other legal entities

Eurohold Bulgaria AD has a two-tier corporate governance system as follows: a Management Board, composed of five natural persons, and a Supervisory Board composed of six natural persons.

The Management Board of the Company consists of the following members: Kiril Ivanov Boshov, Asen Minchev Minchev, Velislav Milkov Christov, Assen Emanouilov Assenov and Razvan Stefan Lefter.

The Supervisory Board consists of the following members: Assen Milkov Christov, Dimitar Stoyanov Dimitrov, Kustaa Lauri Äimä, Radi Georgiev Georgiev, Lubomir Stoev and Louise Gabrielle Roman.

Procurators of Eurohold Bulgaria AD are Hristo Lubomirov Stoev and Milena Miltchova Guentcheva.

The Company is represented jointly by an executive member of the Management Board and a procurator of the Company.

There are family relationships between the members of the Management Board and the Supervisory Board. Assen Christov and Velislav Christov are second degree collateral relatives (brothers). There are family relationships between the member of the Supervisory Board - Lubomir Stoev and the Procurator Hristo Stoev who are first degree lineal relatives (father and son).

The activity of Eurohold does not depend on the individual professional experience or qualification of other employees.

Supervisory Board

Name	Assen Milkov Christov
Title	Chairman of the Supervisory Board
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<ul style="list-style-type: none"> ◆ Euroins Insurance Group AD – Chairman of the Board of Directors; ◆ Starcom Holding AD – Executive member of the Board of Directors and shareholder holding 51 % of the capital.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Alfa Euroactive EOOD – Sole owner of the capital and Manager; ◆ First Investment Bank JSC, Russia - Chairman of the Supervisory Board; ◆ Starcom Hold AD – Chairman of the Board of Directors and shareholder holding 99.67% of the capital; ◆ Hanson Asset Management Ltd., United Kingdom – Director; ◆ Wonder Group AD – Chairman of the Supervisory Board; ◆ Quintar Capital Limited, Hong Kong – member of the Board of Directors.

	<p>Current in other legal entities:</p> <ul style="list-style-type: none"> ◆ Association "Multi-Sport Students Club at Private Secondary School "Saint George" – Chairman of the Management Board ◆ Association "Bulgarian Athletics Federation" – member of the Management Board <p>Previous:</p> <ul style="list-style-type: none"> ◆ Formoplast 98 AD – Chairman of the Board of Directors until 04.09.2020, as at the date of this activity report the person is not Chairman of the Board of Directors; ◆ Euroins Osiguruvanje AD, Skopje, North Macedonia – Chairman of the Board of Directors until 10.07.2020, as at the date of this activity report the person is not Chairman of the Board of Directors; ◆ Euro-Finance AD – Chairman of the Board of Directors until 02.04.2020, as at the date of this activity report the person is not Chairman of the Board of Directors; ◆ Euroins Romania Asigurare - Reasigurare S.A.– Chairman of the Board of Directors until 26.03.2020, as at the date of this activity report the person is not Chairman of the Board of Directors; ◆ Starcom Hold AD –Executive member of the Board of Directors until 06.06.2019, as at the date of this activity report the person is not Executive member of the Board of Directors, but remains Chairman of the Board of Directors and shareholder holding 99.67% of the capital; ◆ Avto Union AD - Chairman of the Board of Directors until 26.10.2018, as at the date of this activity report the person is not a Chairman of the Board of Directors; ◆ Balkan International Basketball League OOD - Manager and a partner holding 50% of the capital until 17.11.2017, as at the date of this activity report the person is not a Manager and a partner holding 50% of the capital.
<p>Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years</p>	<p>As at the date of this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
<p>Relevant professional experience</p>	<p>Assen Christov holds a master's degree in Physics from Sofia University "St. Kliment Ohridski" and has specialized in the Institute for Nuclear Research in Dubno, Russia. He has completed a specialization in Management in Open University - London. Speaks Russian and English.</p> <p>Assen Christov has exercised the above-mentioned managerial positions during different periods within the last 5 years. He has held the position of Chairman of the Board of Directors of Eurobank AD between 1997 and 2000 with representative functions exercised, he was also a Chairman of the Supervisory Board of IC Euroins AD from 2000 until 2007, as well as of the investment firm Euro-Finance AD.</p>
<p>Information on coercive administrative measures and penalties or public incrimination in the previous 5 years</p>	<p>As of the date of this report, the person has been imposed one administrative penalty (fine) for failure to introduce an internal procedure in a company within the Eurohold Bulgaria AD group and two administrative penalties (fine) on the grounds of Art. 221, para. 1, item 4 of the Public Offering of Securities Act. The penal decrees imposing the two administrative penalties on the grounds of Art. 221, para. 1, item 4 of the Public Offering of Securities Act are subject to court appeal, as one of the penal decrees has been revoked by the court within the court appeal by a decision already entered into force and effect, and the other is still in court proceedings and accordingly has not entered into force.</p> <p>During the previous 5 years no coercive administrative measures have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>
<p>Name</p>	<p>Dimitar Stoyanov Dimitrov</p>
<p>Title</p>	<p>Deputy Chairman of the Supervisory Board</p>
<p>Business address</p>	<p>Sofia, 43, Christopher Columbus Blvd.</p>
<p>Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these</p>	<ul style="list-style-type: none"> ◆ IC Euroins AD – Procurator.

are significant with respect to the Company	
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Eurologistic Technologies EOOD – Manager; ◆ Cable Network AD – member of the Board of Directors and Executive Director; ◆ Creative Software Solutions EOOD – Manager and Sole owner of the capital; ◆ Starcom Hold AD – member of the Board of Directors and Executive Director; ◆ Starcom Finance EAD – member of the Board of Directors and Executive Director. <p>Previous:</p> <ul style="list-style-type: none"> ◆ Alcomerce EOOD – Manager until 25.01.2018, as at the date of this activity report the person is not a Manager; ◆ Zeleni EOOD (currently Ecovera Ltd.) – Sole owner of the capital and Manager until 27.01.2017, as at the date of this activity report the person is not a Sole owner of the capital and a Manager.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<ul style="list-style-type: none"> ◆ Far Consult OOD – in liquidation – Manager and partner. <p>As at the date of this activity report, the company is undergoing liquidation proceedings.</p> <p>As at the date of this activity report, there is no information about any other bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
Relevant professional experience	<p>Dimitar Dimitrov holds a Master's degree in Electronics and Automatics, Technical University of Sofia. From 1998 until 2006 he was Executive Director of the holding company Starcom Holding AD. Since 2005 he is a procurator of IC Euroins AD, and from 1998 to 2005 he held the position of Director of "Information services, statistics and analyzes" Department in the same company.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	<p>During the previous 5 years no coercive administrative measures and administrative penalties have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>
Name	Kustaa Lauri Äimä
Title	Independent member of the Supervisory Board
Business address	Finland, Helsinki, Kalevankatu 14C, fl. 4
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<p>As at the date of this activity report, there are no activities performed outside of the Company, which are significant with respect to the Company.</p>
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ KJK Management S.A. – Chairman of the Board of Directors; ◆ KJK Fund II SICAV-SIF – Chairman of the Board of Directors; ◆ KJK Capital Oy – Executive Director, member of the Board of Directors; ◆ KJK Fund III Management S.a.r.L – member of the Management Board; ◆ KJK Investments S.a.r.L – member of the Management Board; ◆ AS Baltika – member of the Supervisory Board; ◆ Elan d.o.o – member of the Board of Directors; ◆ AS PR Foods – Chairman of the Supervisory Board; ◆ AS Saaremere Kala – member of the Supervisory Board;

- ◆ Baltik Vairas – member of the Board of Directors;
- ◆ Tahe Outdoors Oü – Chairman of the Supervisory Board;
- ◆ KJK Sports S.a.r.l. – member of the Board of Directors;
- ◆ KJK Investicije 2 d.o.o. – member of the Board of Directors;
- ◆ KJK Investicije 4 d.o.o. – member of the Board of Directors;
- ◆ KJK Investicije 5 d.o.o. – member of the Board of Directors;
- ◆ KJK Investicije 7 d.o.o. – member of the Board of Directors;
- ◆ KJK Investicije 8 d.o.o. – member of the Board of Directors;
- ◆ Kaima Capital Oy –Executive Director, Chairman of the Board of Directors and Sole owner of the company;
- ◆ Kaima Capital Eesti Oü – member of the Board of Directors;
- ◆ Aurejärvi Varainhoito Oy – member of the Board of Directors;
- ◆ UAB D Investiciu Valdymas – member of the Board of Directors;
- ◆ Amber Trust SCA – Director;
- ◆ Amber Trust II SCA – Director;
- ◆ Amber Trust Management S.A. – member of the Management Board;
- ◆ Amber Trust II Management S.A. – member of the Management Board;
- ◆ AS Toode – member of the Supervisory Board;
- ◆ Managetrade Oü – member of the Supervisory Board;
- ◆ AB Baltic Mill – member of the Board of Directors;
- ◆ UAB Malsena Plius – member of the Board of Directors;
- ◆ JSC Rigas Dzirnavnies – Chairman of the Supervisory Board;
- ◆ Bostads AB Blåklinten – member of the Board of Directors.

Previous:

- ◆ As Tallink Group – member of the Management Board until 09.2019, as at the date of this activity report the person is not a member of the Management Board;
- ◆ KJK Investicije d.o.o. – member of the Board of Directors until 09.2019, as at the date of this activity report the person is not a member of the Board of Directors;
- ◆ KJK Investicije 3 d.o.o. – member of the Board of Directors until 08.2019, as at the date of this activity report the person is not a member of the Board of Directors;
- ◆ Leader Group 2016 AD – member of the Board of Directors until 08.07.2019, as at the date of this activity report the person is not a member of the Board of Directors;
- ◆ Oü Tallink Silja AB – member of the Management Board until 05.2019, as at the date of this activity report the person is not a member of the Management Board;
- ◆ Salva Kindlistuse AS – Director until 07.02.2019, as at the date of this activity report the person is not a Director.
- ◆ KJK Investicije 6 d.o.o. – member of the Board of Directors until 10.2018, as at the date of this activity report the person is not a member of the Board of Directors;
- ◆ KJK Invest Oy – Director until 10.2018, as at the date of this activity report the person is not a Director;
- ◆ KJK Bulgaria Holding OOD (the entity was merged into Leader Group 2016 AD) – Manager until 11.10.2018, as at the date of this activity report the person is not a Manager;
- ◆ AAS Baltijas Apdrosijamasnams – Director until 09.04.2018, as at the date of this activity report the person is not a Director;
- ◆ KJK Fund SICAV-SIF – Chairman of the Board of Directors until 01.01.2018, as at the date of this activity report the person is not a Chairman of the Board of Directors;
- ◆ Kowinoplastyka SP. d.o.o. – member of the Supervisory Board until 08.2017, as at the date of this activity report the person is not a member of the Supervisory Board;
- ◆ KJK Serbian Holdings B.V. – member of the Board of Directors until 04.2017, as at the date of this activity report the person is not a member of the Board of Directors.

<p>Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years</p>	<ul style="list-style-type: none"> ◆ KJK Fund SICAV-SIF – Chairman of the Board of Directors until 01.01.2018, as at the date of this activity report the person is not a Chairman of the Board of Directors and the company as of 01.01.2018. has entered into a procedure of voluntary liquidation. <p>As at the date of this activity report, there is no information about any other bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
<p>Relevant professional experience</p>	<p>In 1997, Mr. Äimä graduated from the University of Helsinki with a Master's degree in Economics. He started his career in 1997 as a junior economist at the Bank of Finland. From January 1998 to May 1999, he worked as a corporate financial officer at Bankers Williams De Broe Helsinki Oy; from May 1999 to August 2000 he was a fund manager at Bankers BBL Finland Oy and from August 2000 to February 2009 he held the position of a fund manager, Head for Eastern Europe unit of Danske Capital. Since April 2002 Mr Äimä is a member of the Management Board of Amber Trust Management SA, a company operating in the field of portfolio management; since December 2004 he is a member of the Management Board of Amber Trust II Management SA, a portfolio management company; since December 2009 he is an executive director and owner of Kaima Capital Eesti Oy, a company specialized in investment advisory and private investment services; since March 2009 he is the executive director and owner of Kaima Capital Oy, which conducts activities in the field of private investments and management consulting. Since 2010, Mr. Äimä is the Chairman of the Board of Directors of KJK Management SA and the General Director as well as a member of the Management Board of KJK Capital Oy – both companies operating in the field of general management and funds raising.</p>
<p>Information on coercive administrative measures and penalties or public incrimination in the previous 5 years</p>	<p>During the previous 5 years no coercive administrative measures and administrative penalties have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>
<p>Name</p>	<p>Radi Georgiev Georgiev</p>
<p>Title</p>	<p>Member of the Supervisory Board</p>
<p>Business address</p>	<p>Sofia, 84, Aleksandar Stamboliyski Blvd.</p>
<p>Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company</p>	<ul style="list-style-type: none"> ◆ IC EIG Re EAD – member of the Supervisory Board; ◆ Euroins Osiguruvanje AD, Skopje, North Macedonia – member of the Board of Directors.
<p>Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years</p>	<p>Current:</p> <ul style="list-style-type: none"> ◆ Andre Thuriot OOD – Partner holding 80% of the capital; ◆ VH Property Management OOD – Partner holding 6.66% of the capital; ◆ Loudspeakers-CA EOOD – Sole owner of the capital; ◆ Corporate Advisors EOOD – Sole owner of the capital. <p>Current in other legal entities:</p> <ul style="list-style-type: none"> ◆ Association "Republic of Art" - Chairman of the Management Board and legal representative; ◆ Law Firm "Kalaidjiev and Georgiev" – partner. <p>Previous:</p> <ul style="list-style-type: none"> ◆ IC Euroins AD – member of the Supervisory Board until 09.07.2020, as, due to change in the corporate governance system of IC Euroins AD from two-tier to one-tier from 09.07.2020, as at the date of this activity report the person is not a member of the Supervisory Board.
<p>Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years</p>	<p>As at the date this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>

Relevant professional experience	Attorney at the Sofia Bar Association (since 1996), a partner in the Law Firm "Kalaidjiev and Georgiev".
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the previous 5 years no coercive administrative measures and administrative penalties have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).
Name	Lubomir Stoev
Title	Independent member of the Supervisory Board
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	As at the date of this activity report, there are no activities performed outside of the Company, which are significant with respect to the Company.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ AFG Invest GmbH – Executive Director; ◆ Sofia Sound EOOD – sole owner of the capital. <p>Previous:</p> <ul style="list-style-type: none"> ◆ Dar Finance EOOD – Manager until 13.01.2017, as at the date of this activity report the person is not a Manager.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	As at the date this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.
Relevant professional experience	Mr. Stoev graduated from the University of Mining and Geology "St. Ivan Rilski", Sofia, qualification Engineer. In the same year, he obtained a Master's degree in Sociology and Economics at the University of Economics and Business Administration in Vienna. In October 2009, Mr. Stoev obtained qualification as insurance and investment advisor at the Deutsche Vermögensberatung Bank AG in cooperation with the Generali Group and the Chamber of Commerce in Vienna. From February 2005 to December 2007, Mr. Stoev was the Executive Director of the company Vitosha Unternehmensbeteiligung AG (part of the Uniqa Group). Since November 2010 until May 2012 he was a member of the Board of Directors of Expat Capital AD, responsible for the elaboration of business strategies and analyzes, risk assessment and investment opportunities and other. Since December 2006, Lubomir Stoev is the Chief Executive Officer of AFG Invest GmbH, whose main activity is related to investments in commercial undertakings and real estates.
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the previous 5 years no coercive administrative measures and administrative penalties have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).
Name	Louise Gabrielle Roman
Title	Member of the Supervisory Board
Business address	Box 522, Midland Park, NJ 07432, United States of America
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	As at the date of this activity report, there are no activities performed outside of the Company, which are significant with respect to the Company, except as a consultant at Minerva Global Consulting LLC.

are significant with respect to the Company	
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Minerva Global Consulting LLC – founder; ◆ PacificBridge Capital LLC – partner. <p>Previous:</p> <ul style="list-style-type: none"> ◆ Dechert LLP – Partner until June 2018, as at the date of this activity report the person is not a Partner; ◆ Dewey & LeBoeuf – Partner until April 2012, as at the date of this activity report the person is not a Partner.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<p>As at the date of this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
Relevant professional experience	<p>Mrs. Roman holds Bachelor's degree of arts from Bowdoin College (United States; 1982), with a dual Major in Government & Legal Studies and Mathematics, and a juris doctorate degree from Harvard Law School (United States; 1985). She is admitted to the New York and Massachusetts bars and was qualified as a foreign solicitor in England & Wales and accepted as a legal consultant with an unrestricted membership status by the Government of Dubai Legal Affairs Department.</p> <p>Mrs. Roman has practiced law as a leading international capital markets and corporate finance lawyer and a partner in a large global corporate law firm for more than 25 years advising on a full range of complex cross-border capital markets and corporate finance transactions. She spent nearly 20 years based in London and Dubai, where her practice focused on advising clients in emerging markets, including across Central Asia, Eastern Europe and the Middle East. Recently, she joined as Partner a globally-networked private markets investment firm focused on building businesses with legacy social impact themes and providing fundraising, asset management and operational support.</p> <p>She is recognised as a leading lawyer and expert in several legal periodicals and international ranking publications, including <i>International Financial Law Review</i>, <i>The Legal 500 and Chambers</i>, as well as <i>The Financial Times</i>. Lead partner on several award-winning, "first-of-their-kind" transactions.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	<p>During the previous 5 years no coercive administrative measures and administrative penalties have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>

Management Board

Name	Kiril Ivanov Boshov
Title	Chairman of the Management Board and Executive member
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<ul style="list-style-type: none"> ◆ Avto Union AD – Deputy Chairman of the Board of Directors; ◆ Euroins Insurance Group AD – Executive Director; ◆ Euroins Romania Asigurare-Reasigurare S.A. – Chairman of the Board of Directors; ◆ Starcom Holding AD – Chairman of the Board of Directors and shareholder holding 34 % of the capital.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Alcommerce EOOD – Manager and sole owner of the capital; ◆ Eurolease Auto S.A., Romania – Member of the Board of Directors;

	<ul style="list-style-type: none"> ◆ Capital–3000 AD – Chairman of the Board of Directors; ◆ Starcom Hold AD – Deputy Chairman of the Board of Directors; ◆ Hanson Asset Management Ltd., United Kingdom – Director; ◆ Wonder Group AD – member of the Supervisory Board; <p>Current in other legal entities:</p> <ul style="list-style-type: none"> ◆ Association "Endeavor Bulgaria" – member of the Management Board; ◆ Association "Association of Bulgarian Insurers" – member of the Management Board; ◆ University of National and World Economy (UNWE), Sofia – member of the Trustees Council. <p>Previous:</p> <ul style="list-style-type: none"> ◆ Euroins Osiguruvanje AD, Skopje, North Macedonia – member of the Board of Directors until 10.07.2020, as at the date of this activity report the person is not a member of the Board of Directors; ◆ Euro-Finance AD – Deputy Chairman of the Board of Directors until 02.04.2020, as at the date of this activity report the person is not a Deputy Chairman of the Board of Directors; ◆ N Auto Sofia EAD – member of the Board of Directors until 10.11.2017, at the date of this activity report the person is not a member of the Board of Directors; ◆ Euroins - Health Insurance EAD (the entity was merged into IC EIG Re EAD) - Chairman of the Board of Directors until 27.06.2017, as at the date of this activity report the person is not a Chairman of the Board of Directors.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<ul style="list-style-type: none"> ◆ Armada Capital AD – member of the Board of Directors until 28.02.2020, as at the date of this activity report the person is not a member of the Board of Directors and the company is dissolved through voluntary liquidation, deleted from commercial register on 28.02.2020. <p>As at the date of this activity report, there is no information about any other bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
Relevant professional experience	<p>Kiril Boshov holds a Master's degree in Accounting and Control from the University of National and World Economy, Sofia. He speaks English and Russian.</p> <p>From 1995 to 1997 Kiril Boshov was the Chief Accountant of Mobikom – the first mobile operator in Bulgaria, a joint venture between Bulgarian Telecommunication Company and Cable and Wireless, United Kingdom. As Deputy Chairman of the Board of Directors and a procurator he participated actively in the restructuring of the assets portfolio of Eurobank AD, representation of the bank and direct management of the active bank operations – lending and capital markets. From 2000 to 2008 Kiril Boshov was a Chairman of the Management Board of Insurance Company Euroins AD and in 2006 the company was awarded "Company with best corporate management" by the Association of Investors in Bulgaria. In his capacity of a Chairman of the Board of Directors of Eurolease Auto AD, he managed the fund raising activities of the Company as well as the overall management process for the conclusion of an International Funding Agreement between Eurolease Auto AD and Deutsche Bank AG – branch London amounting to EUR 200 million.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	<p>As of the date of this report, the person has been imposed one administrative penalty (fine) for failure to introduce an internal procedure in a company within the Eurohold Bulgaria AD group and five administrative penalties (fine) on the grounds of Art. 221, para. 1, item 4 of the Public Offering of Securities Act. The penal decrees imposing the administrative penalties on the grounds of Art. 221, para. 1, item 4 of the Public Offering of Securities Act are subject to court appeal, as two of the penal decrees have been revoked by the court within the court appeal by decisions already entered into force and effect, and the other three are still in court proceedings and accordingly have not entered in force.</p> <p>During the previous 5 years no coercive administrative measures have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>
Name	Asen Minchev Minchev
Title	Executive Member of the Management Board
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a	<ul style="list-style-type: none"> ◆ Auto Italia EAD – Member of the Board of Directors;

management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<ul style="list-style-type: none"> ◆ Star Motors EOOD - Procurator.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Capital-3000 AD – Executive Member of the Board of Directors; ◆ Cable Network AD – Chairman of the Board of Directors. <p>Previous:</p> <ul style="list-style-type: none"> ◆ Bulvaria Holding EAD (currently VI Lyulin EAD) – member of the Board of Directors until 27.01.2020, as at the date of this activity report the person is not a member of the Board of Directors.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<p>As at the date of this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
Relevant professional experience	<p>Asen Minchev holds a Master's degree in Accounting and Control from the University of National and World Economy.</p> <p>Asen Minchev was an Executive Director of the holding company Eurohold AD for the period 1998 - 2006 until its merger with Starcom Holding AD. From 1996 to 2000 he was a member of the Management Board of IC Euroins AD, and was also a representative of the Deputy Chairperson of the Supervisory Board of Euroins - Health Insurance AD.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	<p>As of the date of this report, the person has been imposed three administrative penalties (fine) on the grounds of Art. 221, para. 1, item 4 of the Public Offering of Securities Act. The penal decrees imposing the administrative penalties mentioned are subject to court appeal, as one of the penal decrees was upheld, the second has been revoked by the court within the court appeal by a decision already entered into force and effect, and the third is still in court proceedings and accordingly has not entered in force.</p> <p>During the previous 5 years no coercive administrative measures have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>
Name	Velislav Milkov Christov
Title	Member of the Management Board
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<ul style="list-style-type: none"> ◆ Starcom Holding AD –member of the Board of Directors and shareholder holding 15 % of the capital; ◆ IC EIG Re EAD – member of the Supervisory Board; ◆ Starcom Finance EAD – Chairman of the Board of Directors; ◆ PJSC Insurance company Euroins, Belarus (former PJSC "IC ERGO") – Chairman of the Supervisory Board; ◆ Euroins Osiguruvanje AD, Skopje, North Macedonia – Chairman of the Board of Directors.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Wonder Group AD – Chairman of the Supervisory Board. <p>Previous:</p> <ul style="list-style-type: none"> ◆ IC Euroins AD – member of the Management Board until 09.07.2020, as, due to change in the corporate governance system of IC Euroins AD from two-tier to one-tier from 09.07.2020, as at the date of this activity report the person is not a member of the Supervisory Board

Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<ul style="list-style-type: none"> ◆ BM24.BG Ltd. – Sole owner of the capital until 10.04.2017, as at the date of this activity report the person is not a Sole owner of the capital and the company was dissolved through voluntary liquidation, deleted from commercial register on 10.04.2017. <p>As at the date of this activity report, there is no information about any other bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
Relevant professional experience	<p>Velislav Christov has more than 25 years of experience as a lawyer and consultant in the field of civil, commercial, banking and insurance law, as well as over 20 years of experience in business management. His career includes a number of managerial positions as a member of the management and supervisory bodies of banks, insurance companies, public and private commercial companies and the head of the legal departments of the same. Velislav Christov is at the same time a freelance lawyer and holds a Master's degree in Law from the Faculty of Law of the Sofia University.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	<p>As of the date of this report, the person has been imposed five administrative penalties (fine) on the grounds of Art. 221, para. 1, item 4 of the Public Offering of Securities Act. The penal decrees imposing the administrative penalties mentioned are subject to court appeal, as four have been revoked by the court within the court appeal by a decision already entered into force and effect, and the last fifth is still in court proceedings and accordingly has not entered in force.</p> <p>During the previous 5 years no coercive administrative measures have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>
Name	Assen Emanouilov Assenov
Title	Member of the Management Board
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<ul style="list-style-type: none"> ◆ Avto Union AD – member of the Board of Directors and Executive Director; ◆ Amigo Leasing EAD – Chairman of the Board of Directors; ◆ Auto Italia EAD – Chairman and Executive member of the Board of Directors; ◆ Autoplaza EAD – Chairman of the Board of Directors and legal representative; ◆ Avto Union Service EOOD – Manager; ◆ Bulvaria Varna EOOD – Manager; ◆ Bulvaria Sofia EAD – member of the Board of Directors and Executive Director; ◆ Eurolease Auto EAD – Chairman of the Board of Directors and legal representative; ◆ Eurolease Group EAD – Chairman of the Board of Directors and legal representative; ◆ Eurolease Rent-a-Car EOOD – Manager; ◆ Espace Auto OOD – Manager; ◆ Motohub OOD – Manager ◆ N Auto Sofia EAD – Chairman of the Board of Directors and legal representative; ◆ Sofia Motors EOOD – Manager; ◆ Star Motors EOOD – Manager; ◆ Motobul EAD – Chairman of the Board of Directors; ◆ Benzin Finance EAD – member of the Board of Directors.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Benzin EOOD – Manager; ◆ Eurolease Auto S.A., Romania – Chairman of the Board of Directors; ◆ Eurotruck EOOD – Manager;

	<ul style="list-style-type: none"> ◆ Izgrev 5 EOOD – Manager and Sole owner of the capital; ◆ Motobul Express EOOD – Manager; ◆ Rentronics OOD – partner, holding 40 % of the capital; ◆ Forest Park 4 OOD – Manager and partner, holding 50 % of the capital. <p>Current in other legal entities:</p> <ul style="list-style-type: none"> ◆ Association "Athletics Sports Club "Saint George" – member of the Management Board. <p>Previous:</p> <ul style="list-style-type: none"> ◆ Daru Car AD – member of the Board of Directors and Executive Director until 22.04.2020, member of the Board of Directors from 21.01.2021 until 12.03.2021, as at the date of this activity report the person is not a member of the Board of Directors and/or Executive Director; ◆ Bulvaria Holding EAD (currently VI Lyulin EAD)– Chairman of the Board of Directors and Executive Director until 27.01.2020, as at the date of this activity report the person is not a Chairman of the Board of Directors and Executive Director; ◆ Motobul EAD – Executive Director until 15.09.2018, as at the date of this activity report the person is not an Executive Director, but remains member and Chairman of the Board of Directors; ◆ Motobul EOOD – Manager until 26.12.2017, as, due to the reorganization of Motobul EOOD by means of change of the legal form from a sole owned limited liability to a sole owned joint stock company, as at the date of this activity report the person is not a Manager. <p>Previous in other legal entities:</p> <ul style="list-style-type: none"> ◆ Association "Bulgarian Tennis Federation" - member of the Management Board until 28.02.2020, as at the date of this activity report the person is not a member of the Management Board.
<p>Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years</p>	<p>As at the date this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
<p>Relevant professional experience</p>	<p>Assen Assenov holds a Master's degree in Accounting and Control and a Bachelor's degree in International Economics Relations from the University of National and World Economy in Sofia. Mr. Assenov has an MBA (<i>Master of Business Administration</i>) in International Accounting Standards and International Business from the University of Economics in Vienna.</p> <p>Assen Assenov began his professional career 11 years ago at Eurohold AD as an accountant. In the period 2002-2004 he was the chief accountant of Eurohold AD. Since the end of 2004, Mr. Assenov was appointed for Executive Director of Eurolease Auto EAD – the leasing company in the structure of Eurohold at that time.</p> <p>Currently, Mr. Assenov is responsible for the leasing and automotive businesses within the group structure of Eurohold Bulgaria AD. Mr. Assenov is the Executive Director of Avto Union AD and manages the Group's leasing companies in Romania and Macedonia; in addition, he manages the car dealer companies selling Nissan, Renault, Dacia, Saab, Opel, Chevrolet, Fiat, Lancia, Alfa Romeo, Mazda, Maserati brands and Castrol and BP motor oil dealer companies (Motobul), all of which are also parts of the subsidiary sub-holding of Eurohold Bulgaria – Avto Union AD.</p>
<p>Information on coercive administrative measures and penalties or public incrimination in the previous 5 years</p>	<p>As of the date of this report, the person has been imposed three administrative penalties (fine) on the grounds of Art. 221, para. 1, item 4 of the Public Offering of Securities Act. The penal decrees imposing the administrative penalties mentioned were subject to court appeal within which all three penal decrees have been revoked by the court by a decisions already entered into force and effect.</p> <p>During the previous 5 years no coercive administrative measures have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>
<p>Name</p>	<p>Razvan Stefan Lefter</p>
<p>Title</p>	<p>Independent member of the Management Board</p>
<p>Business address</p>	<p>Romania, Bucharest, 30, Alexandru Serbanescu Str.</p>

Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<p>As at the date of this activity report, there are no activities performed outside of the Company, which are significant with respect to the Company.</p>
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ RSL Capital Advisors Srl. – Managing Partner and Director; ◆ Mundus Services AD – Member of the Supervisory Board; ◆ Sphera Franchise Group SA – Member of the Board of Directors. <p>Previous:</p> <ul style="list-style-type: none"> ◆ Teraplast SA – Member of the Board of Directors until 01.2021, as at the date of this activity report the person is not a Member of the Board of Directors; ◆ KJK Caramida Srl. – Member of the Board of Directors until 06.2018, as at the date of this activity report the person is not a Member of the Board of Directors; ◆ Conpet SA – Member of the Board of Directors until 17.05.2018, as at the date of this activity report the person is not a Member of the Board of Directors; ◆ Mundus Services AD – Member of the Board of Directors and Executive Director until 01.12.2017, as, due to change in the corporate governance system from one-tier to two-tier from 01.12.2017, as at the date of this activity report the person is not a Member of the Board of Directors and Executive Director, but a member of the Supervisory Board; ◆ Cemacon SA – Member of the Board of Directors until 08.02.2017, as at the date of this activity report the person is not a Member of the Board of Directors.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<ul style="list-style-type: none"> ◆ Condmag SA – Independent Member of the Board of Directors until 20.07.2015, as at the date of this activity report the person is not a Member of the Board of Directors and the company is undergoing insolvency proceedings. Company's special administrator has not made any legal claims against Mr. Razvan Lefter, who was an independent member of the Board of Directors of the company at the date the insolvency of the company was declared. As at the date of this activity report the company is undergoing reorganization proceedings <p>As at the date of this activity report, there is no information about any other bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
Relevant professional experience	<p>Mr. Lefter has graduated from the Bucharest Academy of Economic Studies, Bucharest, specialized in banking and stock exchanges (2003). Chartered Financial Analyst (CFA) (2008), specialized as an analyst at ING Bank Global HQ (September 2004 - May 2005), International Relations Manager at ING Bank - Romania (May 2005 - December 2006), trading in securities and equity research in EFG Securities - Romania (January 2007 - November 2011), securities trading in Swiss Capital Romania (November 2011 - June 2014). Since June 2014 – Managing Partner at RSL Capital Advisors, Romania where he focuses on private equity investments.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	<p>As of the date of this report, the person has been imposed three administrative penalties (fine) on the grounds of Art. 221, para. 1, item 4 of the Public Offering of Securities Act. The penal decrees imposing the administrative penalties mentioned are subject to court appeal, as two of the penal decrees have been revoked by the court within the court appeal by a decisions already entered into force and effect, and the last third is still in court proceedings and accordingly has not entered in force.</p>

PROCURATORS

Name	Hristo Lubomirov Stoev
Title	Procurator
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<p>As at the date of this activity report, there are no activities performed outside of the Company, which are significant with respect to the Company.</p>
Information on any other activities as a member of a	<p>Current:</p>

management or supervisory body and/or partner at any time in the previous 5 years	<ul style="list-style-type: none"> ◆ Geniponika Management AD – Member of the Board of Directors and Executive Director shareholder, holding 30% of the capital; ◆ DB Project OOD – Manager; ◆ COCA Project RilaMar – Dolna Banya - Representative ◆ Intelctnova Ltd. – Manage and partner, holding 50% of the capital. <p>Previous:</p> <ul style="list-style-type: none"> ◆ IT Baseline OOD – Partner holding 1% of the capital until 09.05.2016, as at the date of this activity report the person is not a Partner in the company.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<p>As at the date of this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
Relevant professional experience	<p>Mr. Stoev graduated from the University of Mining and Geology "St. Ivan Rilski", Sofia in 1973, degree in "Development of ores and mineral resources". In 1973, he began working at Gorubso Madan Mining. From 1978 to 1983 Mr. Stoev was a research associate at the Minproekt Science Department. In 1985 Mr. Stoev became the Assistant Professor at the University of Mining and Geology "St. Ivan Rilski". At present, Mr. Stoev is a professor and member of the Bulgarian Blasting Engineers Association. Hristo Stoev has a number of publications.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	<p>During the previous 5 years no coercive administrative measures and administrative penalties have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>
Name	Milena Milchova Guentcheva
Title	Procurator
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<p>Current:</p> <ul style="list-style-type: none"> ◆ Euroins Romania Asigurare-Reasigurare S.A.– Managing Director; ◆ PJSC Insurance company Euroins, Belarus (former PJSC "IC ERGO") – Chairman of the Supervisory Board.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>As at the date of this activity report, there is no information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years.</p>
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<p>As at the date of this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
Relevant professional experience	<p>Milena Guentcheva holds a Master's degree from Moscow City University, Moscow with a Master degree in Foreign Languages and has completed a specialized course in Finance and Organization Management at NBU, Sofia. Fluent in English, French and Russian.</p> <p>Milena Guentcheva has been part of the Eurohold's team for 20 years and during this time she has participated and managed various projects and has gained significant professional knowledge and experience in the insurance field.</p> <p>She has been part of Euroins Insurance Group since the establishment of the company, where her main responsibilities and duties are related to building and developing long-term relationships with corporate clients of the group, as well as monitoring and coordination of insurance activities. For</p>

	the last 10 years she is the managing director of the Romanian subsidiary of the insurance holding in the Group - Euroins Romania. Prior to joining the holding, Mrs. Gencheva held various administrative and managerial positions in non-governmental organizations and private companies.
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	<p>As of the date of this report, the person has been imposed an administrative penalty (fine) on the grounds of Art. 163, para. 4, letter "b" of the Law 237/2015 on the licensing and supervision of the insurance activity and reinsurance and an administrative measure (withdrawal of an approval) on the grounds of Art. 163, para. 5, letter "a" of Law 237/2015. The decision imposing the administrative measure and penalty mentioned is subject to court appeal, and as of the date of this activity report the decision of the administrative body has been revoked by the court, but the act of the court issued within the court appeal has not yet entered into force.</p> <p>During the previous 5 years no other coercive administrative measures and administrative penalties have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>

The Supervisory and Management Boards of Eurohold Bulgaria AD, in accordance with the Company's Articles of Association, are elected with a term of office of five years. In the event that the contracts of the members of the Management and the Supervisory Board are not terminated explicitly before the expiration of their term of office, they shall automatically be deemed to be renewed for a further five-year term. The possibility for extension of the contracts for management and supervision of the members of the Management Board is unlimited.

The members of the Management and Supervisory Boards are appointed under a management and control contract. The ongoing contracts of the members of the Management Board and the Supervisory Board shall have effect until the termination of the implementation of the position.

The management agreements concluded with Eurohold Holding AD or with one of its subsidiaries do not provide for compensations or remunerations which the persons would receive upon their early termination.

	Date of the management/ control contract	until date
SUPERVISORY BOARD		
Assen Christov	12.12.2006	Until termination
Dimitar Stoyanov Dimitrov	12.12.2006	Until termination
Radi Georgiev	17.04.2015	Until termination
Kustaa Äimä	27.07.2017	Until termination
Luise Gabrielle Roman	27.11.2018	Until termination
Lyubomir Stoev	27.07.2017	Until termination
MANAGEMENT BOARD		
Kiril Boshov	12.12.2006	Until termination
Asen Minchev	12.12.2006	Until termination
Assen Assenov	20.08.2009	Until termination
Velislav Christov	22.10.2012	Until termination
Razvan Lefter	22.08.2017	Until termination

	Date of contract for procuracy	Until date
procuracy		
Hristo Stoev	10.02.2016	Until termination
Milena Guentcheva	22.12.2020	Until termination

1.9. Contracts entered into in 2020 with the members of the Management Board and the Supervisory Board or persons related to them, which go beyond the usual activity of the Company or materially depart from the market conditions

No agreements that fall outside of the usual scope of the business activity of the Company or deviate significantly from the market conditions have been signed with the company by the members of the Management Board and Supervisory Board or related to them parties.

1.10. Planned economic policy for the next year, including expected investments and human resources development, estimated income from investments and company development, as well as upcoming transactions substantial for the Company's activity

Information regarding the planned business policy, including forthcoming transactions essential for the company's activity is presented in the item *"Current trends and likely future development of the Eurohold Group"*.

In 2020, no new employees were hired at Eurohold Bulgaria AD and no temporary employees were hired. As of December 31, 2020, Eurohold Bulgaria AD employs 15 employees on an employment contract.

In connection with the nature of the holding company's activity, as well as the fact that as such, Eurohold does not perform regular commercial and/or production or other type of activity requiring the hiring of new staff in business growth and development, Eurohold Bulgaria is not expected significant development in the hiring of staff in the company in the short and medium term.

Since the establishment of Eurohold Bulgaria AD to date there have been no trade union organizations of the employees.

II. ADDITIONAL INFORMATION ACCORDING TO ANNEX 10 OF ORDINANCE №2 OF THE FSC

2.1. Information given in value and quantity on the main categories of goods, products and/or services provided, indicating their share in the Company's sales revenue as a whole and the changes occurring during the accounting financial year.

As a holding company, the main activity of Eurohold Bulgaria AD is acquisition, management, evaluation and sale of shares in Bulgarian and foreign companies, as well as financing of subsidiaries.

The Company does not perform independent commercial and manufacturing activity. The revenues of Eurohold Bulgaria AD are formed from a financial activity related to the creation and management of participations and financing of related enterprises.

Detailed information, given in value and quantity, on the main categories of products and services is presented in this statement in the *"Results of the activity"* section.

During the current reporting period, the holding company reports revenues in the amount of BGN 4.6 million, of which dividend revenues in the amount of BGN 0.5 million (distributed by the subsidiary Euro-Finance), profits from operations with financial instruments and subsequent valuations in the total amount of BGN 2.4 million, and other financial revenues (positive differences from changes in exchange rates) in the amount of BGN 1.6 million and are mainly due to the Company's exposure in PLN.

The main revenues from the operating activity of Eurohold Bulgaria AD for 2020 are reported from operations with financial instruments and subsequent valuations as the company has realized respectively:

- » BGN 796 thousand profit from repurchase of own bonds 10,500 shares of EMTN Programme in EUR with ISIN XS1731768302;
- » BGN 478 thousand profit from redemption and repayment/cancellation of trade loans in the form of Euro Commercial Papers - ECP;
- » BGN 112 thousand - other profits.

The revenues reported for the comparative period 2019 amount to BGN 7.5 million, respectively, which represent dividend revenues in the amount of BGN 0.7 million, profits from operations with financial instruments and subsequent valuations in the total amount of BGN 5.6 million, interest income BGN 0.6 million and other financial income (positive differences from changes in exchange rates) in the amount of BGN 0.7 million.

During 2019, the profit on investments and financial instruments include:

- » BGN 4 530 thousand profit from sale of a minority share of Eurolease Group AD
- » BGN 127 thousand - other profits.

In 2020 and 2019, the reported revenues from revaluation of debt instruments measured at fair value are from repurchased own bonds.

2.2. Information on revenue broken down by category of activity, internal and external markets as well as information on the sources of supply of materials necessary for the production of goods or the provision of services reflecting the degree of dependence on each individual seller or buyer/user, in case the relative share of any of them exceeds 10 per cent of the costs or revenues from sales, information is provided for each person separately, about his share in the sales or purchases and his relations with the Company.

The company does not carry out independent trade and production activities in this sense does not carry out activities on domestic and foreign markets, such activity is carried out by the subsidiary sub-holding structures information about which will be available in the consolidated financial statements and consolidated activity report for 2020.

The revenues of Eurohold Bulgaria AD are formed from a financial activity related to the creation and management of participations and financing of related enterprises.

Detailed information on the revenues, distributed by separate categories of activities from the individual activity of Eurohold Bulgaria AD, is shown in this report in section *"Results of the activity"*, as in the previous item 2.1.

2.3. Information on significant transactions concluded

In 2020, Eurohold Bulgaria AD did not enter into major transactions and those of significant importance for the activity of the Holding, except for those mentioned in this report, namely:

✓ **Increase by BGN 48.4 million of the investment in the subsidiary Euroins Insurance Group AD after:**

- » purchase of a part of the remaining minority share in the subsidiary insurance sub-holding in connection with which BGN 7.4 million were paid; and
- » made in 2020 a contribution in the amount of BGN 41 million from the capital increase of Euroins Insurance Group AD.

✓ **On 01.11.2020, a new contract was concluded for the acquisition of own bonds**

Eurohold has entered into a new contract for the acquisition of its own bonds (10,500), which bonds are given as collateral in connection with a REPO transaction with a closing date of 31.10.2021.

✓ **On 26.11.2020, Eurohold Bulgaria issued a second-tier bond loan.**

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

During the comparative period - 2019, Eurohold Bulgaria AD has not entered into major transactions and those essential for the activities of the Holding other than those mentioned in this report acquisition of a minority stake in Euroins Insurance Group AD and sale of a minority stake in Eurolease Group, as follows:

✓ **In 2019 Eurohold makes the following investments in the capital of Euroins Insurance Group AD:**

- » contribution in the amount of BGN 3.9 million from unpaid capital;
- » purchase of a part of the remaining minority share in the subsidiary insurance sub-holding in connection with which BGN 12.3 million were paid;

✓ **In 2019, Eurohold sold 9.99% of Eurolease Group AD**

The investment in the subsidiary Eurolease Group AD decreased by BGN 2.7 million in connection with a contract for the sale of 9.99% of the capital of the subsidiary. As of 31.12.2020, as well as follows: of the date of preparation of this report, the holding of Eurohold Bulgaria AD in Eurolease Group has been reduced to 90.01% of the capital.

During the reporting periods, the Company has entered into transactions with related parties, including dematerialized transactions that have no effect on the financial result. The transactions are described in the next item 2.4 below.

2.4. Information on transactions entered into between the Company and related parties during the reporting period proposals for such transactions as well as transactions that are outside its normal course or materially deviate from the market conditions on which the issuer or its subsidiary is country with an indication of the value of the transactions, the nature of the relationship and any information necessary to assess the impact on the issuer's financial position.

As of the date of preparation of the Activity Report there are no transactions or proposals for transactions with related parties which are of considerable importance for the Eurohold or any of its subsidiaries, which are uncommon or have unusual conditions.

Within the holding, there are constantly conducted transactions between the parent company and the subsidiary as a result of the nature of their main business activity.

All transactions are made on a fair value basis Transactions between the holding and the subsidiaries are typical, where the intragroup loans manage the liquidity of the individual companies and conduct an investment policy. The company grants loans to its subsidiaries for the purposes of working capital funding.

In connection with these transactions as of 31.12.2020 and as of the comparable period 31.12.2019 the Company has incurred revenues and expenses from and to related parties, as follows:

Related party transactions - volume of transactions	2020 <i>BGN thousand</i>	2019 <i>BGN thousand</i>
Dividend income:	547	669
Euro-Finance AD	547	669
Interest income on loans to related parties	-	3
Euroins Insurance Group AD.	-	2
Eurolease Group AD	-	1
Interest expenses on loans and leases obtained from related parties:	2 642	1 715
Starcom Holding AD	1 069	154
Euroins Insurance Group AD.	755	365
Avto Union AD.	242	23
Avto Union Service EOOD	9	5
Eurolease Auto EAD	261	850
<i>including from leasing</i>	7	5
Motobul EAD	280	304
Star Motors EOOD	26	14
Expenses on operations with investments to related parties:	61	23
Euro-Finance AD	61	23

Other financial expenses to related parties:	3	6
Euro-Finance AD	3	6
Costs for services provided by related parties:	2	9
Eurolease Auto EAD	-	7
Auto Italia EAD	1	2
Auto Italia - Sofia EOOD - related party until 30.12.2020	1	-
Other costs from related parties:	(6)	(6)
Insurance Company Euroins AD	(1)	(1)
Motobul EOOD	(5)	(5)
Other income from related parties:	619	403
Insurance Company Euroins AD	86	54
Star Motors EOOD	-	5
Euroins Romania Asigurare Reasigurare SA, Romania	162	135
Bulvaria Varna EOOD	-	5
Avto Union Service EOOD	3	26
Daru Car AD	3	25
Auto Italia EAD	-	5
Eurolease Auto EAD	-	11
Hanson Asset Management Ltd, Great Britain - office rent	358	137
Euroins Osiguruvanje AD, North Macedonia	7	-

Balances on transactions with related parties	2020	2019
	<i>BGN thousand</i>	<i>BGN thousand</i>
Receivables from related parties:	2	2
Euroins Insurance Group AD - Interest on loans granted	2	2
Other receivables from related parties	350	656
Avto Union Service EOOD	1	12
Auto Italia EAD	11	8
Bulvaria Varna EOOD	6	7
Daru Car AD	-	46
IC Euroins AD	63	146
Eurolease Auto EAD	-	3
Star Motors EOOD	-	12
Autoplaza EAD	4	2
Euroins Osiguruvanje AD, North Macedonia	13	2
Euroins Insurance Group AD.	17	84
Motobul EAD	-	11
Avto Union AD	10	58
Espace Auto OOD	-	2
Eurolease Group AD	31	35
Hanson Asset Management Ltd, Great Britain	194	228
Long-term liabilities to related parties, including:		
Principal on loans granted:	1703	1538
Eurolease Auto AD - loan granted	1 600	1 400
Eurolease Auto AD - leasing	103	138
Short-term liabilities to related parties, including:		
Interest on loans received:	1 932	1 204
Starcom Holding AD	-	24
Avto Union AD.	-	23
Eurolease Auto EAD	767	620
Euroins Insurance Group AD.	1 121	365

Motobul EAD	-	153
Avto Union Service EOOD	-	5
Star Motors EOOD	44	14
Principal on loans received:	11 087	29 507
Euroins Insurance Group AD.	9 087	14 131
Starcom Holding AD	-	6 740
Eurolease Auto EAD*	2 000	2 113
Motobul EAD	-	5 323
Avto Union AD	-	1 200

* Liabilities under contracts for transfer of receivables are unsecured and have an annual interest rate of 7.5%.

Loans received from related parties are unsecured and have a fixed maturity in 2021 and have an annual interest rate of 6%.

Other liabilities:	22 371	23 244
Starcom Holding AD	20 536	20 536
Insurance Company Euroins AD	51	47
Eurolease Auto EAD	488	453
Eurolease Auto EAD - leasing	38	38
IC EIG RE EAD	54	32
Motobul EAD	1	3
Avto Union AD*	-	871
Avto Union Service EOOD	-	314
Star Motors EOOD*	1 158	950
Euro-Finance AD	45	-

* Liabilities under contracts for transfer of receivables are unsecured and have an annual interest rate of 3.0%.

** Liability for repurchased own bonds.

Other related party transactions

✓ In 2020, Eurohold Bulgaria agreed on subordinated term debt

After reviewing the indebtedness and in order to strengthen the capital of the group, the Parent Company has agreed and converted part of the loan liabilities as of 31.12.2020 in the form of a subordinated debt (not issued) instrument, due to Starcom Holding AD - main shareholder in Eurohold Bulgaria AD.

The subordinated debt, representing first-tier capital, according to the applicable provisions of the current Bulgarian and Community legislation. First-tier capital has a total value of BGN 32,784 thousand and has an indefinite repayment period, but not earlier than 5 years, and an interest rate of 6.5%, due at the end of each quarter.

Transactions with subsidiaries and other related parties under common control

In 2020

- » The Company, in its capacity as a borrower on a loan with Starcom Holding AD and on a loan with Avto Union AD, has set off the amount of BGN 4,150 thousand in reduction of the principal on the loan with Starcom Holding AD and increase of the principal on the loan with Avto Union AD, as the cash flows are settled directly between Starcom Holding AD and Avto Union AD in three tranches.
- » The company has made a SWAP transaction with IC EIG RE EAD, having bought back 6 ECP with ISIN: XS1966018308 with a nominal value of EUR 600,000, worth of EUR 599,400 and at the same time replaced it for 6 newly issued (ECPN) with ISIN: XS2141135975 for EUR 588,000. As of 31.12.2020 ECP with ISIN: XS2141135975 was repurchased by Eurohold Bulgaria AD and repaid/canceled.
- » The company has made a SWAP transaction with IC EUROINS AD, having bought back 114 units. ECP with ISIN: XS1966018308 with a nominal value of EUR 11,400,000, worth of EUR 11,388,600 and at the same time replaced it for 116 newly issued (ECP) with ISIN: XS2141135975 for EUR

11,368,000. As of 31.12.2020 ECP with ISIN: XS2141135975 was repurchased by Eurohold Bulgaria AD and repaid/canceled.

- » The company has made a SWAP transaction with IC EUROINS AD, having bought back 45 units. ECP with ISIN: XS1984471612 with a face value of EUR 4,500,000, worth EUR 4,455,000 and at the same time replaced it with 45 new issues (ECP) with ISIN: XS2157195020 for EUR 4,410,000. As of 31.12.2020 ECP with ISIN: XS2157195020 was repurchased by Eurohold Bulgaria AD and repaid/canceled.
- » The company has made a SWAP transaction with IC EUROINS AD, having bought back 1 number. ECPN with ISIN: XS2205084127 with a face value of EUR 100,000 worth EUR 99,400 and at the same time replaced it with 100 newly issued bonds with ISIN: BG2100013205 for EUR 100,000.
- » By a contract in favor of a third party, the main shareholder Starcom Holding AD assumes liabilities of the Company to Avto Union AD in the total amount of BGN 4,245 thousand, incl. principal in the amount of BGN 4,047 thousand and interest in the amount of BGN 198 thousand.
- » By a contract in favor of a third party, the main shareholder Starcom Holding AD assumes liabilities of the Company to Avto Union AD in the total amount of BGN 4,110 thousand, incl. principal in the amount of BGN 4,090 thousand and interest in the amount of BGN 20 thousand.
- » By a contract in favor of a third party, the main shareholder Starcom Holding AD assumes liabilities of the Company to Motobul EAD in the total amount of BGN 2,724 thousand, incl. principal in the amount of BGN 2,570 thousand and interest in the amount of BGN 154 thousand.
- » By a contract in favor of a third party, the main shareholder Starcom Holding AD assumes liabilities of the Company to Motobul EAD in the total amount of BGN 2,125 thousand, incl. principal in the amount of BGN 1,960 thousand and interest in the amount of BGN 165 thousand.
- » The assumed obligations to Avto Union AD and Motobul EAD are joined to the existing liabilities of the Company to Starcom Holding AD in the total amount of BGN 19,579 thousand (principal BGN 18,487 thousand and interest BGN 1,092 thousand). They are renegotiated in subordinated debt, representing tier 1 capital, according to the applicable provisions of the current Bulgarian and Community law. First-tier capital has a total value of BGN 32,784 thousand and has an indefinite repayment period, but not earlier than 5 years, and an interest rate of 6.5%, due at the end of each quarter.
- » By a contract in favor of a third party, the obligations of the Company under a loan agreement with Avto Union Service EOOD in the total amount of BGN 328 thousand. (principal BGN 314 thousand and interest BGN 14 thousand) are borne by Star Motors EOOD.

In 2019

- » The company has made a SWAP transaction with Euroins Romania, having bought back 4 numbers of ECP with ISIN: XS1811833737 with a face value of EUR 400,000, worth of EUR 398,000 and at the same time replaced it with 4 new issues (ECP) with ISIN: XS1984471612 for EUR 392,000.
- » The company has made a SWAP transaction with Euroins Bulgaria, having bought back 6 numbers of ECP with ISIN: XS1811833737 with a face value of EUR 600,000 worth EUR 597,000 and 17 numbers of ECP with ISIN: XS1819580579 with a face value of EUR 1 700 000 worth EUR 1 691 500 and at the same time replaced it with 24 new issues (ECP) with ISIN: XS1984471612 for EUR 2,352,000.
- » The company has made a SWAP transaction with Euroins Romania, having bought back 82 numbers of ECP with ISIN: XS1796869961 with a face value of EUR 8,200,000 worth EUR 8,167,200 and at the same time replaced it with 84 new issues (ECP) with ISIN: XS1966018308 for EUR 8,232,000.
- » The company has made a SWAP transaction with IC EIG RE EAD, having bought back 11 numbers of ECP with ISIN: XS1796869961 with a face value of EUR 1,100,000 worth EUR 1,094,500 and at the same time replaced it with 11 new issues (ECP) with ISIN: XS1966018308 for EUR 1,078,000.
- » The company has made a SWAP transaction with EUROLEASE AUTO EAD, having bought back 8 number of ECP with ISIN: XS1796869961 with a face value of EUR 800,000 worth EUR 796,000 and at the same time replaced it with 8 new issues (ECP) with ISIN: XS1966018308 for EUR 784,000.

- » The company has made a SWAP transaction with IC EUROINS AD, having bought back 16 numbers of ECPN with ISIN: XS1796869961 with a face value of EUR 1,600,000 worth EUR 1,592,000 and at the same time replaced it with 16 new issues (ECP) with ISIN: XS1966018308 for EUR 1,568,000.

Non-cash transactions

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

2020

- » In 2020, the Company, in its capacity as a borrower under two loan agreements with related parties, has set off the amount of BGN 4,150 thousand in reduction of the principal on one loan and increase of the principal on the other loan, such as cash flows. are settled directly between the two lenders - related parties.
- » In 2020, the Company executed SWAP transactions with related parties, simultaneously issuing new short-term Euro Commercial Papers (ECP) in the amount of EUR 16,366 thousand (BGN 32,009 thousand) and new corporate bonds in the amount of EUR 100 thousand (BGN 196 thousand), and repurchased issued ECPs in the amount of EUR 16,542 thousand (BGN 32,354 thousand).

In 2020, with debt replacement agreements, the main shareholder Starcom Holding AD assumes liabilities of the Company to two subsidiaries in the total amount of BGN 13,204 thousand, including principals in the amount of BGN 12,667 thousand and interests in the amount of BGN 537 thousand. The assumed liabilities are joined to the existing liabilities of the Company to Starcom Holding AD in the total amount of BGN 19,579 thousand (including principal and interest) and form a total liability of BGN 32,784 thousand, in which the total liability interest is capitalized. The total liability thus formed (BGN 32,784 thousand) is a subordinated debt, representing Tier 1 capital, according to the applicable provisions of the current Bulgarian and Community law. The Tier 1 capital has a total value of BGN 32,784 thousand and has an indefinite repayment period, but not earlier than 5 years, and an interest rate of 6.5%, due at the end of each quarter.

In 2020, with a debt replacement agreement the obligations of the Company under a loan agreement to a subsidiary in the total amount of BGN 328 thousand (principal BGN 314 thousand and interest BGN 14 thousand) were assumed by another subsidiary.

2019

- » In 2019, the Company sold investments in subsidiaries, as part of the proceeds were offset by a loan in the amount of BGN 1,380 thousand;
- » In 2019 the Company has set off unduly received interest payment from Starcom Holding, related to the repurchased own bonds against a liability of Eurohold Bulgaria AD on a loan in the amount of BGN 1,335 thousand;
- » In 2019 the Company performed SWAP transactions with related parties, simultaneously issuing new short-term commercial securities (ECPN) in the amount of EUR 14,406 thousand (BGN 28,176 thousand) and repurchased issued ECPNs in the amount of EUR at EUR 14,336 thousand (BGN 28,039 thousand).

2.5. Information about events and indicators with an unusual nature for the Company that have a material impact on its activities and its realized revenues and expenses; assessing their impact on results in the current year.

During the reporting period there were no events, which were unusual for the Company and which have a considerable impact on its activity and its revenues and expenses.

2.6. Information on off-balance sheet transactions - nature and business purpose, indication of the financial impact of the transactions on the activity, if the risk and benefits of these

transactions are significant for the Company and if the disclosure of this information is essential for assessing the financial condition of the Company

Eurohold Bulgaria AD has no off-balance sheet transactions.

Warranties and guarantees to related parties provided by Eurohold Bulgaria AD, as well as guaranteed liabilities of Eurohold Bulgaria AD by related parties. All guarantees and guarantees provided are described in item 2.8. below.

WARRANTIES AND GUARANTEES PROVIDED

Eurohold Bulgaria is a co-debtor on received bank loans to related parties, as follows:

Business Line	Amount in EUR'000 as at 31.12.2020	Amount in BGN'000 as of 31.12.2020	MATURITY (EUR'000)					
			2021	2022	2023	2024	2025	after 2025.
Leasing subsidiary								
For financing leasing activity	12 506	24 460	5 010	3 271	1 993	1 384	689	159
Automotive subsidiary								
Working capital loans	3 298	6 450	3 298	-	-	-	-	-
TOTAL:	15 804	30 910	8 308	3 271	1 993	1 384	689	159

In connection with a loan of the automotive sub-holding Eurohold Bulgaria AD has established a pledge of shares of a subsidiary.

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

Company from:	Contractual limit in EUR'000 as of 31.12.2020	Contractual limit in BGN'000 as of 31.12.2020	MATURITY (EUR'000)		
			2021	2022	2023
Automotive subsidiary	3 750	7 334	3 750	-	-
Automotive subsidiary	1 050	2 054	-	1 050	-
Automotive subsidiary	5 700	11 148	5 700	-	-
Energy sub-holding	5 000	9 779	5 000	-	-
TOTAL:	15 500	30 315	14 450	1 050	-

Guaranteed liabilities of the Company by related parties as follows:

Company/Guarantor	Currency	Guaranteed liability	Amount of the guaranteed amount as of 31.12.2020 in original currency	Maturity
Euroins Insurance Group AD	EUR	Bond issue (EMTN programme)	70,000,000	12/2022
Euroins Insurance Group AD	PLN	Bond issue (EMTN programme)	45,000,000	12/2021
Euroins Insurance Group AD	EUR	Bank loan	15,000,000	07/2022

2.7. Information on equity interests of the Company, its main investments in the country and abroad (in securities, financial instruments, intangible assets and real estate) as well as investments in equity securities outside its Group of companies within the meaning of the Accountancy Act and the sources/ways of financing.

Detailed information on the Company's shareholdings and its main investments in the country and abroad is presented in this report in the section "Main Scope of Activity. Economic Group"

2.8. Information about the concluded by the Company, its subsidiary or parent Company, in their capacity as borrowers, loan agreements, with indication of their conditions, including the deadlines for repayment, as well as information on guarantees and commitments.

Funds raised from financial institutions:

Bank	Type of loan	Currency	Agreed limit	Principal due 31.12.2020	Principal due 31.12.2019	Interest rate	Date of repayment	Collateral
International Investment Bank	Loan - Principal	EUR	15,000,000 €	5 400 000 €	9,000,000 €	6.0%+ EURIBOR	12.2021	Pledge of a subsidiary's shares
International Investment Bank	Loan - Principal	EUR	10,000,000 €	7 700 000 €	9,240,000 €	6.0%+ EURIBOR	3.2025	Pledge of a subsidiary's shares
International Bank for Economic Cooperation	Loan - Principal	EUR	20,000,000 €	15 000 000 €	-	6.5%	07.2022	Pledge of a subsidiary's shares

The unused amount of the loan from the International Bank for Economic Cooperation as of 31.12.2020 amounts to EUR 5 million.

Presentation of liabilities on borrowed funds from financial and non-financial institutions according to their maturity, as follows:

	31.12.2020	31.12.2019
Non-current liabilities to financial and non-financial institutions	<i>BGN thousand</i>	<i>BGN thousand</i>
International Investment Bank	11 993	25 531
International Bank for Economic Cooperation	29 304	-
Other *	1 450	-
Total	42 747	25 531

	31.12.2020	31.12.2019
Current liabilities to financial and non - financial institutions	<i>BGN thousand</i>	<i>BGN thousand</i>
International Investment Bank	13 887	10 509
International Bank for Economic Cooperation	206	-
Others **	4 852	32 130
Total	18 945	42 639

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

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

** Euro Commercial Papers (ECP), with maturity 5.2021, annual interest rate - 2.0% and face value EUR 2,500 thousand (As of 31.12.2019 - ECP with maturity 03.2020-05.2020, annual interest rate - 2.0% and total face value EUR 16 500 thousand).

During the period 2020, the Company has issued and repurchased three issues of Euro Commercial Papers (ECP), with a total face value of EUR 20,200,000. At the end of 2020, all three issues were repaid ahead of schedule and deleted from the registers, resulting in a profit of BGN 478 thousand.

Presentation of debt obligations according to their maturity, as follows:

Non-current liabilities on bond loans:	31.12.2020	31.12.2019
	<i>BGN thousand</i>	<i>BGN thousand</i>
EMTN Program in EUR*	115 856	115 175
EMTN Program in PLN*	-	20 593
Bond loan ISIN:BG2100013205**	58 675	-
Total	174 531	135 768

Current liabilities on bond loans	31.12.2020	31.12.2019
	<i>BGN thousand</i>	<i>BGN thousand</i>
EMTN Programme in EUR, Internets *	15	15

EMTN Program in PLN*	19 302	-
EMTN Programme in PLN, Internets *	688	740
ISIN bond loan ISIN:BG2100013205, interest	183	-
Total	20 188	755

Bond loan liabilities are stated at amortized cost, net of repurchased own bonds, which are subsequently measured at fair value based on information from Bloomberg/Eurobank and other sources, reflecting the effect on profit or loss for the period. As of 31.12.2020 the Company owns 10,500 shares. the repurchased own bonds from EMTN Programme in EUR with ISIN XS1731768302 (as of 31.12.2019 - 10,500 numbers of EMTN Programme in EUR). As of December 31, 2019, the repurchased own bonds (10,500) are given as collateral in connection with a REPO transaction with a closing date of 10.2020, and the contract was terminated by mutual consent on 15.10.2020 expense amounts to BGN 734 thousand. On 1.11.2020 a new contract was concluded for the acquisition of own bonds (10,500 pieces), which bonds were given as collateral in connection with a repo transaction with a closing date of 31.10.2021. The income reported by the company amounts to at BGN 796 thousand.

The liabilities for the repurchased own bonds from Starcom Holding AD (10,500 pieces) are not settled as of 31.12.2020 and 31.12.2019.

*Information on the terms of EMTN programmes (EUR and PLN) is publicly available and available on the website of the Irish Stock Exchange, Bonds section. The maturity of the EMTN Programme in PLN is on 29.12.2021, and that of the EMTN Programme in EUR - on 7.12.2022.

** Bond loan with ISIN: BG2100013205 in the amount of EUR 30,000,000 was registered by Central Depository AD on 26.11.2020

2.9. Information on loan agreements concluded by the Company, its subsidiary or parent company, in its capacity as lenders, including the provision of guarantees of any kind, including to related parties, indicating the specific conditions thereof, including the final payment deadlines, and the purpose for which they were granted.

All loans granted by Eurohold Bulgaria AD, including related parties, are disclosed in detail in the certified annual separate financial statements of the company for 2020.

All loans granted by the subsidiaries of Eurohold Bulgaria AD, including related parties, are disclosed in detail in the certified annual separate financial statements of the companies for 2020.

All audited financial statements of the subsidiaries mentioned above can be found on the websites of the respective companies.

2.10. Information on the use of funds from new issue of securities made during the reporting period

Within 2020, no procedure for increasing the capital of the Company was carried out.

The company has issued a bond issue in the amount of 30 000 000 EUR. The funds raised from the issue were used according to the purposes for which it was issued, namely to repay short-term liabilities of the Company to non-banking institutions - Euro Commercial Papers (ECP) (in 2020 they were issued, repurchased and repaid and deleted from the registers three issues of Euro Commercial Papers (ECP), with a total face value of EUR 20,200 thousand and additional payment of subscribed but unpaid capital of the subsidiary Euroins Insurance Group AD in the amount of EUR 10,000 thousand .

As of the date of this Report, Eurohold Bulgaria AD is in the procedure of share capital increase in connection by a decision of the GMG, taken on April 10, 2021. The parameters of the capital increase are described in the item "Significant events for Eurohold Bulgaria" and "Other information" below.

2.11. Analysis of the ratio between the achieved financial results stated in the financial statements for the financial year and previously published forecasts for these results.

Eurohold Bulgaria AD has not published or submitted profit forecasts.

2.12. Analysis and evaluation of the policy on the management of financial resources, indicating the possibilities for servicing the obligations, the possible threats and measures that the issuer has taken or is about to take with a view to their elimination.

The main activity of Eurohold Bulgaria AD, as a holding company, is to effectively manage the money resources accumulated in the whole structure and accordingly to allocate them according to the needs of the individual subsidiaries. The Company policy in this field is to carry out the funding in the direction – "subsidiaries – parent company" instead of "subsidiary - subsidiary". The management of the free financial resources of subsidiaries is carried out in accordance with the regulatory requirements and for the purpose of achievement of good profitability under the conditions of reasonable assumption of risk.

The investment program of Eurohold Bulgaria AD in 2020 is realized through own and borrowed funds.

2.13. Assessment of the possibilities for realization of the investment intentions, indicating the amount of the available funds and stating the possible changes in the structure of the financing of this activity.

Information regarding the planned economic policy, including forthcoming transactions essential to the company's activities is presented in the item Current trends and probable future development of the Eurohold Group.

2.14. Information on changes that occurred during the reporting period in the key management principles of the Company and its subsidiaries within the meaning of the Accountancy Act.

During the reporting period there was no change in the basic principles of management of the Company and the companies from its economic group.

2.15. Information on the main features of the internal control system and the risk management system applied by the Eurohold in the process of preparing the financial statements.

In Eurohold Bulgaria AD and the companies from the economic and the group has a built-in system for risk management and internal control which ensures the efficient functioning of the accounting and financial reporting and disclosure systems. The internal control system is being developed and functioning also in order to identify the risks accompanying the Group's activity and to support their effective management.

The main features of the internal control system are as follows:

- ◆ **Control environment:**
 - built on the basis of integrity and ethical behavior;
 - presence of experienced management with direct participation in the business processes of the Company and critical review of the activity;
 - the organizational structure is in line with the nature of the business and ensures a division of responsibilities;
 - - levels of competence are tailored to specific positions;
 - - hierarchy and clear rules, rights, obligations and reporting levels;
 - - the delegation of authority and responsibilities policy;
 - policies and practices on human resources is addressed to the appointment of competent and credible employees.
- ◆ **Risk management** - a process for identifying, assessing and controlling potential events or situations that may adversely affect the achievement of the Company's objectives through direct participation of the Management in the activity;
- ◆ **Control activities** - control activities aimed at minimizing the risk and increasing the probability that the goals and objectives of the Group will be achieved. These are the procedures for:
 - approval and decision-making (authorization);

- preliminary control of legality, executed by the Executive Director immediately before signing a decision;
- complete, accurate, accurate and timely booking of all operations (processing of information);
- Operational control and review of the results of the work performed by the Executive Director on a daily basis in the assignment and performance of the work.
- division of duties;
- ♦ **Information and communication** - the availability of efficient and reliable information and communication systems ensuring the collection and dissemination of complete, reliable and reliable information, horizontal and vertical communication from and to all levels, as well as a timely accountability system.
- ♦ **Monitoring** - there is a system for ongoing monitoring and evaluation of controls, and in case of established deviations, corrective and corrective measures are taken.

2.16. Information about the changes in the managing and the supervisory bodies during the reporting financial year

In 2020 there were no changes in the management and supervisory board of the Company. In December 2020, Milena Gentcheva was appointed with a contract for procuracy.

2.17. Information on the amount of remuneration, rewards and/or benefits of each member of the management and supervisory bodies for the accounting financial year and its subsidiaries, regardless of whether they were included in the Company's costs or are attributable to distribution of profits, including:

- a) received amounts and non-monetary remunerations
- b) contingent or deferred wages arising during the year, even if the remuneration is due at a later date;
- c) an amount due by the Company or its subsidiaries for the payment of pensions, retirement benefits or other similar benefits.

Information under this item is provided in this report in section "Additional Information, Regulatory Required", I. Information under Art. 187d and Art. 247 of the Commercial Act under item 5.

2.18. For the public companies – information about Company's shares held by the members of the managing and supervisory bodies, procurators and the senior management, including the shares held by anyone of them separately or as a percentage of shares of each class, as well as the options provided by the Company to its securities – type and number of securities over which the options have been established, price of exercising the options, purchase price, if any, and term of the options.

Information under this item is provided in this report in section D14 "Additional Information, Regulatory Requirement", I. Information under Art. 187d and Art. 247 of the Commercial Code under item 6.

The members of the Management and Supervisory Boards do not have options on the issued securities of the Company.

2.19. Information for the arrangements known by the Company (including after the end of the financial year), which may result in a future period in changes in the relative portion of shares or bonds held by present shareholders or bondholders.

As of the date of the reporting period and after closing of the fiscal year, the Company is not aware of any arrangements that might cause changes in the relative part of shares or bonds held by the current shareholders or bondholders.

2.20. Information on pending court, administrative or arbitration proceedings concerning liabilities or receivables of the Company amounting to at least 10 percent of its equity; if the total value of the liabilities or receivables of the Company in all initiated proceedings exceeds 10 per cent of its own capital, information about each production shall be presented separately.

As of 31.12.2020 there were no substantial court cases against the Company.

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

The Company is a plaintiff in a case with a material interest of EUR 375,363.21. The Company wants a refund of the amount it has transferred. The transferred amount was completely blocked on an account in Erste Bank, Novi Sad, based on a prosecutor's order and an order of the civil court, and will be returned to the company after a formal decision on the above court case. A final decision on the court case is expected within the next 12 months. In view of the declared state of emergency in the country, it is possible to extend the term.

2.21. Changes in the share price of Eurohold Bulgaria AD

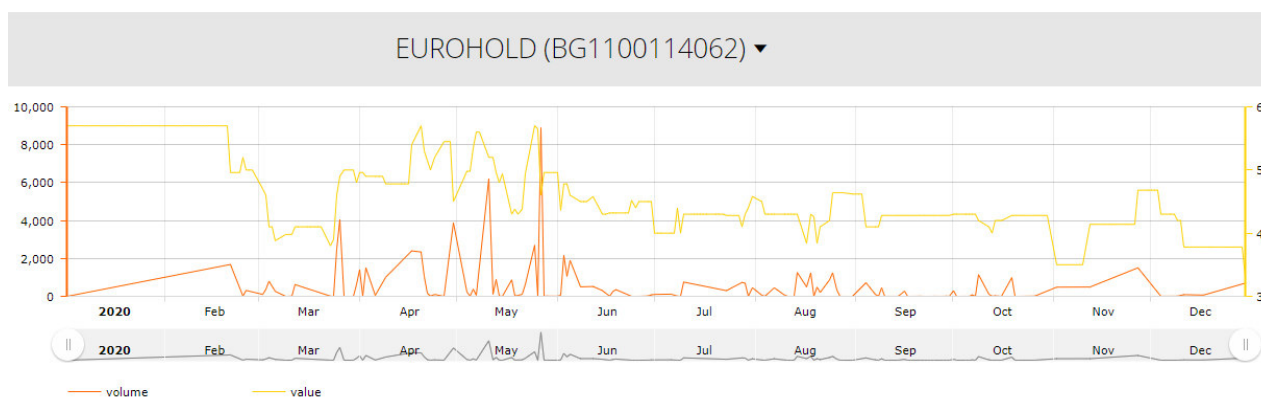
All shares of Eurohold Bulgaria AD are registered for trading on the Main Market of BSE AD, Standard shares Segment, with stock exchange code - EUBG.



The chart shows the movement of the prices of the shares of Eurohold Bulgaria AD on the BSE for the period 02.01.2020 - 30.12.2020 (respectively the first and last stock exchange quotation for the reporting 2020).

- Initial price: BGN 1.610 (07.01.2020)
- Last price: BGN 1.740 (30.12.2020)
- Maximum price: BGN 1.780 (30.12.2020)
- Minimum price: BGN 0.740 (30.03.2020)
- Value change: BGN +0.130
- Relative change: +8.07%
- Average price: BGN 1.323

After the dual listing in 2011, the shares of Eurohold Bulgaria AD have been traded on the Warsaw Stock Exchange, Main market, with stock index – **EHG**.



The chart shows the movement of the prices of the shares of Eurohold Bulgaria AD on the Warsaw Stock Exchange for the period 02.01.2020 - 30.12.2020.

- Initial price: BGN 2.47/PLN 5.70 (03.01.2020)
- Last price: BGN 1.44/PLN 3.32 (30.12.2020)
- Maximum price: BGN 2.47/PLN 5.70 (03.01.2020)
- Minimum price: BGN 1.44/PLN 3.32 (30.12.2020)
- Value change: BGN -1.03/PLN -2.38
- Relative change: -41.75%
- Average price: BGN 2.23 /PLN 4.54

OTHER INFORMATION

INFORMATION REQUIRED IN ACCORDANCE WITH ARTICLE 41 OF THE ACCOUNTANCY LAW, IN FORCE FROM 01.01.2018

Eurohold Bulgaria AD prepares a Non-Financial Declaration on a consolidated basis and it will be presented and disclosed together with the annual consolidated financial statements of the company for 2020.

IMPORTANT EVENTS AFTER THE DATE OF THE ANNUAL SEPARATE FINANCIAL STATEMENT

CEZ Transaction

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

Thus, Eurohold, through its subsidiary Eastern European Electric Company B.V., has received the required regulatory approvals and authorizations, in accordance with the applicable legislation for the acquisition of CEZ's Assets in Bulgaria. The transaction was already approved by the Commission on Protection of Competition (CPC) on October 29 last year.

Eurohold Bulgaria AD will acquire control over the business of CEZ in Bulgaria through its subsidiary especially created for this purpose - Eastern European Electric Company B.V., the Netherlands. The acquisition comprises of 67% of the share capital of the electricity distribution company CEZ Distribution Bulgaria AD and of the power supply utility company CEZ Electro Bulgaria AD, as well as of the acquisition of 100% from the capital of the licensed electricity trader CEZ Trade Bulgaria EAD, the IT services company CEZ ICT Bulgaria EAD (a subsidiary of CEZ Distribution Bulgaria AD), the photovoltaic (solar) park "Free Energy Project Oreshets" EAD, the company for production of electricity from biomass - Bara Group EOOD,

and CEZ Bulgaria EAD, which coordinates and manages the activities of all companies in the Czech group in the Bulgaria.

Following receipt of the required approvals and authorizations from the competent regulatory authorities, the transaction enters into its final stage. The next steps in its implementation are completion of the procedures for securing part of the financing through own funds (raised from share capital increase), securing the debt part of the financing by closing the negotiations and respectively executing the relevant financing agreements for the borrowed capital, and respectively carrying out the corresponding transfer of the shares.

Eurolease Group AD

On 27.11.2020, at a meeting of the Board of Directors of Eurolease Group AD, a decision was made to change the capital structure, as well as to reduce it. At the same meeting a decision was made to cover the accumulated loss and change the statute in connection with the reduction of capital.

At the Extraordinary General Meeting of Shareholders of Eurolease Group AD, entered on January 28, 2021 in the Commercial Register the following decisions were taken:

- Change of the capital structure, reduction of the authorized capital from BGN 27,241 thousand to BGN 19,296 thousand under Art. 200, item 1 of the Commercial Act by reducing the nominal value of the shares.
- According to Art. 246, para. 2, item 4 of the Commercial Act, the funds from the reduction in the amount of BGN 7,945 thousand are referred to the Reserve Fund of the Company and cover the accumulated loss from previous years in the amount of BGN 6,858 thousand.

On April 10, 2021, at an extraordinary general meeting of shareholders, a decision was made to increase the share capital of the company and to conclude a corporate guarantee in favor of a subsidiary:

First item: The GMS adopted a decision to increase the capital of Eurohold Bulgaria AD from BGN 197,525,600 (one hundred ninety-seven million five hundred twenty-five thousand six hundred) to BGN 276,535,840 (two hundred seventy-six million five hundred thirty-five thousand eight hundred and forty) by issuing a new issue of shares under the conditions of public offering under the Public Offering of Securities Act. The new issue consists of 79,010,240 shares of the same type and class as the existing issue of shares of the company, namely: dematerialized, registered, non-preferred shares, with the right to 1 (one) vote in the general meeting of the shareholders of the company, with the right to dividend and right to liquidation share, proportional to the nominal value of the share. The nominal value of each share is BGN 1.00 (one). The issue value of each share is BGN 2.50 (two and 0.50).

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

Second item: The GMS adopted a decision of amendments to the Articles of Association of the company.

Point three: The GMS adopted a decision for authorization of the Management Board and the persons who manage and represent Eurohold Bulgaria AD to conclude a corporate guarantee of a total value above the threshold under Art. 114, para. 1, item 2, sentence 4 in connection with Art. 114, para. 1, item 1, letter "b" of LPOS, according to a motivated report prepared by the Management Board of the company, as a result of which a liability will arise for Eurohold Bulgaria AD, in its capacity of corporate guarantor for the payment of all liabilities (including, but not limited to, principal, interest, penalties, fees, commissions, other expenses) of its subsidiary - Eastern European Electric Company B.V., which are related to and/or would arise from the conclusion of financing transactions in the form of (i) subordinated debt, (ii) perpetual non-convertible preferred shares with guaranteed dividend, issued by the subsidiary - Eastern European Electric Company B.V. and/or by the subsidiary - Eastern European Electric Company II B.V. (Eastern European Electric Company II B.V.), (iii) a Mezzanine loan and/or (iv) another financial instrument with an economic effect similar to the effect of the instruments under (i), (ii) and/or (iii), in the following main parameters of the financing transaction and, respectively, of the provided corporate guarantee: a minimum value of EUR 50 000 000 (fifty million), including the corresponding return for creditors/investors applicable to the applicable financing instrument (for example, interest, fixed dividend, nominal discount) and a maximum value of EUR 150 000 000 (one hundred and fifty million), including the corresponding return for creditors/investors (for example interest, fixed dividend, nominal discount); term - from 3 to 10 years; The

transaction is carried out in favor of the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company B.V. and/or the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company II B.V. and indirectly, in favor of the parent company Eurohold Bulgaria AD; Purpose of the transaction - financing of part of the acquisition price of the assets of CEZ Group in Bulgaria, parties to the transaction: Eurohold Bulgaria AD - corporate guarantor, on the one hand and the creditors/investors in the above-mentioned financing instruments of Eastern European Electric Company B.V. and/or Eastern European Electric Company II B.V. - counterparty (beneficiary) to the corporate guarantee transaction, on the other hand.

The minutes of the GMS held on April 10, 2021 are available on the website of the Company www.eurohold.bg, as well as on the account of the company in the Commercial Register at the Registry Agency www.portal.registryagency.bg.

There are no other events after the date of the reporting period that would require additional disclosure or adjustments in the financial statements of Eurohold Bulgaria AD as of December 31, 2020.

ANALYSIS AND DETAILS OF THE INFORMATION ACCORDING TO APPENDIX 11 OF ORDINANCE №2

Eurohold Bulgaria AD has prepared information under Appendix №11 of Ordinance №2 in a separate document, presented together with the Annual Report and Annual separate financial statement as of 31.12.2020.

CONTACT INFORMATION - INVESTOR RELATIONS DIRECTOR

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Eurohold Bulgaria AD, Sofia

20 April 2021

Eurohold Bulgaria AD
Annual Separate Financial
Report 2020

**CORPORATE GOVERNANCE
DECLARATION**

Corporate Governance Declaration of Eurohold Bulgaria AD for 2020, according to the provisions of Art. 100m, para 8 of POSA

I. Information whether Eurohold Bulgaria AD, as appropriate, complies with the Corporate Governance Code approved by the Commission or another corporate governance code (Art. 100m, para 8, item 1, letters a /, b / and c / of POSA)

Eurohold Bulgaria AD complies with the National Corporate Governance Code (NCGC) approved by the Financial Supervision Commission and carries out its activities in full compliance with the principles and provisions of the Code.

Eurohold Bulgaria AD does not carry out significant additional practices beyond those set out in the National Corporate Governance Code.

II. Explanation by Eurohold Bulgaria AD which parts of the Corporate Governance Code under item 1, letters a/ and b/ are not followed and what are the grounds for this, respectively when the issuer has decided not to refer to any of the rules of the Corporate Governance Code – the grounds for this (Art. 100m, para 8 , item 2 of POSA)

In 2020 the activity of the Management Board and the Supervisory Board of Eurohold Bulgaria AD was carried out in full compliance with the National Corporate Governance Code. The corporate management considers that there are no parts of the National Corporate Governance Code that the company does not comply with.

The Code is applied on the basis of the "comply or explain" principle. This means that the company complies with the Code, and in case of deviation, the management should clarify the reasons for this. (NCGC, Preamble)

Eurohold Bulgaria AD has a two-tier management system.

Management Board

Mr. Kiril Ivanov Boshov – Chairman and executive member;

Mr. Asen Minchev Minchev – Chief Executive Officer;

Mr. Velislav Milkov Christov – Member;

Mr. Asen Emanuilov Asenov – Member;

Mr. Razvan Stefan Lefter – Member.

➤ Functions and responsibilities

The Management Board of Eurohold Bulgaria AD manages the company in accordance with the established vision, goals and strategies of the company and the interests of the shareholders.

The Management Board of Eurohold Bulgaria AD monitors the results of the company's activity and, if necessary, initiates changes in the management of the activity.

The Management Board of Eurohold Bulgaria AD treats all shareholders equally, acts in their interest and with the care of a good trader.

The members of the Management Board of Eurohold Bulgaria AD are guided in their activities by the generally accepted principles of integrity, managerial and professional competence. The Management Board has adopted and complies with a Code of Ethics.

The Management Board of Eurohold Bulgaria AD has ensured and controls the construction and operation of the risk management system, incl. for internal control and internal audit, promptly informing the Supervisory Board of its actions.

The Management Board of Eurohold Bulgaria AD has built the financial information system of the company in accordance with the guidelines given by the Supervisory Board and ensures its reliable operation.

The Management Board of Eurohold Bulgaria AD coordinates its actions with the Supervisory Board regarding the business plan of the company, transactions of a substantial nature and all other operations and activities established in the bylaws of the company.

The Management Board of Eurohold Bulgaria AD informs and reports on its activities to the Supervisory Board. For this purpose it provides the information required in the respective terms and format.

➤ **Structure and competence**

The structure and the number of members of the Management Board of Eurohold Bulgaria AD guarantee the effective activity of the Company.

In case of proposals for election of new members of the Management Board of Eurohold Bulgaria AD, the principles of compliance of the competence of the candidates with the nature of the company's activity are observed.

The contracts for assignment of management, concluded with the members of the Management Board of Eurohold Bulgaria AD, determine their obligations and tasks, the criteria for the amount of their remuneration, their obligations for loyalty to the company and the grounds for dismissal.

The competencies, rights and obligations of the members of the Management Board of Eurohold Bulgaria AD follow the requirements of the law, the bylaws and the standards of good professional and managerial practice.

➤ **Remuneration**

In accordance with the legal requirements and good practices for corporate governance, the amount and structure of the remuneration of the members of the Management Board of Eurohold Bulgaria AD reflect:

1. The obligations and the contribution of each member of the Management Board of Eurohold Bulgaria AD in the activity and the results of the company;
2. The possibility to select and retain qualified and loyal managers;
3. The need for compliance of the interests of the members of the Management Board of Eurohold Bulgaria AD and the long-term interests of the company

The additional incentives are specifically defined or definable and are linked to clear and specific criteria and indicators regarding the results of the company and / or the achievement of goals set in advance by the Supervisory Board of Eurohold Bulgaria AD.

Eurohold Bulgaria AD may provide as additional incentives to the members of the Management Board shares, stock options and other appropriate financial instruments.

The disclosure of information about the remuneration of the members of the Management Board of Eurohold Bulgaria AD is in accordance with the legal norms and the bylaws of the company. The shareholders have easy access to the adopted company policy for determining the remuneration and

royalties of the members of the Management Board of Eurohold Bulgaria AD, as well as to information on the annual remuneration and additional incentives, if any, received by them.

➤ **Conflict of interest**

The members of the Management Board of Eurohold Bulgaria AD avoid and do not allow real or potential conflicts of interest.

The procedures for avoiding and disclosing conflicts of interest are regulated in the bylaws of the company.

The members of the Management Board of Eurohold Bulgaria AD immediately disclose conflicts of interest and provide the shareholders with access to information on transactions between the company and members of the Management Board of Eurohold Bulgaria AD and related parties by submitting a declaration under Art. 114b of the POSA.

The Management Board and the Supervisory Board of Eurohold Bulgaria AD guarantee that all transactions with related parties are approved and carried out in a way that ensures reliable management of the conflict of interests and protects the interests of the company and its shareholders.

Any conflict of interest is disclosed to the Supervisory Board of Eurohold Bulgaria AD. The members of the Management Board of Eurohold Bulgaria AD inform the Supervisory Board as to whether directly, indirectly or on behalf of third parties they have a significant interest in any transactions or issues that have a direct impact on the company.

Supervisory Board

Mr. Assen Milkov Christov – Chairman;

Mr. Dimitar Stoyanov Dimitrov – Vice Chairman;

Mrs. Luise Gabrielle Roman – Member;

Mr. Radi Georgiev Georgiev – Member;

Mr. Lubomir Stoev – Independent member;

Mr. Kustaa Lauri Aima – Independent member.

➤ **Functions and responsibilities**

The Supervisory Board of Eurohold Bulgaria AD appoints, gives guidelines and controls the Management Board of Eurohold Bulgaria AD according to the division of functions within the two-tier structure.

The Supervisory Board of Eurohold Bulgaria AD gives guidelines to the Supervisory Board of Eurohold Bulgaria AD in the construction of a risk management system, incl. for internal control and internal audit, the financial information system and controls their functioning.

The Supervisory Board of Eurohold Bulgaria AD controls the observance of the laws and rules laid down in the bylaws of the company.

The Supervisory Board of Eurohold Bulgaria AD carries out its activity in effective exchange of information with the Management Board of the company.

The Supervisory Board of Eurohold Bulgaria once a year evaluates the activity of the Management Board of the company and the work of each of its members.

The Supervisory Board of Eurohold Bulgaria AD treats all shareholders equally, acts in their interests and with the care of a good trader.

Upon fulfillment of the obligations, the members of the Supervisory Board of Eurohold Bulgaria AD have access to the necessary information about the activity of the company.

➤ **Appointment and dismissal of the members of the Management Board**

The Supervisory Board of Eurohold Bulgaria AD appoints and dismisses the members of the Management Board of the company in accordance with the legal requirements, the bylaws of the company, the principles of continuity and sustainability of the Management Board and the standards of good corporate governance practice.

The policy of the Supervisory Board of Eurohold Bulgaria AD regarding the remuneration guarantees effective management of the company in the interest of the shareholders.

➤ **Structure and competence**

The composition of the Supervisory Board of Eurohold Bulgaria AD guarantees the independence and impartiality of the decisions and actions of its members.

The number of members of the Supervisory Board, incl. the number of independent members and the distribution of tasks between them is regulated in the bylaws of the company.

The independent members act in the best interest of Eurohold Bulgaria AD and the shareholders impartially. The number of consecutive terms is limited.

The members of the Supervisory Board have the appropriate knowledge and experience required by the position they hold, at least one of whom has financial competence.

After the election of new members of the Supervisory Board of Eurohold Bulgaria AD, they get acquainted with the main legal and financial issues related to the company's activities. The training of the members of the Supervisory Board of Eurohold Bulgaria AD is their permanent commitment.

The members of the Supervisory Board of Eurohold Bulgaria AD must have the necessary time to perform their tasks and obligations. The bylaws of Eurohold Bulgaria AD determine the number of companies in which the members of the Supervisory Board may hold management positions.

The procedures for election of new members of the Supervisory Board of Eurohold Bulgaria AD take into account the requirements for continuity and sustainability of the functioning of the Supervisory Board of the company.

➤ **Remuneration of the members of Supervisory Board**

The General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board.

The remuneration of the members of the Supervisory Board corresponds to their activities and obligations and is not tied to the results of the company's activities.

The remuneration of the independent members is only basic without additional incentives and reflects their participation in meetings, as well as the implementation of their tasks to control the actions of the executive management of Eurohold Bulgaria AD and to participate effectively in the work of the company.

The members of the Supervisory Board are not compensated for their activities with shares or options and other additional incentives.

The disclosure of information about the remuneration of the members of the Supervisory Board is in accordance with the legal norms and the bylaws of the company. Shareholders have easy access to remuneration information.

➤ **Conflict of interest**

The members of the Supervisory Board avoid and do not allow real or potential conflicts of interest.

The procedures for avoiding and disclosing conflicts of interest are regulated in the bylaws of the company.

The members of the Supervisory Board immediately disclose conflicts of interest and provide the shareholders with access to information on transactions between Eurohold Bulgaria AD and members of the Supervisory Board or persons related to it by submitting a declaration under Art. 114b of the POSA.

The Supervisory Board of Eurohold Bulgaria AD guarantees that all transactions with related parties are approved and carried out in a way that ensures reliable management of conflicts of interest and protects the interests of the company and its shareholders.

➤ **Committees**

The work of the Supervisory Board of Eurohold Bulgaria AD can be supported by committees, as the Supervisory Board determines the need for their establishment according to the specifics of the company.

In accordance with the requirements of the current legislation and on the basis of the criteria determined by it, the Supervisory Board of Eurohold Bulgaria AD approves the proposal of the Management Board to the General Meeting of Shareholders to elect an Audit Committee in a composition that meets legal requirements and specific needs of Eurohold Bulgaria AD.

The establishment of committees is based on a written structure, scope and tasks, mode of operation and reporting procedures.

In 2009 the first **Audit Committee** of Eurohold Bulgaria AD was established, elected by the General Meeting of Shareholders of the company on 26.05.2009. The composition of this committee was elected at a session of the General Meeting held on 30.06.2017 with a five-year term . Its activities are in accordance with the Statute of the Audit Committee approved by the General Meeting of Shareholders. The Audit Committee reports annually to the General Meeting of Shareholders on the results of its activities.

The Audit Committee consists of the following members:

Mr. Ivan Georgiev Mankov – Chairman;

Mr. Dimitar Stoyanov Dimitrov – Member;

Mrs. Rositza Mihailova Pencheva – Member.

Audit and Internal Control

The corporate management of Eurohold Bulgaria AD, with the assistance of the Audit Committee, motivates in writing to the General Meeting its proposal for selection of an auditor, guided by the established requirements for professionalism.

The corporate management of Eurohold Bulgaria AD ensures compliance with the applicable law regarding the independent financial audit.

The principle of rotation is applied in the proposals and selection of an external auditor.

The Audit Committee oversees the internal audit activities and monitors the overall relationship with the external auditor, including the nature of non-audit services provided by the company's auditor, if any.

Eurohold Bulgaria AD has a system for internal control, which identifies the risks associated with the company's activities and supports their effective management. The internal control system ensures the effective functioning of the reporting and disclosure systems.

Protection of shareholders' rights

The corporate management of Eurohold Bulgaria AD guarantees equal treatment of all shareholders, including minority and foreign shareholders. Protects their rights, as well as facilitates their exercise within the limits permitted by applicable law and in accordance with the provisions of the bylaws of the company. The corporate management of Eurohold Bulgaria AD provides information to all shareholders about their rights.

General Meeting of Shareholders

All shareholders are informed about the rules according to which the general meetings of shareholders are convened and held, including the voting procedures. The management of Eurohold Bulgaria AD provides sufficient and timely information on the date and place of the General Meeting, as well as complete information on the issues that will be considered and resolved at the meeting.

During a session of the General Meeting of Shareholders, the management of Eurohold Bulgaria AD ensures the right of all shareholders to express their opinion as well as to ask questions.

Shareholders with voting rights have the right to exercise their voting rights at the General Meeting of the company in person or through representatives. Eurohold Bulgaria AD receives and accepts as valid powers of attorney electronically the following e-mail: investors@eurohold.bg as the electronic messages should be signed with a universal electronic signature (UES) or a qualified electronic signature (QES) by the principal and attached to them electronic document (electronic image) of the power of attorney with notarized signature, which must also be signed with a universal electronic signature (UES) or a qualified electronic signature (QES) by the principal.

The corporate management of Eurohold Bulgaria AD exercises effective control by creating the necessary organization for the voting of the authorized persons in accordance with the instructions of the shareholders or in the ways permitted by law.

The corporate management of Eurohold Bulgaria AD guarantees equal treatment of all shareholders and the right of each shareholder to express its opinion on the items on the agenda of the General Meeting by strictly following the rules for organizing and conducting sessions of the General Meeting.

The corporate management of Eurohold Bulgaria AD organizes the procedures and the procedure for holding the General Meeting of Shareholders in a way that does not complicate or increase the cost of voting unnecessarily.

All members of the corporate management make best effort to attend the meetings of the General Meeting, except in cases of provable excusable reasons.

Materials for the General Meeting of Shareholders

The texts in the written materials related to the agenda of the General Meeting are always specific and clear, without misleading the shareholders. All proposals regarding major corporate events are presented as separate items on the agenda of the General Meeting, incl. the profit distribution proposal.

The company maintains on its website a special section on the rights of shareholders and their participation in the General Meeting of Shareholders.

The corporate management assists the shareholders entitled under the current legislation to include additional issues and to propose solutions on issues already included in the agenda of the General Meeting.

The corporate management guarantees the right of the shareholders to be informed about the decisions taken by the General Meeting of Shareholders by publishing full minutes of the held meetings.

➤ **Equal treatment of shareholders of one class**

The corporate management of Eurohold Bulgaria AD guarantees equal treatment of shareholders of one class.

As of the date of preparation of this declaration, all shares of Eurohold Bulgaria AD are of one class - common, registered, dematerialized, with voting rights. Each share gives the right to 1 vote in the General Meeting of Shareholders, the right to a dividend and the right to a liquidation share, proportional to the nominal value of the share. The issuer's capital does not include securities that are not admitted to trading on a regulated market.

The corporate management of Eurohold Bulgaria AD guarantees the provision of sufficient information to investors regarding the rights granted by all shares of each class, in case the company issues such shares of another class before their acquisition.

➤ **Consultations between shareholders on basic shareholder rights**

Within the limits allowed by the current legislation and in accordance with the provisions of the Company's bylaws, the corporate management of Eurohold Bulgaria AD does not prevent the shareholders, including the institutional ones, from consulting each other on issues related to their basic shareholder rights in a way that prevents abuse.

➤ **Shareholder's transactions with controlling rights and abusive transactions**

The corporate management of Eurohold Bulgaria AD does not allow the implementation of transactions with shareholders with controlling rights, which violate the rights and / or legal interests of other shareholders, including under the terms of agreement with itself. In this type of transactions, an explicit decision of the Management Board is required and the interested parties are excluded from the voting. In case of indications for crossing the statutory thresholds under Art. 114, para 1 of POSA, the Management Board prepares a motivated report and initiates the convening and holding of a General Meeting of Shareholders, at which the transactions are to be put to a vote.

Disclosure of information

The management of Eurohold Bulgaria AD has approved a policy for disclosure of information in accordance with the legal requirements and bylaws.

In accordance with the approved policy for disclosure of information, the management of Eurohold Bulgaria AD has created and maintains a system for disclosure of information, which guarantees equality of the addressees of the information (shareholders, interested parties, investment community) and does not allow misuse of inside information.

The management of Eurohold Bulgaria AD guarantees that the disclosure system provides complete, timely, accurate and understandable information, which allows for objective and informed decisions and assessments.

The management of Eurohold Bulgaria AD promptly discloses the capital structure of the company and agreements that lead to control according to the approved rules for disclosure of information.

Within the limits of the current legislation and in accordance with the provisions of the bylaws of the company, the management of Eurohold Bulgaria AD guarantees that the rules and procedures according to which the acquisition of control and extraordinary transactions such as mergers and sale of significant parts of assets are promptly announced.

The corporate management of Eurohold Bulgaria AD has approved and controls the observance of internal rules for the preparation of the annual and interim reports and the rules for disclosure of information.

The management of Eurohold Bulgaria AD has adopted internal rules that ensure the timely disclosure of any material periodic and ad-hoc information about the company, its management, its operating activities, its shareholder structure.

As part of the information disclosure system, the management of Eurohold Bulgaria AD maintains a bilingual website of the company www.eurohold.bg - in Bulgarian and English, with approved content, scope and periodicity of the information disclosed through it. The content of the web page fully covers the requirements of the National Corporate Governance Code.

The management of Eurohold Bulgaria AD guarantees the disclosure of any significant periodic and incidental information about the company through channels that provide equal and timely access to the relevant information by users.

Eurohold Bulgaria AD uses a single point for disclosure of information electronically and thus the information reaches the public, the FSC and the regulated market in an unadjusted form.

Interested parties

The management of Eurohold Bulgaria AD ensures effective interaction with the interested parties. This category includes certain groups of persons who are directly affected by the company and who in turn can influence its activities, incl. suppliers, customers, employees, creditors, public pressure groups and others. The company identifies the stakeholders in relation to its activities based on their degree and areas of influence, role and attitude to its sustainable development.

In its policy towards the interested parties the management of Eurohold Bulgaria AD complies with the legal requirements, guarantees respect for the rights of the interested parties, established by law or by virtue of mutual agreements with the company. The management of Eurohold Bulgaria AD, observing the good practices of corporate governance, complies with the stakeholders in accordance with the principles of transparency, accountability and business ethics.

The management of Eurohold Bulgaria AD guarantees sufficient information to all interested parties about their legally established rights.

In accordance with the approved policy towards the interested parties, the management of Eurohold Bulgaria AD has prepared and approved rules for taking into account the interests of the interested parties, which ensure their involvement in resolving certain issues requiring their position. The management of Eurohold Bulgaria AD considers that these rules guarantee the balance between the development of the company and the economic, social and environmentally friendly development of the environment in which it operates.

In accordance with the legal norms and the good international practice, the management of Eurohold Bulgaria AD annually prepares a Non-Financial Declaration as part of the Annual Consolidated Activity Report, which provides information on the development, results, condition of the company and the impact of the activities related to environmental and social issues and issues related to employees and other stakeholders, respect for human rights, the anti-corruption and bribery issues, as well as environmental protection.

Institutional investors, financial markets and other intermediaries

The management of Eurohold Bulgaria AD ensures effective interaction of the company with its shareholders - institutional investors, as well as with the regulated financial markets and the investment intermediaries on these markets.

The management of Eurohold Bulgaria AD strives to maintain a constant dialogue with current and potential institutional investors and in its communication with them strictly observes the requirement for equal treatment of all shareholders and does not provide information that would put institutional investors in a privileged position compared to other shareholders.

III. Description of the main characteristics of the systems for internal control and risk management of the issuer in connection with the process of financial reporting (Art. 100m, para 8, item 3 of POSA)

Eurohold Bulgaria AD has established and operating risk management and internal control system, which ensures efficient functioning of the accountancy and financial reporting and information disclosure systems. The internal control system is established and functions also with view of identifying the risks attributable to the Company's business and of enhancing their effective management.

The internal control and risk management are aimed at ensuring a reasonable level of assurance in terms of achieving the strategic objectives of the holding relevant to the achievement of efficacy and efficiency of the operations, reliability of the financial reports, compliance and implementation of the existing legal and regulatory frameworks. The internal control and risk management are implemented by the managing and supervisory bodies and by the heads of the holding's structural division and the executive directors of the subsidiaries.

Eurohold Bulgaria AD has adopted and implements rules and procedures for effective functioning of the accountancy and financial reporting and information disclosure systems. These rules describe in details the different types of information created and disclosed by the company, the in-house document management processes, the different levels of access to the types of information among the responsible persons and the time periods for processing and management of the information flows.

The established risk management system ensures the efficient internal control upon the creation and management of all internal documents, including financial statements and other regulated information the Company is obliged to disclose in compliance with the legal provisions.

One of the main objectives of the introduced internal control and risk management system is to support the management and other stakeholders in assessing the reliability of the company's financial statements.

The annual separate financial statements and the annual consolidated financial statements of Eurohold Bulgaria AD are subject to independent financial audit for the purposes of achieving objective external opinion about the way of their preparation and presentation. The company prepares and maintains its accountancy in compliance with the International Financial Reporting Standards, as adopted by the EU.

The risk management policy is implemented in an integrated manner and in compliance with all other policies and principles regulated in the bylaws of Eurohold Bulgaria AD.

A detailed description of the risks specific to the activity of Eurohold Bulgaria AD is given in the Company's Annual Activity Report for 2020.

IV. Information under Article 10 (1) (c), (d), (f), (h) and (i) of Directive 2004/25 / EC of the European Parliament and of the Council of 21 April 2004 on takeover bids (Art. 100m, para. 8, item 4 of POSA)

The members of the Supervisory and the Management Board of Eurohold Bulgaria AD submit information under Article 10 (1) (c), (d), (f), (h) and (i) of Directive 2004/25 / EC of the European Parliament and of the Council of 21 April 2004 on takeover bids:

Paragraph 1, letter "c"	Significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of article 85 of Directive 2001/34/EC.	Eurohold Bulgaria AD holds significant direct or indirect shareholdings, which are described in details in part BUSINESS REVIEW, Lines of Business of the Company's Annual Report 2020
Paragraph 1, letter "d"	The holders of any securities with special control rights and a description of those rights	There are no shares that give special control rights.
Paragraph 1, letter "f"	Any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities;	There are no restrictions on the voting rights of the holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities.
Paragraph 1, letter "h"	The rules governing the appointment and replacement of board members and the amendment of the articles of association	The rules governing the appointment and replacement of members of the Managing Board and the Supervisory Board and the amendment of the articles of association are set out in the constitutional deeds of Eurohold Bulgaria AD and the adopted rules of procedure of the two bodies.
Paragraph 1, letter "i"	The powers of the board members, and in particular the power to issue or buy back shares;	The powers of the members of the Managing Board and of the Supervisory Board are provided for in the articles of association of Eurohold Bulgaria AD and the adopted rules of procedure of the two bodies.

V. Composition and functioning of the administrative, management and supervisory bodies and their committees (Art. 100m, para 8, item 5 of POSA)

Eurohold Bulgaria AD has a two-tier management system. The Supervisory Board and the Management Board act jointly for the benefit of the shareholders and comply with the interested parties.

As of 31.12.2020 the Company is represented and managed by Kiril Ivanov Boshov and Asen Minchev Minchev, Executive Members of the Management Board, and Hristo Stoev and Milena Gencheva - Procurators, only jointly by one Executive Member of the Management Board and one Procurator of the Company.

Management Board

Mr. Kiril Ivanov Boshov – Chairman and executive member;

Mr. Asen Minchev Minchev – Chief Executive Officer;

Mr. Velislav Milkov Christov – Member;

Mr. Asen Emanuilov Asenov – Member;

Mr. Razvan Stefan Lefter – Member.

Supervisory Board

Mr. Assen Milkov Christov – Chairman;

Mr. Dimitar Stoyanov Dimitrov – Vice Chairman;

Mrs. Luise Gabrielle Roman – Member;

Mr. Radi Georgiev Georgiev – Member;

Mr. Lubomir Stoev – Independent member;

Mr. Kustaa Lauri Aima – Independent member.

The Management Board and the Supervisory Board of Eurohold Bulgaria AD have adopted and apply regulations for the work of the two bodies, which determine their powers and the way of work in order to ensure their effective operation within the two-tier management system of the company, according to the internal bylaws, the requirements of the law and protection of the interests of the shareholders.

Committees

In 2009 the first **Audit Committee** of Eurohold Bulgaria AD was established, elected by the General Meeting of Shareholders of the company on 26.05.2009. The composition of this committee was elected at a session of the General Meeting held on 30.06.2017 with a five-year term. Its activities are in accordance with the Statute of the Audit Committee approved by the General Meeting of Shareholders. The Audit Committee reports annually to the General Meeting of Shareholders on the results of its activities.

The Audit Committee consists of the following members:

Mr. Ivan Georgiev Mankov – Chairman;

Mr. Dimitar Stoyanov Dimitrov – Member;

Mrs. Rositza Mihailova Pencheva – Member.

At its meeting held on 30.09.2020, the General Meeting of Shareholders of Eurohold Bulgaria AD adopted a new Remuneration Policy, according to which the function of the **Remuneration Committee** is performed by the Supervisory Board of the company. The Supervisory Board reports to the General Meeting of Shareholders on its activities as a Remuneration Committee.

VI. A description of the diversity policy applied to the issuer's administrative, management and supervisory bodies in relation to aspects such as age, gender or education and professional experience, the objectives of this diversity policy, how it is implemented and the results during the reporting period; when such a policy is not applied, the declaration shall contain an explanation of the reasons for this (Art. 100m, para 8, item 6 of POSA)

Eurohold Bulgaria AD does not apply a diversity policy to the management and supervisory bodies in relation to aspects such as age, gender or education and professional experience. The management structure is defined in the company's articles of association. The members of the Supervisory Board are elected by the General Meeting of Shareholders and this is the right and prerogative of the shareholders. Accordingly, the Supervisory Board appoints the members of the Management Board. The General Meeting of Shareholders evaluates the work of the management and control body and on this basis determines their remuneration. Leading factors are qualification, management skills, competence, professional experience in the given field of activity and achieved results.

This Corporate Governance Declaration of Eurohold Bulgaria AD is an integral part of the Annual Activity Report for 2020, which has been approved by the Management Board of the company.

Kiril Boshov,
Executive Director

Hristo Stoev,
Procurator



Eurohold Bulgaria AD

Annual Separate Financial Report 2020

RESPONSIBLE PERSONS DECLARATION

DECLARATION
in accordance with article 100m, paragraph 4, item 4 of
Public Offering of Securities Act

The undersigned,

1. Kiril Boshov – Chairman of the Management Board of Eurohold Bulgaria AD
2. Hristo Stoev – Procurator of Eurohold Bulgaria AD
3. Salih Trampov – Chief Accountant of Eurohold Bulgaria AD (Complier of the financial statement)

hereby DECLARE that to our best knowledge:

1. The Annual separated financial statements for 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;

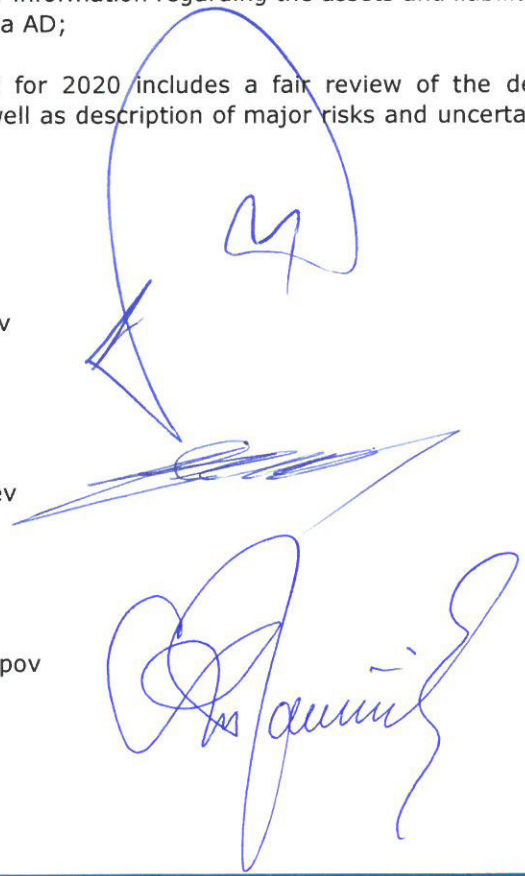
2. The Annual management report for 2020 includes a fair review of the development and performance of Eurohold Bulgaria AD as well as description of major risks and uncertainties facing the company.

Declarers:

1. Kiril Boshov

2. Hristo Stoev

3. Salih Trampov



**TO THE SHAREHOLDERS
OF " EUROHOLD BULGARIA " AD**

**DECLARATION
Under Art. 100m para 4 item 3 of
The Public Offering of Securities Act**

The undersigned:

1. Marina Hristozova Krusteva , in my capacity of Manager of Audit Company ZAHARINOVA NEXIA OOD, with UIC 200876536, with registered office and address of management: Sofia, 157-159 Konstantin Velichkov Blvd., 1st floor, office 3 and address for correspondence: Sofia, 157-159 Konstantin Velichkov Blvd., 1st floor, office 3, and

2. Grigor Voynov Petrov, in my capacity of registered auditor (with per. № 0816 from the register at ICPA under Art. 20 of the Independent Financial Audit Act), responsible for auditing the engagement on behalf of the auditing company ZAHARINOVA NEXIA OOD (with per. № 138 from the register at ICPA under Art. 20 of Independent Financial Audit Act) at ICPA **declare that**

Audit company ZAHARINOVA NEXIA OOD was engaged to carry out statutory audit of the separate financial statements of « **EUROHOLD BULGARIA » AD** for 2020 compiled in accordance with International Financial Reporting Standards adopted by the EU common name of the accounting basis, as defined in *Item 8 of the TP of the Accounting Act* under the name "International Accounting Standards". As a result of our audit, we issued an audit report dated April 26 , 2021.

With hereby certify that as reported in the issued our audit report on the annual separate financial statements of " EUROHOLD BULGARIA " AD 2020, issued on 26 april 2021 year:

1. Art. 100m, para. 4, item 3, letter "a" Auditor's opinion: In our opinion, except for the possible effect of the issue described in *Basis for Qualified Opinion* section of our report the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) (*page 1 of the audit report*).

2. Art. 100m, para. 4, item 3, letter "b" Information relating to the transactions of EUROHOLD BULGARIA AD with related parties.

Information on related party transactions is disclosed in **Note 29. Related party transactions and balances** to the separate financial statements. Based on our audit procedures on related party transactions as part of our audit of the separate financial statements as a whole, we have not become aware of any facts, circumstances or other information on the basis of which we can conclude that related party transactions are not disclosed in the accompanying separate financial statements for the year ended 31 December 2020, in all material respects, in accordance with the requirements of IAS 24 Related Party Disclosures. The results of our audit procedures on related party transactions are reviewed by us in the context of forming our opinion on the separate financial statements as a whole, and not for the purpose of expressing a separate opinion on related party transactions (*page 6 of the audit report*).

3. Art. 100m, para. 4, item 3, letter "c" Information relating to the material transactions. Our responsibilities for the audit of the separate financial statements as a whole, described in the section of our report "Auditor's Responsibilities for the Audit of the Separate Financial Statements", include assessing whether the separate financial statements present material transactions and events in a manner that provides reliable presentation. Based on our audit procedures on the material transactions underlying the separate financial statements for the year ended 31 December 2020, we have not been aware of any facts, circumstances or other information on the basis of which we can conclude that there are cases of material misstatement and disclosure in accordance with the applicable requirements of IFRS adopted by the European Union. The results of our audit procedures essential for separate financial statements transactions and events of the Company are considered by us in the context of the formation of our opinion on the separate financial statements as a whole and not to express a separate opinion on these significant transactions (*p. 6 from the audit report*).

The certifications made with this declaration should be considered only in the context of the audit report issued by us as a result of the independent financial audit of the annual separate financial statements of EUROHOLD BULGARIA AD for the reporting period ending on 31 December 2020, dated April 26, 2021. This declaration is intended only for the above addressee and has been prepared solely in compliance with the requirements set out in Art. 100m, para. 4, item 3 of the Public Offering of Securities Act (POSA) and should not be taken as a substitute for our conclusions contained in the audit report issued by us on 26.04.2021 with respect to matters covered by 100m, item 3 of POSA.

26.04.2021

For the auditing company "Zaharinoва Nexia " OOD

Sofia city

**Marina Krusteva
(Manager)**



**Grigor Petrov
(Responsible for the engagement CPA, registered auditor)**





Eurohold Bulgaria AD

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office@eurohold.bg**

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APPENDIX № 11

UNDER ORDINANCE №2 OF THE FCS

Appendix № 11
Information on Eurohold Bulgaria AD,
under Ordinance No 2 of the Financial Supervision Commission
about the prospectuses for public offering and admission to trading on a regulated
market of securities, and the disclosure of information by public companies and
other issuers of securities

1. Structure of the capital of the Company, including the securities that have not been admitted to trading on a regulated market in Bulgaria or another EU member state, indicating the different classes of shares, the rights and obligations of each class of shares, and the portion of the total capital represented by each class.

As of 31.12.2020, the capital of the Issuer amounts to BGN 197 525 600 (one hundred ninety-seven million, five hundred and twenty-five thousand six hundred), divided into 197 525 600 (one hundred ninety-seven million, five hundred and twenty-five thousand six hundred) shares with a nominal value of BGN 1 (one) each. All shares are of the same class - ordinary, registered, dematerialized, with voting rights. Each share gives one vote at a General Meeting of the Shareholders, dividend rights and liquidation quota, in proportion to its nominal value. There are no securities of the capital of the Issuer that have not been admitted to trading on a regulated market.

2. Restrictions on the transfer of securities, such as restrictions on the ownership of securities or the need to obtain the approval of the Company or of another shareholder.

The shares of the Issuer are freely transferable. The Articles of Association of the Company do not include any restrictions on the transfer of shares to third parties. Under the Law on the Public Offering of Securities, persons who acquire shares exceeding certain thresholds outlined by the Act, should be reported to the Financial Supervision Commission.

3. Information on the direct and indirect ownership of 5 per cent or more of the voting rights in the General Meeting of the Shareholders of the Company, including information on the shareholders, the size of their share participation and the way in which the shares are owned.

The majority shareholder Starcom Holding AD, registered with the Commerce Register at the Registry Agency, UIC: 121610851, with its registered office at city of Etropole, Sofia municipality, 191 Ruski Blvd., has a direct share ownership of 98,894,641 shares representing 50.07% of the capital of the Issuer as of 31.12.2020.

As of 31.12.2020 KJK Fund II Sicav-Sif Balkan Discovery directly owns 28,116,873 shares, representing 14.23% of the voting rights at the General Meeting of Shareholders. KJK Fund II Sicav-Sif Balkan Discovery does not hold any different voting rights.

As of 31.12.2020 Blubeard Investments Limited directly owns 19,922,400 shares of the company's capital, representing 10.09% of the voting rights at the General Meeting of Shareholders. Blubeard Investments Limited does not have different voting rights.

As of 31.12.2020 Specialized Logistics Systems AD directly owns 11,925,809 shares, representing 6.04% of the voting rights at the General Meeting of Shareholders. Specialized Logistic Systems AD does not have different voting rights.

As of 31.12.2020 Pension Assurance Company-Future AD through its three funds UPF-Future, VPF-Future and PPF-Future directly owns 12,084,298 shares of the company's capital, representing 6.12% of the voting rights at the General Meeting of Shareholders. This shareholder does not have different voting rights.

As of 31.12.2020, other legal entities own a total amount of 21,935,928 shares, representing 11.11% voting rights.

As of 31.12.2020, other individuals hold a total amount of 4,645,651 shares, representing 2.35% of the voting rights.

4. Information about shareholders with special control rights and a description of those rights.

There are no shareholders with special controlling rights.

5. The control system over the right to exercise a vote when an employee of the Company is also a shareholder and when the control is not exercised directly by them.

The governing body of the General Meeting of the Shareholders applies standard measures for verification of identification of the respective shareholder, the number of shares owned by the latter, the content of the authorization document (if any), the presence or absence of legal hindrances to vote as well as all other specific legal requirements are verified when voting rights are exercised by employees of the company who are its shareholders as well.

6. Restrictions on the right to vote, such as limitations on the right to vote of the shareholders which own a certain percentage or number of votes, deadlines for exercising the rights to vote, or systems in which the financial rights attached to the shares are separated from the actual ownership of the shares.

There are no restrictions on the voting rights neither systems where the financial rights pertaining to the shares are separated from the actual ownership of the shares. There are no explicit restrictions on the deadline for exercising the voting rights. The deadline for exercise of a voting right by a shareholder is specified in the invitation for convening the General Meeting of the Shareholders of the Company.

7. Agreements among shareholders of which the Company is aware and which may lead to restrictions on the transfer of shares or voting rights.

The Company is not aware of any agreements that could lead to restrictions in the transfer of shares and voting rights.

8. Provisions concerning the appointment and dismissal of board members of the Company and the changes and additions to the Articles of Association of the Company.

The following provisions in the Articles of Association of the Issuer are applicable for appointment and dismissal of members of the governing bodies of the Company:

Article 33 (1) The supervisory board supervises the work of the management board. It may not take part in the company's management.

(2) The members of the supervisory board are appointed by the general meeting of shareholders for a period of 5 (five) years. The first supervisory board is appointed for a period of 3 (three) years.

(3) The Supervisory Board may consist of 3 (three) to 7 (seven) members. They must be capable or legal entities. In the last case, the legal entity nominates its representative in relation to the performance of its obligations.

(4) The members of the Supervisory Board may be re-elected without restrictions.

(5) Any person under article 234, paragraph 2 of the Commerce Law or under article 116a, paragraph 1 of the Law for Public Offering of Securities cannot be a member of the Supervisory Board.

(6) The members of the Supervisory Board should meet the following additional requirements:

- a) they should not be convicted for wilful crime of common nature;
- b) they should not be declared insolvent or are subject to procedure of insolvency as a sole trader;
- c) they should not be deprived from the right to take the office of accountable persons.

(7) At least one third of the members of the Supervisory Board should be independent persons within the meaning of article 116a, paragraph 2 of the Law for Public Offering of Securities.

(8) (new - 29.06.2012) The members of the Supervisory Board enjoy all rights and fulfil all obligations after the expiry of their mandate under paragraph 2 until the nomination of new members of the Supervisory Board.

Article 38 (1) The Supervisory Board:

- a) appoints and dismisses the members of the management board;
- b) fixes the remuneration of the members of the management board;
- c) supervises the work of the management board, whereas requiring and hearing information and reports on each issue relevant to the company's operations;
- d) carries the relevant investigations with view of performing its obligations;
- e) approves the rules of procedure of the management board;
- f) convenes general meeting of shareholders;
- g) adopts rules of procedure for its work;
- h) performs other tasks delegated thereto by the legal regulations, the present statutes and the resolutions of the general meeting of shareholders.

(2) The Supervisory Board may recruit experts that will assist the performance of its obligations.

Article 43 (1) The Management Board manages the company operating under the supervision of the general meeting of shareholders and the Supervisory Board. It resolves on all matters that are relevant to the company's scope of business, except on matters that by law or by the present statutes are vested exclusively to the general meeting of shareholders or to the Supervisory Board.

(2) The members of the Management Board are elected by the Supervisory Board for a period of 5 (five) years.

(3) (Amended 14.07.2007) -The Management Board may consist of 3 (three) to 9 (nine) members. They must be capable individuals or legal entities. In the last case, the legal entity nominates its representative in relation to the performance of its obligations and will be jointly liable for the actions of its representative.

(4) The members of the Management Board may be re-elected without restrictions.

(5) Any person under article 234, paragraph 2 of the Commerce Law or under article 116a, paragraph 1 of the Law for Public Offering of Securities cannot be a member of the Management Board.

(6) The members of the Management Board should meet the following additional requirements:

a) they should have proper professional qualification and experience to manage the company's operations;

b) they should not be convicted for wilful crime of common nature;

c) they should not have been members of management or supervisory body or unlimited partners at a company that is subject to insolvency procedure or has been dissolved due to insolvency during the last two years prior the date of the resolution for announcement of insolvency, if there are any unsatisfied creditors;

d) they should not be declared insolvent or are subject to procedure of insolvency as a sole trader;

e) they should not be deprived from the right to take the office of accountable persons.

(7) (new – 29.06.2012) The members of the Management Board enjoy all rights and fulfil all obligations after the expiry of their mandate under paragraph 2 until the nomination of new members of the Management Board.

Article 53 (1) The Management Board elects a chairman among its members.

(2) The chairman of the Management Board organizes the board's work in compliance with the requirements of the law, these statutes and the resolutions of the general meeting of shareholders.

Article 54 (1) (amended – 14.09.2007) With the approval of the Supervisory Board, the Management Board empowers one or several of its members (executive members) to represent the company. Such empowerment may be withdrawn at any time.

(2) The names of the persons empowered to represent the company are entered in the trade register and are promulgated in the statutory manner.

(3) Exclusive of the restrictions of the representative power as provided for by the law, the restrictions of the representative power of the persons empowered under the preceding paragraphs shall not apply in relation to third bona fide persons.

(4) The empowerment and the withdrawal thereof are binding for third bona fide persons after being entered and promulgated in the statutory manner.

(5) Upon resolution of the Management Board, in compliance with all legal regulations, the company's management may be conferred to a procurator (authorized representative). Unless provided otherwise, the amount of his powers is provided for in the Commerce Law.

The following provisions in the Articles of association of the Issuer are related to amendments and supplements in the Articles of association:

Article 16. (1) The capital may be decreased upon resolution of the general meeting of shareholders for amendment of the statutes, which is adopted with at least 2/3 (two thirds) of the votes of shares represented at the general meeting of shareholders, in the ways allowed by the law.

Article 29. (1) The resolutions of the general meeting of shareholders enter into force with immediate effect, unless the enforcement thereof is postponed.

(2) The resolutions of the general meeting of shareholders in relation to amendments and supplements of this statutes, capital increase and decrease, transformation and dissolution of the company, election and dismissal of members of the boards, as well as to the appointment of liquidators, are subject to entry in the trade register under the company's batch and enter into force after the entry in the trade register.

Article 30. The general meeting of shareholders:

1. amends and supplements the company's statutes;
2. increases and decreases the company's capital;
3. transforms and dissolves the company;
4. elects and dismisses the members of the supervisory board;
5. appoints and dismisses certified accountants (registered auditors);
6. approves the annual financial statement after being verified by the appointed certified accountant (registered auditor), adopts resolutions for allocation of profit, filling the Reserve Fund and payment of dividend;
7. resolves on issue of bonds;
8. appoints the liquidators upon dissolution of the company, except in case of insolvency;
9. releases the members of the supervisory and the management board from liability;
10. empowers the person who manage and represent the company to perform transactions in the cases as provided for in the Law for Public Offering of Securities;
11. adopts resolutions for filing claims against the members of the management board and appoints a representative for the procedures;
12. fixes the remunerations and tantiemes of the members of the supervisory and the management board;
13. resolves on other matters relevant to the company's business and falling within the competence of the general meeting pursuant to the applicable legal regulations and these statutes.

9. The rights of the governing bodies of the Company, including the right to decide on the issue and redemption of shares of the Company.

The right to make decisions for issuance and repurchase of shares of the company is a right of the General Meeting of Shareholders.

The Management Board of the Issuer

1. organizes, manages and controls the company's operations and ensures the management and safe keeping of its property;
2. manages and represents the company;
3. through its executive members, the Management Board enters into contracts with the company's employees, amends and terminates the employment relationships therewith, imposes disciplinary penalties for any violations committed, grant bonuses, performs the rights and obligations of employer in relation to the persons recruited by the company;
4. reports upon each request of the Supervisory Board for the time from the previous report until the date of the meeting, but not less than once in every 3 (three) months;
5. settles the company's relationships to the state and municipal budget;
6. controls the company's income and cost;
7. performs any legal actions relevant to ensuring the normal functioning of the company with view of the laws, these statutes and the resolutions of the general meeting of shareholders;
8. convenes the general meetings of shareholders, drafts the agenda of the meetings and observes for the compliance with the statutory requirements for convocation of the general meeting of shareholders;
9. makes the required disclosures and publications relevant to the company's operations to the respective state authorities and in mass media;
10. presents the annual financial statement, the director's report for the previous financial year, the report of the certified public accountant (registered auditor) to the Supervisory Board and makes proposals for allocation of profit;
11. in the events provided for in the Law for Public Offering of Securities and in the other legal regulations, the Management Board approves in advance the company's transactions with the involvement of stakeholders except those that should be approved by the general meeting of shareholders or the Supervisory Board;
12. in compliance with the restrictions under the Law for Public Offering of Securities and under the other legal regulations:
 - a) adopts resolutions for dissolution or transfer of company's entities or material parts thereof, for acquisition and alienation of shares in other companies, for financing any companies it has a share in;
 - b) adopts resolutions for acquisition and disposal with any company's fixed assets and property rights thereof, for the use of loans, for granting securities and warrants and assuming guarantee, for entering into contracts, participation in auctions and competitions;
 - c) adopts resolutions for establishment of mortgage and pledge on company's assets;
13. adopts resolutions for opening or closing of branches;
14. adopts internal organizational and other acts;
15. adopts resolutions for establishment of mortgage and pledge on company's assets;
16. (New - 14.09.2007, amended on 29.06.2012, amended on 09.05.2017, amended 10.04.2021) pursuant to Art. 204, para. 3 of the Commerce Act for a period of five years from the registration of the amendment to the Articles of Association, adopted by a decision of the General Meeting of Shareholders of 10.04.2021, decides on the issuance of bonds with a total nominal value of up to 200,000,000 (two hundred

million) euro inclusive, determines all mandatory and optional parameters of the bond loans, specifies, supplements and amends according to market conditions and investor interest.

17. prepares and presents programs and plans for the company's development for adoption by the general meeting of shareholders;

18. performs other tasks delegated thereto by the legal regulations, the present statutes and the resolutions of the general meeting of shareholders.

10. Material contracts of the company, which become effective, are modified or terminated due to a change of control of the Company in implementing a mandatory tender offer, and the consequences thereof, unless such disclosure may cause serious harm to the Company; exception to the preceding sentence shall not apply in cases where the company is obliged to disclose information under the Act.

There are no material contracts of the Company which take effect, are amended or terminated due to change of control of the Company by carrying out the mandatory tender offer. Therefore, there are no consequences of such contracts.

11. Agreements between the company and its management bodies or employees for the payment of compensations for termination or dismissal without legal basis or a termination of employment for reasons related to the tender offer.

The company has not concluded agreements with its management bodies or with individual employees, which provide in connection with the tender offer special benefits in case of leaving or dismissal without legal grounds or in case of other type of termination of employment - leaving or dismissal without legal grounds.

Kiril Boshov,
Executive member of the Management Board of
Eurohold Bulgaria AD

Hristo Stoev,
Procurator of Eurohold Bulgaria AD

