

EUROHOLD BULGARIA CONSOLIDATED ANNUAL REPORT



2021

2021

INSURANCE

ENERGY

**ASSET
MANAGEMENT**

**AUTOMOTIVE &
LEASING**

EUROHOLD BULGARIA

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A – ABOUT THIS REPORT

Eurohold Bulgaria AD (Parent Company) prepares an annual consolidated report of the Eurohold Group (the Group), including the results of the parent company, subsidiaries, and associates, accounted for using the equity method. This report includes information that is relevant to all stakeholders and provides an overview of our business and related activities.

BASIS FOR PREPARATION

» ANNUAL CONSOLIDATED ACTIVITY REPORT

The annual consolidated report on the activities of Eurohold Group was prepared on the basis of:

- Article 100n, paragraph 5 of the Public Offering of Securities Act (POSA);
- Annex 2 of the REGULATION No. 2 of 09.11.2021 on initial and subsequent disclosure of information in public offerings of securities and admission of securities to trading on a regulated market
- Art. 44-47 of the Accounting Act;
- Article 187e and Article 247 of the Commercial Law.

The consolidated annual report contains information and data on key operations related to the reporting period, provides a fair view of the development, performance, results, and financial position of the business segments in which we operate, strategy and future development, as well as the principal risks and uncertainties to which the Eurohold Group is exposed.

» CONSOLIDATED NON-FINANCIAL DECLARATION

- Article 51 - 52 of the Accounting Act

» CONSOLIDATED CORPORATE GOVERNANCE STATEMENT

- Article 100n, paragraph 8 of the Public Offering of Securities Act (POSA);

» ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The annual consolidated financial statements of the Eurohold Group have been prepared in accordance with the applicable International Financial Reporting Standards adopted by the EU and give a true and fair view of the Group's assets, liabilities, financial position, and results.

REFERENCES

Unless the context otherwise requires, "Eurohold", "the Holding", "the Company", "the Company" means Eurohold Bulgaria AD, and "Group" and "Eurohold Group" shall mean Eurohold Bulgaria plc together with its subsidiaries and associates.

REPORTING PERIOD

The annual consolidated report covers the period 1 January - 31 December 2021.

REPORTING CURRENCY

The currency in which we report our group activity is Bulgarian lev (BGN).

1 BGN = 1.95583 EUR

TRANSLATION

This consolidated annual report of the Group of Eurohold is available in Bulgarian and English. The Bulgarian version is the original. The English version is an unofficial translation. We have made every reasonable effort to avoid any inconsistency between the different language versions. However, if such discrepancies exist, the Bulgarian version will take precedence.

Additional information about Eurohold Bulgaria can be found on our website www.eurohold.bg

B – STATEMENT FROM THE CHAIRMAN OF THE SUPERVISORY BOARD OF EUROHOLD BULGARIA

TO ALL SHAREHOLDERS AND STAKEHOLDERS

Statement by Asen Hristov

Chairman of the Supervisory Board of Eurohold Bulgaria AD



Asen Hristov
Chairman of the Supervisory Board of
Eurohold Bulgaria AD

**GROWTH EVEN IN PERIODS WITH
ECONOMIC UNCERTAINTY**

Dear shareholders,
Ladies and gentlemen,

The past 2021 was a landmark year for us and a milestone in the development of the Holding. In July 2021 we finalized the acquisition of the companies of CEZ Group in Bulgaria, with which we realized our largest and most successful investment in the history of the Holding.

For the past 20 years we have made more than 30 acquisitions. However, the deal for the business of CEZ Group in Bulgaria is the most important and largest so far. It is also key for Bulgarian economy because its value exceeds EUR 500 million, if we take into account all of its elements - the acquisition price, the mandatory bids to minority shareholders of the two public companies, and the investment program for further development of the acquired companies.

For its implementation we have made one of the largest public offerings on Bulgarian Stock Exchange and attracted a union of leading banks, including renowned international financial institutions. Many institutions and over 120 experts have worked for the realization of this deal. The deal did not go without vicissitudes and hardships. This was a test of our endurance and resilience. I am glad that we have passed it with excellence. In this way, the satisfaction of what has been achieved is even greater.

Following the acquisitions in 2021, Eurohold is focusing on two main businesses - energy and insurance. Our energy group operates under the Electrohold brand and our goal is to make it one of the leaders in the sector in Southeastern Europe, similar to our insurance Euroins Insurance Group. The integration of our energy business creates a number of opportunities for synergy, optimization and new, cross-services for our customers. This also provides our investors with more stability and predictability in terms of results and cash flows. Operating in highly regulated businesses environment is not an easy task, but it has its undeniable advantages because it guarantees sustainable growth in the long run and a good return at relatively low risk. Moreover, our business model provides growth prospects even in times of economic uncertainty.

With its current structure, Eurohold is much more resilient to economic shocks, and our shareholders are much more protected from recessions and market downturns.

We have grown a lot. The holding already employs 6,000 people, serving more than 7 million customers in 13 countries in Europe. This is a huge responsibility, but also a privilege, because together we can achieve even more. The future belongs to the younger ones in our ranks. We, the senior ones, promise to support them as long as we can be helpful.

Asen Hristov,

*Chairman of the Supervisory Board
of Eurohold Bulgaria AD*

C – STATEMENT FROM THE CHAIRMAN OF THE MANAGEMENT BOARD OF EUROHOLD BULGARIA

TO ALL SHAREHOLDERS AND STAKEHOLDERS

Statement by Kiril Boshov

Chairman of the Management Board of Eurohold Bulgaria AD



Kiril Boshov
Chairman of the Management Board
of Eurohold Bulgaria AD

**LET'S BECOME A LEADING GROUP IN
SOUTHEASTERN EUROPE AND IN THE
ENERGY BUSINESS**

Dear shareholders,

Ladies and gentlemen,

About four years ago, we outlined to our shareholders a new path of development and set ourselves the goal of entering a new highly regulated market - electricity, with the idea of creating new and even better opportunities for the investors and all stakeholders. We promised them that the combination of our energy and insurance business will significantly improve the Group's business model and profitability by noticeably increasing the operating cash flow, generated by the Holding. We also proposed a business plan until 2025.

Sometimes it is easier to put it into words than to put it into action. That is why I am more than satisfied that four years later we can boast of a successful mission. With the finalization of the acquisition of CEZ Group companies in Bulgaria last year, with the achieved record growth of financial results and with our new development program until 2025, we have shown that we are responsible and that we honor our commitments.

The year 2021 is undoubtedly the most successful year in the history of Eurohold. Our revenues doubled to BGN 3.7 billion, and our operating and net profits increased many times, reaching BGN 380 million and BGN 63 million, respectively. The huge potential of the energy business is evident in the partial consolidation of this segment in our 2021 results. The Group's revenue, generated by the energy segment exceeded BGN 1.2 billion, and the operating and net profit in the segment - BGN 180 and BGN 18 million, respectively. If we extrapolate this result on an annual basis, it is evident that the energy segment forms more than half of the revenue and significant part of Group's profit.

Eurohold's insurance business also makes a significant contribution to the growth achieved. Revenues from insurance premiums of the Group's insurance companies increased by almost 50% to BGN 2.36 billion, thanks to the expansion into new markets and the wide geographical diversification achieved. The operating and net profit achieved by the Holding in this segment for the period is BGN 158 million and BGN 79 million, respectively.

Eurohold's assets surged by 110% during the year and as at 31 December 2021, they are above BGN 3.8 billion. Equity has increase several times to BGN 370 million.

The foundation of the strong results is our decision to enter the electricity market, which proved to be a strategic move in view of the sharp rise in energy prices over the past year and the turbulent geopolitical processes in Europe that have made this sector an even more important component for Europe's security.

The main contributors to our sound performance have been our well-known strengths and advantages in the insurance - geographical diversification, flexibility and our constant striving to develop and improve our processes and systems. This has helped us get through the pandemic relatively easily. Diversification is the thing that will get us through the effects of the military conflict in Ukraine. Euroins owns two companies in Ukraine, which continue their operations at a reduced capacity and according to the situation in the country. Our exposure in the Ukrainian market is limited – at the end of 2021, the assets of our Ukrainian enterprises form 2% of the total assets of the insurance segment, and their combined premium revenue accounts for 3% of Group's total insurance revenue. What is most important – at the beginning of the military conflict, we managed to evacuate to Bulgaria all of our employees and their relatives and friends. All of them are in good health and provided with shelter, food and medical care to this day. Some of the evacuated employees continue to perform their duties remotely from Bulgaria. We are grateful to all our colleagues and employees who supported this mission.

In the coming years, we will focus exclusively on insurance and energy.

In the insurance business, we will rely mainly on organic growth within our current markets and will strive to improve profitability. Our expansion in the sector will now be much more careful and selected. We will maintain our market position by diversifying our product portfolio into non-motor segments such as health and property insurance. We will offer new direct and online distribution channels. We are happy that EBRD has become our partner in this business as well, by becoming a minority shareholder and deciding to invest EUR 30 million in our insurance group.

In the energy business we will initially strive to improve the development of the companies Electrohold, and subsequently we will look for opportunities for expansion in Bulgaria's neighboring countries. In the long run, our goal is to become a leading energy group in Southeastern Europe.

Kiril Boshov,
Chairman of the Management Board
of Eurohold Bulgaria AD

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CONSOLIDATED ACTIVITY REPORT

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OPERATIONAL AND FINANCIAL REVIEW

EUROHOLD GROUP IN 2021

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

BUSINESS HIGHLIGHTS

- ✓ 5 direct subsidiaries of the parent company
- ✓ 2 special purpose vehicles, created for the development of the energy business
- ✓ 37 operating companies
 - ✓ 13 countries in Europe
 - ✓ 9 400 shareholders
 - ✓ 26 years of history

STRATEGIC ASSETS:

Euroins Insurance Group - a major asset in the Eurohold Group

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

Active operations in 9 markets in Europe.

Eastern Electric Company II B.V. - Energy

The largest energy holding in Bulgaria

Euro-Finance - investment intermediation and asset management

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

KEY FINANCIAL INFORMATION

Our group activity for 2021 is focused on five business segments. On pages 35 to 95 we provide an overview of our performance in 2021 at Group level and for each of our businesses.

In each of our businesses, we are focused on delivering growth and long-term value for our shareholders. We aim to capture every opportunity in areas where we have significant capabilities and skills to create a sustainable business model and strengthen our market position. We continue to maintain a strong capital, financial and liquidity position and diversify our business model.

Highlights of group results

	2021	2020
Revenues	BGN 3.660 billion ▲ 157%	BGN 1.423 billion
Operational profit	BGN 378 million ▲ 1506%	BGN 23 million
Net result	BGN 63 million ▲ 189%	BGN (70) million
Assets	BGN 3.805 billion ▲ 110%	BGN 1.808 billion
Financial assets	BGN 428 million ▲ 25%	BGN 342 million
Equity	BGN 371 million ▲ 795%	BGN (53) million
Equity and subordinated debt instruments	BGN 412 million ▲ 1640%	BGN 24 million
Liabilities	BGN 1.962 billion ▲ 239%	BGN 578 million
Insurance reserves	BGN 1.431 billion ▲ 19%	BGN 1.206 billion

OUR APPROACH AND BUSINESS CULTURE

Everybody has a story, we have a vision






Our ambition is to be the partner of choice for our customers.

Our purpose, ambition and values reflect our strategy and underpin our focus on delivering our mission.



OUR VALUES

The success of the Group is based on a firm commitment to our core values. All activities and relationships with partners are based on the five values that distinguish the Group and help us maintain the trust of our customers, as well as to be among the leaders in the business sectors in which we operate, namely:

-  **Integrity**
-  **Reliability**
-  **Responsibility**
-  **Correctness**
-  **Pleasure in work and team spirit**

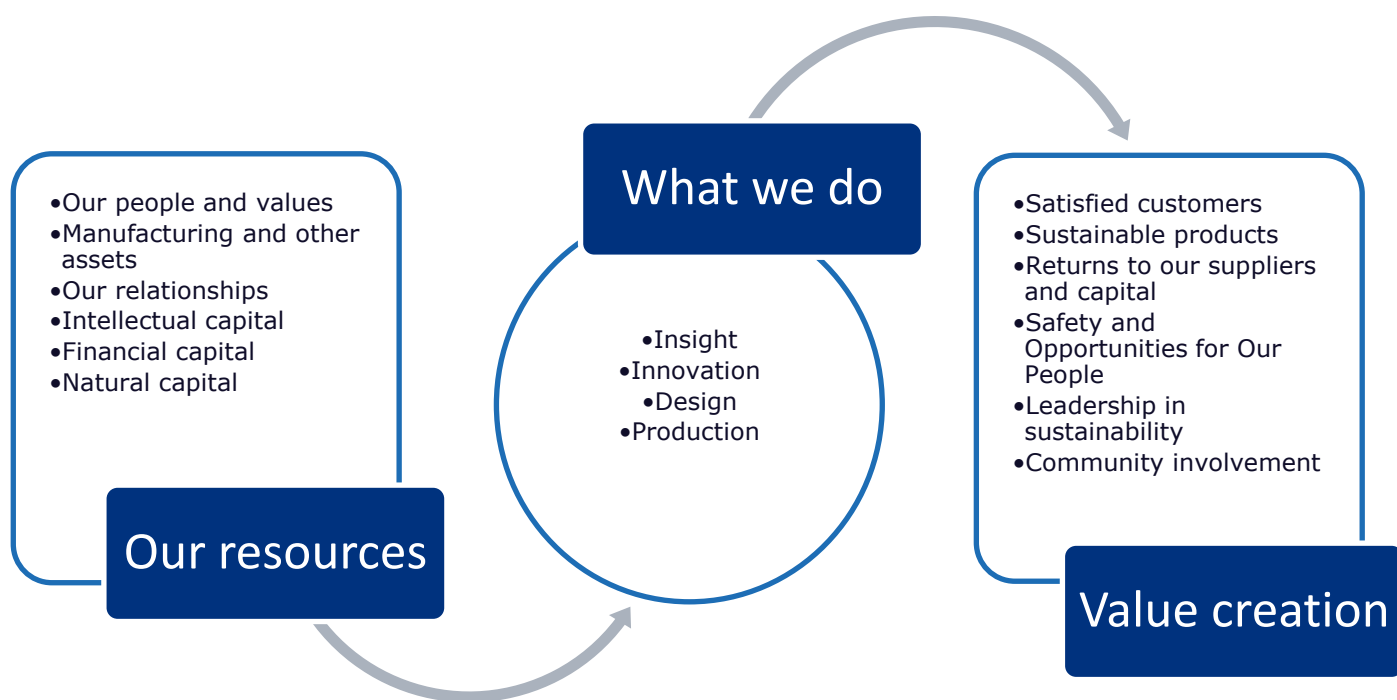
BUSINESS MODEL

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

To optimise management, business processes and fixed costs, the Company has structured its businesses into sub-holding structures depending on the sector in which they operate. Eurohold Bulgaria AD together with its subsidiary sub-holding companies and their operating companies form 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 at the date of this report, Eurohold Bulgaria plc holds direct interests in five subsidiaries. Four of these companies represent sub-holding structures combining Eurohold's business activities in the insurance, energy (from the end of July 2021), car sales and leasing sectors, the fifth company, operating in the field of investment intermediation and asset management, is independently represented.

Creating value through our business model



GROUP STRATEGY

Our group strategy is based on the following principles:

- » Developing and maintaining leading positions in the Southeast Europe region in the insurance and, from mid-2021, in the energy business;
- » Focus on organic growth, complemented by the acquisition of businesses that meet the Eurohold criteria;
- » Promote synergies, and cross-selling across all business segments by centralizing and optimizing operations, marketing and business processes;
- » Focus on risk management, guaranteed profitability, and sound financial position of each company within the Eurohold Group;
- » Creating and retaining highly skilled managers and employees by providing professional development opportunities;
- » Setting common goals in each business segment on negotiating better terms for suppliers and advertising.

GROUP CORPORATE RESPONSIBILITY AND SUSTAINABILITY

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

Eurohold has enforced a group social responsibility policy in the holding structure to which all its economic group companies adhere. The Group is convinced of the importance and benefits of corporate responsibility, which is linked to the protection of people, their well-being, the protection of the environment and the impact on society.

Continuous efforts to improve the economic environment by encouraging responsible behaviour on the part of our employees, conducting open dialogue with stakeholders, and enhancing the positive impact of Eurohold's economic group companies on society are the essence of Group Corporate Responsibility.

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

OUR STAKEHOLDERS

Our strategic objectives are aligned with the requirements of all our stakeholders.

Building strong relationships with our stakeholders helps us to execute our strategy in line with our long-term values and manage the business in a sustainable way. Our stakeholders are the people who work for us, our shareholders, our regulators, the people who live in the societies where we operate, in the societies of our suppliers, and generally in the societies of the planet we all inhabit.

We strive to operate by creating value for our customers and shareholders. Our size reach means that our actions can have a significant impact in the regions in which we operate. We are committed to doing business responsibly and thinking long-term. This is key to delivering our strategy.

Our employees

5 300 employees in 13 countries in Europe. We are inspired by our goal, and we are diverse in our thinking.

We provide development opportunities for all our employees and recognize their personal achievements, regardless of gender, ethnicity, age or religion. We conduct on-the-job interviews through one-on-one meetings, group meetings, management visits, digital and paper communications, including a quarterly newsletter covering upcoming and upcoming events. We have mechanisms for feedback from employees, and reporting concerns, sharing information and advice, giving a voice to everyone.

Our customers

Our clients are both individuals and legal entities, incl. corporate customers using more and more online sales channels. We offer services in the field of insurance, energy, asset management, car sales and leasing. During the Covid-19 pandemic, the world changed, and so did the needs and expectations of our customers.

Our investors

Our shares are listed on the Bulgarian Stock Exchange and the Warsaw Commodity Exchange, apart from that we finance our activities by raising debt funds from banks and through listed bonds. Our shares and bonds are owned by a wide range of investors in Bulgaria and Europe and beyond. We engage with our investors and creditors by providing quarterly reviews of group performance, meetings and statements.

Our suppliers

We work with suppliers ranging from small suppliers of goods and services to large manufacturers, from whom we supply the necessary goods, materials and technical equipment for the activities in which we operate. We are committed to suppliers to enforce our established standards for suppliers and a code of conduct for suppliers (currently informal, as we are in the process of formalizing) that define our ways of working.

Environment and communities

Leadership in sustainability and care for the environment is at the heart of our goal and mission. Reducing consumption of natural resources and waste is a priority and we are committed to setting carbon reduction targets in line with the Paris Agreement.

We also aim to support community programs in the regions where we operate by supporting local and larger initiatives, from sponsoring educational projects to donations to charities focused on the environment and education.

Governments, regulators and NGOs

We engage in consultation with governmental and non-governmental organizations and regulators, primarily in the insurance and energy business, and participate in local organizations to combine our influence.

SIGNIFICANT EVENTS IN 2021

IMPORTANT EVENTS ABOUT THE ACTIVITIES OF THE EUROHOLD BULGARIA GROUP, OCCURRED DURING THE PERIOD

JANUARY - DECEMBER 2021

Permits received from the competent regulatory authorities for the acquisition of the subsidiaries of the Czech energy group CEZ in Bulgaria

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

The General Meeting of Shareholders of Eurohold Bulgaria decided to increase the capital and issue a guarantee from Eurohold in favour of a subsidiary

On 10 April 2021, the General Meeting of Shareholders (GM) resolved to increase Eurohold's share capital from BGN 197,525,600 to BGN 276,535,840 by issuing a new issue of shares under the terms of a public offering pursuant to the Public Offering of Securities Act (POSA). The new issue consists of 79,010,240 shares of the same type and class as the existing issue of shares of the parent company, namely: dematerialised, registered, non-preference shares with the right to one vote at the general meeting of shareholders of the company, with the right to a dividend and the right to a liquidation share proportionate to the nominal value of the share. The nominal value of each share is BGN 1.00 (one lev). The issue value of each share is BGN 2.50. The main purpose of the capital increase is to use the funds raised to finance the acquisition of the energy companies owned by CEZ in Bulgaria.

In addition, for the purpose of financing the CEZ transaction, the GMS decided that Eurohold Bulgaria would provide a corporate guarantee to its subsidiary Eastern European Electric Company II BV, in its capacity as a corporate guarantor for the payment of all liabilities that are related to and / or would result from the conclusion of financing transactions by the subsidiary with a minimum guarantee value of EUR 50,000,000, a maximum value of EUR 150,000,000 and a term of 3 to 10 years. The transaction is carried out in favour of the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company BV and indirectly, in favour of the parent company Eurohold Bulgaria AD

Eurohold commissioned J.P. Morgan AG (lead and exclusive manager) to organize the debt financing of the deal with CEZ Group

On 26 April 2021, Eurohold Bulgaria appointed J.P. Morgan AG as lead and exclusive manager in structuring the debt financing of the transaction with CEZ Group.

J.P. Morgan AG is one of the world's largest and most experienced institutions in financing such complex transactions, particularly in the energy sector.

Financial Supervision Commission (FSC) approved the prospectus for capital increase of Eurohold.

On April 29, 2021, the FSC approved the prospectus for capital increase of Eurohold Bulgaria AD.

Manager of the public offering was the leading investment intermediary in Bulgaria - Euro-Finance AD, and only in its capacity as a financial consultant on the issue was engaged Renaissance Capital.

In June 2021 Eurohold Bulgaria AD presented its development strategy

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

The strategy is available at the following website:

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

Eurohold Automobile Holding Contracts Sale of Nissan, Renault and Dacia Dealer in Bulgaria

In June 2021, the largest automotive holding in Bulgaria - Auto Union AD, which consolidates the investments of Eurohold Bulgaria AD in the sector, signed a preliminary contract for the sale of its subsidiary N Auto Sofia EAD, which is a major dealer in Bulgaria. Nissan brand and controls 51% of the capital of Espace Auto Ltd., the largest distributor in Bulgaria of Renault and Dacia cars. The company is also the owner of 51% of EA Properties Ltd., which owns the terrain and showroom of Nissan, Renault and Dacia in Sofia.

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

July 7, 2021 was the deadline for subscription of shares from the capital increase of Eurohold Bulgaria AD, as the company attracted over BGN 157 million (EUR 80.5 million) through a public offering of new shares on the Bulgarian Stock Exchange (BSE).

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

Eurohold increased the capital of the Eastern European Electric Company II BV.

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

The increase was made in accordance with the applicable provisions of Dutch law through a cash contribution of EUR 65 600 000 through the issuance of 1000 new shares with a nominal value of EUR 1, the difference being placed in the premium reserve.

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

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

In July 2021, Eastern Electric Company III B.V. was incorporated as a wholly owned subsidiary of Eastern Electric Company II B.V. - subsidiary of Eurohold Bulgaria plc.

Eastern European Electric Company III B.V. is the sole owner of the capital of Eastern European Electric Company B.V.

Eurohold finalizes the acquisition of CEZ Group's business in Bulgaria

On July 27, 2021, Eurohold Bulgaria AD officially finalized the acquisition of seven subsidiaries of the Czech energy company CEZ Group in Bulgaria. The deal is worth 335 million euros and is implemented through the European Electric Company BV, which is 100% owned by Eurohold.

As a result of the transaction, Eurohold acquired 67% of the largest electricity distributor in Bulgaria - CEZ Distribution Bulgaria (with 40% market share) and the largest electricity supplier - CEZ Electro Bulgaria, as well as 100% of the capital of the largest the largest licensed electricity trader - CEZ Trade Bulgaria. Eurohold Bulgaria AD also acquires the IT services company CEZ ICT Bulgaria, the photovoltaic park Free Energy Project Oreshets, the biomass electricity production company Bara Group, and CEZ Bulgaria, which coordinates and manages the activities of all CEZ companies in Bulgaria.

With the acquisition and integration of CEZ Group's assets, Eurohold will provide services to more than 7 million customers and will have over 6,000 employees in 13 countries in Central, Eastern and South-Eastern Europe (CEEC). The subsidiaries of CEZ Group in Bulgaria have over 3,000 employees and serve nearly 3 million customers, including in the most populated southwestern part of the country and the capital Sofia. Prior to the transaction, Eurohold had more than 3,000 employees and provided services to about 4 million customers in 11 CEEC countries, mainly through its insurance sub-holding Euroins Insurance Group AD (EIG).

Eurohold kept a large part of the management team of CEZ Bulgaria in order to preserve the experience gained over the years.

Eurohold, with the support of its division Euro-Finance AD, finances the acquisition of the divisions of CEZ Group in Bulgaria through a combination of own funds raised through capital increase and public offering of new shares on the Bulgarian Stock Exchange (BSE), as well as through complex by its structure external financing, including strategic investment and syndicated loan with the participation of commercial banks and international financial institutions. The strategic investment is of Metric Capital Partners and in it the investment bank J.P. Morgan AG participates as an exclusive financial consultant and an exclusive manager and intermediary. In the syndicated loan J.P. Morgan AG participates as a leading and exclusive manager, contractor and organizer. The other participants in the union are: Bank of China Luxembourg, Raiffeisen bank International, Raiffeisen bank Bulgaria and UniCredit Bulbank - underwriters and authorized leading managers; The Black Sea Trade and Development Bank (BSTDB), DSK Bank, the European Bank for Reconstruction and Development (EBRD) and OTP Bank - Authorized Lead Managers; Eurobank Bulgaria, the International Investment Bank (IIB) and United Bulgarian Bank - leading managers.

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

With a decision of 19.08.2021, the Financial Supervision Commission approved a prospectus for admission to trading on a regulated market of a bond issue of Eurohold Bulgaria AD in the amount of

EUR 30,000,000, divided into 30,000 ordinary, registered, dematerialized, interest-bearing, secured, non-convertible and freely transferable bonds with ISIN code BG2100013205, with nominal and issue value of one bond EUR 1,000, with a fixed annual interest rate of 3.25%, payable over a 6-month period, with issue date 26.11.2020 and date at maturity on November 26, 2027, with repayment of the principal once at maturity together with the last interest payment.

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

Change in the composition of the Supervisory Board of the parent company and withdrawal of the Proxy of the Prokurist

At the regular General Meeting of Shareholders of Eurohold Bulgaria AD held on 30.06.2021, a decision was made to dismiss Lyubomir Stoev from his position as a member of the Supervisory Board of the Company. The GMS elects a new member of the Supervisory Board, namely Ivaylo Krasimirov Angarski.

With a decision of the Management Board on 16.07.2021, entered in the Commercial Register on 26.07.2021, a decision was made to revoke the power of attorney of the procurator Hristo Lyubomirov Stoev to represent Eurohold Bulgaria AD. The decision was taken after a request was received from Hristo Stoev for termination of the power of attorney contract concluded with Eurohold Bulgaria AD.

Eurohold acquires new shares from the capital of EUROINS INSURANCE GROUP AD

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

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

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

EBRD has acquired a stake in Euroins Insurance Group

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

Eurohold Bulgaria AD also participates in the capital increase of its subsidiary with a contribution of BGN 15 million. The purpose of the increase is to ensure the development and growth of the biggest subsidiary within the Group - Euroins Romania Asigurare-Reasigurare S.A., as well as to support the activities and growth of the insurance group in Georgia, Greece, Northern Macedonia, Poland and Ukraine.

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

The reduction of the capital of Euroins Insurance Group AD was made by invalidating 19,229,057 ordinaries, registered, available, non-preferred shares, after their preliminary acquisition by the company itself;

The capital increase of the company with cash contributions was made as follows:

- The shareholder Eurohold Bulgaria AD has acquired 15,060,813 newly issued ordinary, registered, available, non-preferred shares at their issue value;
- The European Bank for Reconstruction and Development (EBRD) has acquired 36,965,187 newly issued ordinary, registered, available, non-preferred shares at their issue value;
- The shareholder in Euroins Insurance Group AD - Basildon Holding S.a.r.l. has stated that he is not interested in subscribing shares from the planned capital increase, as well as to participate in the above-described procedure for simultaneous increase and decrease of the Company's capital.

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

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

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

- 76,981,791 available, registered, preferred shares with nominal value: BGN 1 each.

On October 7, 2021, Eurohold Bulgaria AD, as part of a package transaction on the acquisition of a minority stake in the shares of Euroins Insurance Group AD, transferred to the EBRD 20,082,844 shares with a par value of BGN 1 each.

The Financial Supervision Commission approved the adjusted bids of Eastern European Electric Company B.V. (EEEC)

On 11 October 2021, the Financial Supervision Commission approved the revised bids of Eastern European Electric Company B.V. (EEEC) - the holding company consolidating the energy business of Eurohold Bulgaria AD through its subsidiary Eastern European Electric Company BV, for the acquisition of the remaining 33% of the capital of the electricity distributor - CEZ Distribution Bulgaria AD, and the electricity supplier - CEZ Electro Bulgaria AD. At present, the EEEC owns 67% of the capital of both companies.

Information about the parameters of the bids:

- regarding CEZ Distribution Bulgaria AD

- Number of shares, subject of the Tender Offer: 636,240 shares;

- Offered price per share: BGN 291.00;

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

- Term and manner of payment of the price from the Trade Bidder: the price of the shares acquired as a result of the Bid shall be paid to the shareholders no later than 7 working days after the expiration of the term of acceptance of the Bid, namely by 22.11.2021., including.

- regarding CEZ Electro Bulgaria AD

- Number of shares, subject of the Tender Offer: 1,650 shares;

- Offered price per share: BGN 26,904;

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

- Term and manner of payment of the price from the Trade Bidder: the price of the shares acquired as a result of the Bid shall be paid to the shareholders no later than 7 working days after the expiration of the term of acceptance of the Bid, namely by 22.11.2021., including.

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

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

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

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

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

The AGM elected Grant Thornton OOD, UIC 831716285, to perform an independent financial audit of the individual and consolidated financial statements of Eurohold Bulgaria AD for 2021. Grant Thornton Ltd. is listed under number 032 in the register under Article 20 of the Independent Financial Audit Act in Bulgaria and is a member of GRANT THORNTON INTERNATIONAL LIMITED.

Eurohold Bulgaria bought the minority share held by Basildon Holding S.a.r.l. in the capital of Euroins Insurance Group

In 2021, Eurohold Bulgaria AD acquired a total of 21 989 329 shares in the capital of its subsidiary Euroins Insurance Group AD.

On 3.11.2021, the final transfer of shares amounting to 10,681,773 shares was carried out, thus finalising the commitment to buy the shares held by - Basildon Holding S.a.r.l.

The acquisition is being carried out in accordance with an agreement signed by Eurohold Bulgaria AD in 2018 to acquire the minority shareholding of 10.64% (at the date of signing the buyout agreement) of the capital held by the other shareholder, Basildon Holding S.a.r.l., of its insurance holding subsidiary, Euroins Insurance Group AD

Subsidiary holding Auto Union contracts sale of Star Motors - official importer of MAZDA

On 16 November 2021, Eurohold's automotive holding company Auto Union AD signed an agreement for the sale of its subsidiary Star Motors Ltd - the official importer of MAZDA brand vehicles for Bulgaria and the Republic of North Macedonia.

The deal for the sale of Star Motors Ltd. was finalized on 11.5.2022 with the signing of a definitive agreement. The new owner was entered in the Commercial Register on 17.5.2022.

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

CORPORATE INFORMATION

EUROHOLD BULGARIA BEGAN ITS HISTORY 26 YEARS AGO

✓ EUROHOLD BULGARIA BEGAN ITS HISTORY 26 YEARS AGO

EUROHOLD BULGARIA AD is a holding company established on 12 December 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 strengthens the position of the newly created holding company Eurohold Bulgaria AD as one of the largest groups in Bulgaria with significant potential for future development, substantial equity capital and financial resources.

✓ 2010 - CHOICE OF BUSINESS MODEL AND CONCEPT

Upon its establishment, Eurohold Bulgaria owns a number of subsidiaries operating in the insurance, leasing, real estate and tourism management, industrial and other sectors. In 2010, the Company's management took a decision to restructure its investments, designating as strategic its investments in companies operating in insurance, leasing, automotive, as well as investment intermediation and asset management.

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

✓ 2006 - 2021 - EXPANSION AND ORGANISATIONAL GROWTH

During the period, Eurohold acquired a number of companies by expanding its market position in all segments in which it operates.

Eurohold is achieving strong growth in its insurance business through acquisitions and organic growth in the region of Central, Eastern and South-eastern Europe, including Bulgaria. Eurohold through Euroins Insurance Group AD (EIG) operates in 14 European countries, owning subsidiaries in Bulgaria, Romania, Northern Macedonia, Ukraine and Georgia. Euroins Insurance Group AD also operates in Greece and conducts niche operations in Spain, Poland, Italy, Great Britain, the Netherlands, Germany and others.

✓ 2021 - ACQUISITION OF ENERGY BUSINESS AND NEW BUSINESS STRATEGY

In 2021, Eurohold Bulgaria acquired the assets of CEZ Group in Bulgaria.

After the acquisition of the energy companies, Eurohold has identified its investments in the insurance and energy businesses as strategic and core to its activities.

✓ TODAY - A LEADER IN EUROPE

The largest public holding in Bulgaria. One of the leading independent companies in Southeast Europe (SEE) with a focus on the development of two strategic pillars - energy and insurance.

Recognizable brand worldwide.

EUROHOLD BULGARIA AD

Company data

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

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

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

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

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

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

Share capital

Eurohold Bulgaria AD is registered with initial capital in the amount of BGN 50,002,586, distributed in 50,002,586 ordinary, non-preferred, registered, dematerialized shares, with one vote at the General Meeting of Shareholders, dividend and liquidation share, with a nominal value of BGN 1 each. 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 preparation of this activity report, the capital of Eurohold Bulgaria AD amounts to BGN 260,500,000, divided into 260,500,000 ordinary, non-preferred, registered, dematerialized shares, with voting rights, dividend rights and liquidation shares, with a nominal value of BGN 1.00 each.

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

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

As of 31.12.2021 and as of the date of preparation of the present activity report the Company has not purchased, respectively does not hold own shares.

As of 31 December 2021, 77,227 shares of Eurohold Bulgaria AD were held by companies in the Eurohold Group (as of 31 December 2020 - 97,227 shares). All shares issued by Eurohold Bulgaria AD provide their holders with the right to vote at the General Meeting of the Company.

The body that is competent to make decisions in connection with the increase of the capital of the Company is the General Meeting of Shareholders.

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

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

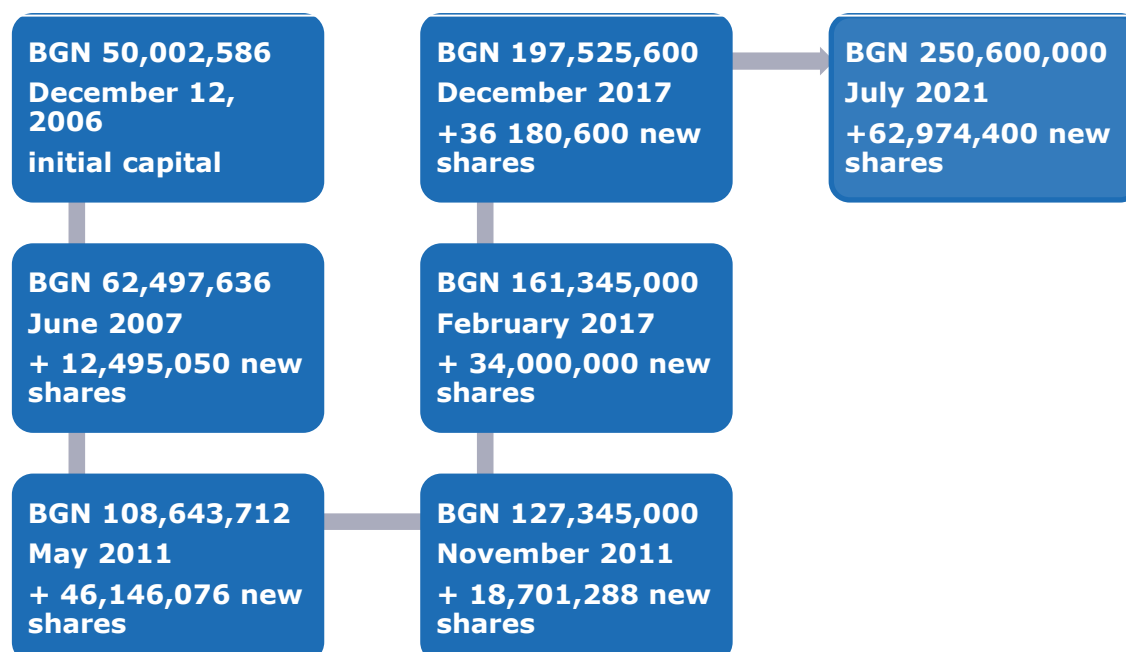
The funds raised from all the increases in the share capital of the Company were used to support the subsidiaries and to reduce the long-term indebtedness of the Company.

In 2021, an increase in the share capital of the Company was made under the conditions of public offering of securities as a result of subscribed 62,974,400 new, registered, dematerialized, non-preferred shares, voting shares, each with a nominal value of BGN 1. and an issue value of BGN 2.50 With such a structured increase, the amount of the share capital increased to BGN 260.5 million (BGN 197.5 million at the end of 2020) and an additional premium reserve was recorded for the issuance of securities of BGN 94.5 million. BGN, which increased the total amount of the premium reserve to BGN 144 million.

The funds raised from the public offering of the new shares from the company's capital were used to finance the acquisition of CEZ Group's assets in Bulgaria and a contribution to the capital of the subsidiary Euroins Insurance Group AD.

CHANGES IN SHARE CAPITAL

The chart below shows the history of all share capital increases since the establishment of the company until today



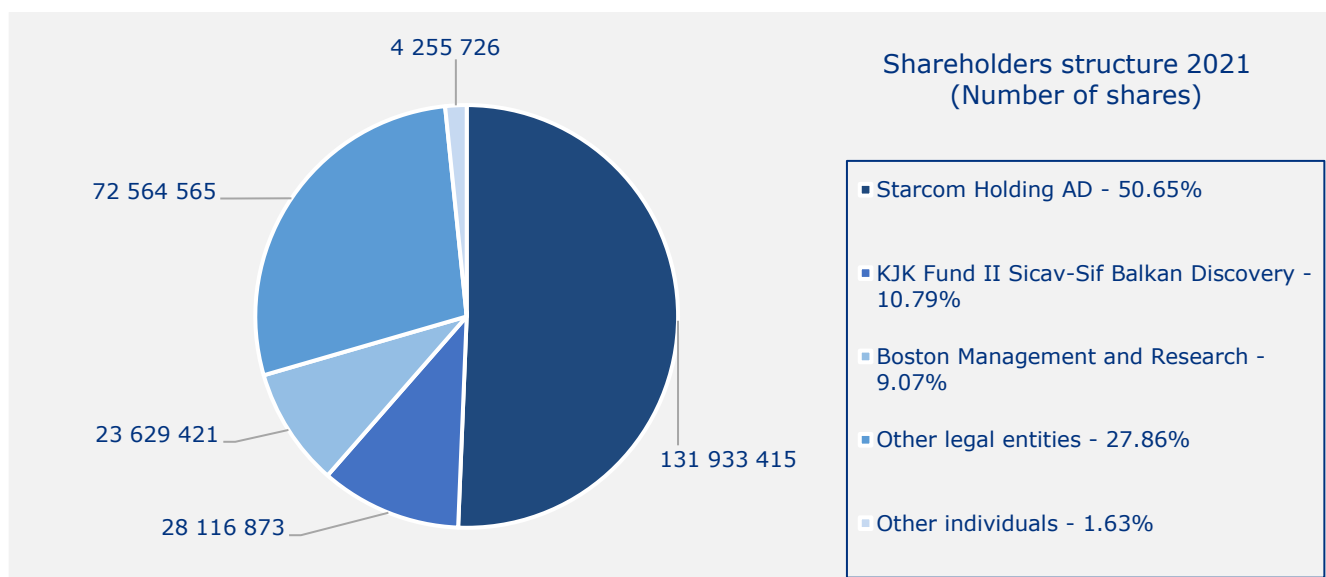
All increases in the share capital of Eurohold Bulgaria were made under the conditions of public offering of shares of the same type and class as the initially registered issue of shares, with a nominal value of BGN 1.00 (one) each.

At this time, there is no other increase in the share capital of the company that is in progress or for which a decision has been taken by the competent authority.

Capital structure

As of 31.12.2021 and as of the date of preparation of this Activity Report there are only three persons who have a direct share participation in the amount of 5 or more per cent of the voting shares in the general meeting of the company.

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



The majority shareholder in Eurohold Bulgaria is Starcom Holding AD, holding 131,933,415 shares. shares as of 31.12.2021 representing a controlling interest of 50.65% of the capital of Eurohold. Starcom Holding AD is a holding company registered in the Republic of Bulgaria, which carries out its activities in accordance with Bulgarian legislation.

KJK FUND II SICAV-SIF BALKAN DISCOVERY is the second major shareholder in Eurohold Bulgaria AD, which has a qualifying holding in the capital of the Company. At the end of 2021 KJK FUND II SICAV-SIF BALKAN DISCOVERY owns 28,116,873. shares representing 10.79% of the issued shares from the capital of Eurohold.

Boston Management and Research owns 23,629,421. shares representing 9.07% of Eurohold's share capital through the following funds managed by it:

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

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 registered office and address: 191, Ruski Blvd., Etropole 2180. The company was established indefinitely. The registered capital of the company amounts to BGN 66,900,000, divided into 669,000 ordinaries, registered, available shares with a nominal value of BGN 100 each. The shares of Starcom Holding AD are not allowed to trade on a regulated market.

The scope of activity of Starcom Holding AD is acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies, acquisition, evaluation 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 participates.

Starcom Holding AD has a one-tier management system - a Board of Directors consisting of three people - Assen Milkov Hristov - Executive Director, Kiril Ivanov Boshov - Chairman of the Board of Directors and Velislav Milkov Hristov - Member of the Board of Directors. Starcom Holding AD is represented by the Executive Director Assen Hristov.

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

Eurohold Bulgaria AD is part of the economic group of its majority shareholder Starcom Holding AD. As of the date of this Report, Eurohold is the main and most significant investment of Starcom Holding AD.

Direct and indirect control exercised over Eurohold Bulgaria AD

➤ Direct control

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

➤ Indirect control

Eurohold Bulgaria AD is indirectly dependent on individuals, 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 persons described above.

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

Dividend policy

The company's policy regarding the distribution of dividends is in accordance with the requirements of the current regulations in the country and the Articles of Association of Eurohold Bulgaria AD (Article 64 of the Articles of Association), which does not contain any restrictions on the distribution of dividends to any shareholders.

Eurohold Bulgaria maintains a dividend distribution policy, and from 2015 to 2021 inclusive a dividend was distributed from the Company's profits, as follows:

- ✓ In 2015, a dividend of BGN 582,714 was distributed.
- ✓ In 2016, a dividend of BGN 365,680 was distributed.
- ✓ In 2017, a dividend of BGN 1,613,450 was distributed.
- ✓ In 2018, a dividend 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
- ✓ In 2021, Eurohold Bulgaria did not distribute a dividend

When making a decision on dividend distribution, a balance between the benefits of the shareholders and the company is observed.

GOVERNING AND CONTROL AUTHORITIES

Management system

Eurohold Bulgaria AD has a two-tier management system:

- Supervisory Board, consisting of six individuals;
- Management Board, consisting of five individuals
- The company has one appointed Procurator.

Members of the Supervisory Board as of 31.12.2021

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

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

Members of the Management Board as of 31.12.2021

Kiril Ivanov Boshov	Asen Minchev Minchev	Velislav Milkov Hristov
Chairman and Executive Member	Executive member	Member
Asen Emanuilov Asenov	Razvan Stefan Lefter	
Member	Independent member	

In 2021 there was no change in the composition of the Management Board of the Company.

Procurator as of 31.12.2021

Milena Milchova Guencheva
Procurator

With a decision of the Management Board on 16.07.2021, entered in the Commercial Register on 26.07.2021, a decision was made to withdraw the authorization of the procurator Hristo Lyubomirov Stoev to represent Eurohold Bulgaria AD. The decision was taken after a request received from Hristo Stoev for termination of the power of attorney contract concluded with Eurohold Bulgaria AD

Detailed information on qualification, professional experience and other significant participations of the members of the Supervisory and Management Board and the Procurator of the Company is available in the section „Additional information about the parent company“.

Eurohold Bulgaria AD is represented jointly by the two executive directors or by one executive director and procurator.

The activity of the Company does not depend on the individual professional experience or qualification of other employees.

Audit Committee

As of May 2009, the Company has established an Audit Committee.

In accordance with Art. 107, para. 7 of the Independent Financial Audit Act (PDPA), the Audit Committee of Eurohold Bulgaria AD has adopted Rules of Procedure, which regulate the activities of the Audit Committee. The Rules of Procedure define the functions, rights and obligations of the Audit Committee regarding financial audit and internal control, as well as its relations with the registered auditor and the management bodies of the company and are described in detail in the Corporate Governance Statement.

The purpose of the Audit Committee is to assist the Company's management in fulfilling its obligations for the integrity of the unconsolidated and consolidated financial statements, assessing the effectiveness of internal financial control systems and monitoring the effectiveness and objectivity of internal and external auditors.

Composition of the audit committee:

Ivan Georgiev Mankov
Independent member and
Chairman of the Audit
Committee

Dimitar Stoyanov Dimitrov
Member of the Audit
Committee

Rositsa Mihailova Pencheva
Independent member of the
Audit Committee

Remuneration Committee

Information on the Remuneration Committee

Eurohold Bulgaria AD does not have an appointed Remuneration Committee. The functions of the Remuneration Committee are performed by the Supervisory Board of Eurohold Bulgaria plc within the meaning of Article 21, par. 3 of Regulation No. 48 of the FSC.

The Supervisory Board of Eurohold Bulgaria AD, in performing its functions as Remuneration Committee, has the following powers:

- To prepare and propose for approval by the general meeting of shareholders a remuneration policy;
- To approve the individual remuneration of Board members and executive directors, subject to this Policy, and to evaluate the performance of executive directors;
- If necessary, to make recommendations to the Management Board and the Executive Directors of Eurohold Bulgaria AD in determining the remuneration of employees in other managerial positions;
- To monitor the level and structure of remuneration of executive directors and other senior executives in the company;
- To monitor and oversee compliance and compliance practices in the implementation of the approved Remuneration Policy, for which they have a right of access to information enabling them to exercise this power.

The members of the Supervisory Board shall exercise their functions relating to the Remuneration Policy independently and in good faith, and shall be entitled to use a consultant for the purpose of obtaining information on market standards for remuneration systems, after satisfying themselves of the absence of any conflict of interest and subject to the conditions described in Article 22(1). 3 of Regulation No 48 of the Financial Supervision Commission of 20 March 2013 on remuneration requirements. The Supervisory Board shall report on the exercise of its functions as remuneration committee to the general meeting of shareholders.

BUSINESS OPERATIONS

MAIN ACTIVITY

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

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

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

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

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

ECONOMIC GROUP

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

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

As of the date of this report, Eurohold Bulgaria has stakes in 45 companies

<i>direct participation</i>	<i>indirect participation</i>
» 5 subsidiaries	» 2 specially created companies for energy business development
	» 37 operating companies
	» 1 associated company

ORGANIZATIONAL STRUCTURE OF THE ECONOMIC GROUP EUROHOLD BULGARIA AS OF 31.12.2021

STARCOM HOLDING AD (Bulgaria)					
EUROHOLD BULGARIA AD (Bulgaria) - 50.65%					
Business sectors:	INSURANCE	LEASING	ENERGY	FINANCE	AUTOMOTIVE
Subsidiary companies	<i>Euroins Insurance Group AD, Bulgaria - 90.10%</i>	<i>Eurolease Group AD, Bulgaria - 90.01%</i>	<i>Eastern European Electric Company B.V. II., Netherlands - 100%</i>	<i>Euro-Finance AD, Bulgaria - 99.99%; IC Euroins AD - 0,01%</i>	<i>Auto Union AD, Bulgaria - 99.99%</i>
Operating companies	<i>Insurance Company Euroins AD, Bulgaria - 98.63%</i>	<i>Eurolease Auto EAD, Bulgaria - 100%</i>	<i>Eastern European Electric Company B.V. III, Netherlands -100%</i>		<i>Auto Italy EAD, Bulgaria - 100%</i>
	<i>Euroins Romania Asigurare Reasigurare S.A Romania - 98.54%</i>	<i>Eurolease Auto DOOEL, Northern Macedonia - 100%</i>	<i>Eastern European Electric Company B.V., Netherlands -100%</i>		<i>Auto Union Service Ltd., Bulgaria -100%</i>
	<i>Euroins Osiguruvanje AD, Northern Macedonia - 93.36%</i>	<i>Eurolease Rent a car EOOD, Bulgaria - 100%</i>	<i>CEZ Distribution Bulgaria AD, Bulgaria - 88.19%^①</i>		<i>Daru Kar EAD, Bulgaria - 100%</i>
	<i>IC EIG Re EAD, Bulgaria - 100%</i>	<i>Amigo Leasing EAD, Bulgaria - 100%</i>	<i>CEZ Information and Communication Technologies Bulgaria^②, Bulgaria -100%</i>		<i>Bulvaria EOOD, Bulgaria - 100%</i>
	<i>IC Euroins-Life EAD, Bulgaria - 100%</i>	<i>Autoplaza EAD, Bulgaria - 100%</i>	<i>CEZ Electro Bulgaria AD, Bulgaria - 69.34%^③</i>		<i>Bulvaria Sofia EAD, Bulgaria - 100%</i>
	<i>Private joint-stock company European travel insurance, Ukraine - 99,99%</i>	<i>Sofia Motors EOOD, Bulgaria - 100%</i>	<i>CEZ Bulgaria EAD, Bulgaria - 100%^④</i>		<i>Star Motors EOOD, Bulgaria - 100%</i>
	<i>Private joint-stock company ZK Euroins, Ukraine: - 92.62% direct - 5.74% indirect (via Private joint-stock company European Tourist Insurance, Ukraine)</i>	<i>Eurolease Auto AD, Romania: - 77.98% direct - 20.45% indirect (via Euroins Romania)</i>	<i>CEZ Trade Bulgaria EAD, Bulgaria - 100%^⑤</i>		<i>Star Motors DOOEL, Northern Macedonia-100%</i>
	<i>Euroins Claims I.K.E., Greece - 100%</i>	<i>Mogo Bulgaria EOOD, Bulgaria - 100%</i>	<i>Free Energy Project Oreshets EAD, Bulgaria - 100%</i>		<i>Star Motors SH.P.K., Kosovo - 100%</i>
	<i>Euroins Georgia AD - Georgia - 50.04%</i>		<i>Bara Group EOOD, Bulgaria - 100%</i>		<i>Motohub EOOD, Bulgaria - 100%</i>
	<i>Private joint-stock company IC Euroins, Belarus - 100%</i>				<i>Motobul EAD, Bulgaria - 100%</i>
	<i>Russian insurance company Euroins OOO, Russia - 48.61% (associate)**</i>				<i>Papar Pro S.R.L., Romania - 99%</i>
					<i>Benzin Finance EAD, Bulgaria - 100%</i>
					<i>China Motor Company Bulgaria - 80%</i>

*Effective from 27.07.2021 after the acquisition of the CEZ Group energy companies in Bulgaria

** Associate

! As of the date of this Report, the names of some of the companies in the Energy Group have changed as follows:

- ① Electrodistribution Grid West AD
- ② Electrohold ICT EAD
- ③ Electrohold Sales AD
- ④ Electrohold Bulgaria EOOD
- ⑤ Electrohold Trade EAD

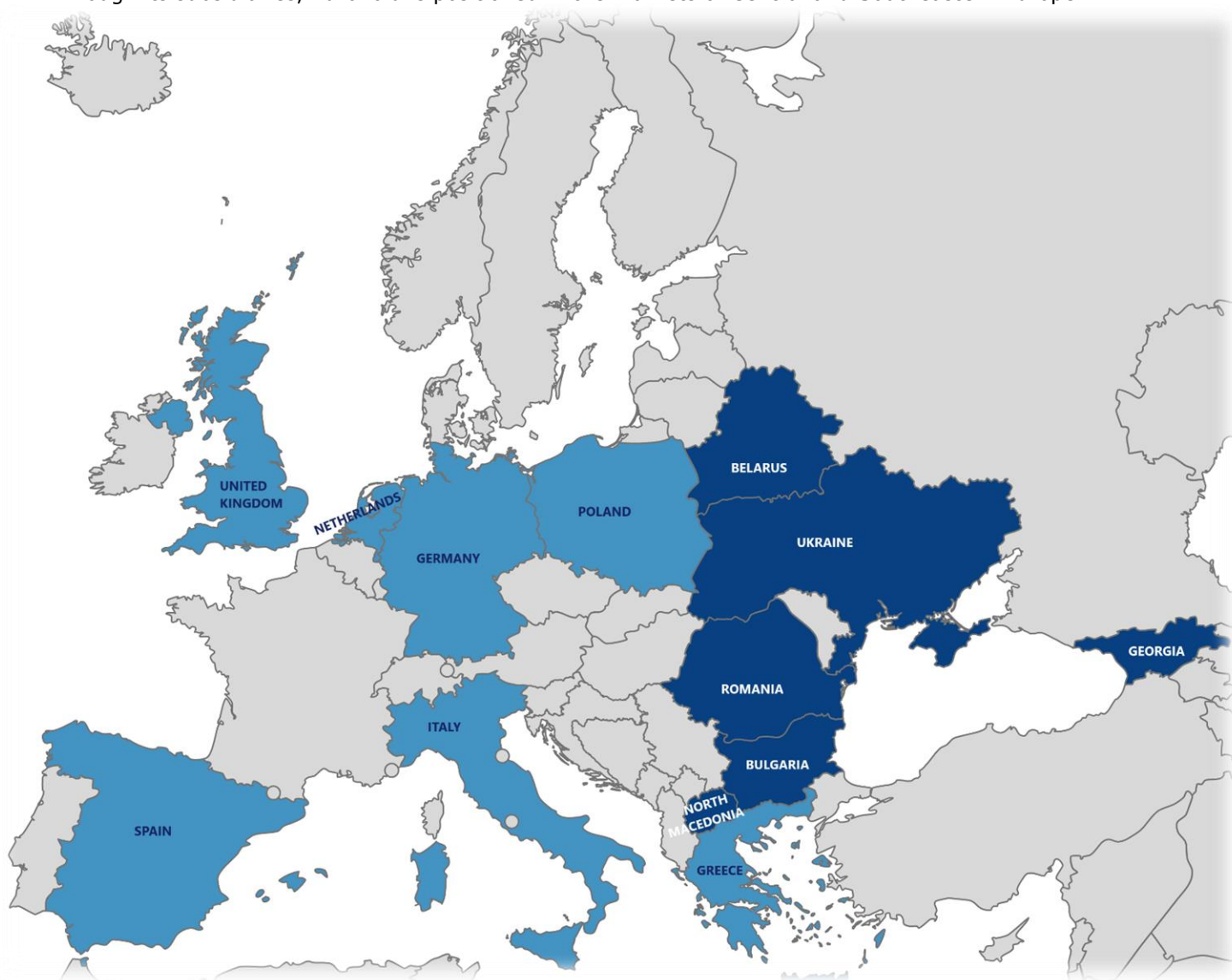
TYPES OF SERVICES AND PRODUCTS OFFERED BY THE EUROHOLD GROUP, REGIONAL PRESENTATION

Eurohold Bulgaria AD as a holding company does not develop independent production and/or trading activities or activities related to the provision of services. The Company's operating income is related to financial operations in the acquisition and management of subsidiaries, therefore, it is classified in the financial sector.

Through its subsidiaries, Eurohold offers a full range of services and products in the insurance, energy, automotive, leasing and financial investment segments.

Types of services and activities by business segments and main markets - regional performance

Through its subsidiaries, Eurohold is positioned in the markets of Central and Southeastern Europe.



Subsidiary companies
 Insurance services distributed under the right to: freedom of establishment and freedom to provide services

Regional performance by service/product type

INSURANCE

Services and products provided

Country

» General Insurance	Bulgaria; Romania; North Macedonia; Ukraine; Georgia; Belarus
» Life Insurance	Bulgaria
» Travel insurance	Ukraine
» Liquidation of damages - motor claims	Greece
» Insurance services distributed under freedom of establishment and freedom to provide services	Italy, Greece (branch), Spain, Poland, Germany, the Netherlands and the UK (in these markets IC Euroins AD operates)

ENERGY

Services and products provided

Country

» Access to and transmission of electricity through the electricity distribution network and connection of new consumers to the electricity distribution network	Bulgaria
» Public electricity supply	Bulgaria
» Trade in electricity	Bulgaria
» Comprehensive information, communication and technology services	Bulgaria
» Commercial consulting, purchase and sale of equipment and materials	Bulgaria
» Production and trade with energy from renewable sources	Bulgaria

INVESTMENT INTERMEDIATION AND MANAGEMENT ON ACTIVISM

Services and products provided

Country

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

AUTOMOTIVE

Services and products provided

Country

» Sale of new cars	Bulgaria, North Macedonia
» Car repair services	Bulgaria
» Sale of spare parts	Bulgaria
» Import and sale of lubricants for vehicles	Bulgaria
» Fuel card operator	Bulgaria
» Showroom and service centre management	Bulgaria

LEASE

Services and products provided

Country

» Finance lease	Bulgaria, North Macedonia
» Operating lease	Bulgaria
» Rent a car services	Bulgaria
» Sale of used cars	Bulgaria

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

In Bulgaria, the leading business operations are energy companies (acquired at the end of July 2021), followed by insurance companies operating in the country, with the largest share being IC Euroins AD.

The insurance group has the broadest regional presence, operating in 13 markets in Europe, with Romania and Bulgaria having the largest volume of business of the insurance companies

You can read about the results of the activity and business development of the separate directions on pages 49 -95

Credit ratings assigned

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

Credit ratings assigned

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

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

 <p>Euroins Romania Insurer Financial Strength Rating "BB-"</p>	 <p>Euroins Bulgaria Long-term: BBB- Outlook: stable</p>  <p>IC EIG Re Long-term: BB+ Outlook: stable</p>  <p>Auto Union Long-term: BB+ Outlook: stable Short-term: C</p>
 <p>Euroins Bulgaria Insurer Financial Strength Rating "BB-"</p>	
 <p>EIG Re Insurer Financial Strength Rating "BB-"</p>	

More detailed information on the assigned credit ratings of Eurohold Bulgaria AD and its subsidiaries can be found on the websites of the respective rating agencies, namely: www.fitchratings.com and www.bcra-bg.com.

OVERVIEW OF GROUP RESULTS

This section presents the results of the Eurohold Group's activities on key indicators for 2021 and the comparative period 2020.

The data are based on the audited annual consolidated financial statements of Eurohold Bulgaria AD for 2021, prepared in accordance with applicable International Financial Reporting Standards (IFRS) adopted by the EU.

SUMMARY

The financial results in 2021 were significantly less affected by the continued impact of the Covid-19 pandemic, which is evident from the strong results achieved by each of the business groups in which we operate. In addition, the strong performance is due to the experience, flexibility and skills to deal with crisis situations on the part of the management and management of Eurohold and its subsidiaries.

Throughout 2021, we have been focused on sustainable returns for our shareholders and maintaining our financial stability.

The Eurohold Group generated revenues in 2021 in the amount of the group's record BGN 3.66 billion, which is BGN 2.24 billion more than the revenues for 2020 and realized a significant profit of BGN 62.85 million.

Apart from the achieved growths of all business groups presented in the consolidated financial statements of Eurohold Group, the consolidation of the new energy business for the first time for the group has a significant contribution to this growth, despite the reported results in only 5 / five / months. It is important to note that in the consolidated annual financial statements of Eurohold as of 31.12.2021 reports:

- » the partially achieved results of operations and generated profits of the newly acquired energy companies only for the period from the date of acquisition to the end of the reporting period, namely from 1 August 2021 (date accepted for accounting purposes) to 31 December 2021; and
- » total assets, liabilities and cash flows at the end of the reporting period 31 December 2021.

Among other things, in 2021 we made good progress on our transformation, and in all our business segments, we worked hard on digitalization of processes and development of digital and digital sales channels and subsequent customer service.

OTHER HIGHLIGHTS FROM THE 2021 ACTIVITY

1. Recalculation of data from the consolidated annual report for 2020 in connection with the reporting of changes in accounting policies

In 2021, the insurance subsidiary, Euroins Romania, will change its accounting policy regarding the methodology used to calculate technical provisions, as well as reclassify deferred regulatory fees. As a result of the change in accounting policy and other reclassifications, the following adjustments were made for 2020 and previous years:

- a) "Share of reinsurers in insurance reserves" - reported effect in the amount of BGN 189,660 thousand in increase, respectively recalculated to BGN 712,821 thousand from BGN 523,261 thousand;
- b) "Insurance reserves" - reported effect in the amount of BGN 368,988 thousand in increase, as they were recalculated to BGN 1,205,918 thousand. from BGN 836,930 thousand;
- c) "Other receivables" - reported effect in the amount of BGN 9,084 in decrease, as they were recalculated to BGN 189,185 thousand from BGN 198,271 thousand.
- d) "Net earned premiums" reported effect in the amount of BGN 5,557 thousand. in reduction, as they were recalculated to BGN 482,467 thousand. from BGN 488,024 thousand
- e) "Damages incurred, net from reinsurance" reported effect in the amount of BGN 21,954 thousand in increase, as they were recalculated to (BGN 305,716 thousand). of (BGN 283,762) thousand
- f) "Other operating expenses" reported effect of BGN 495 thousand in increase, respectively recalculated to (BGN 69,313 thousand) from (BGN 69,808 thousand)

The effects of the change in accounting policy in the consolidated statement of financial position as of 31.12.2020 and in the consolidated statement of profit or loss and the other comprehensive statement for 2020 can be traced in the "Notes to the consolidated financial statements for 2021", respectively in "Note 55.2" and "Note 55.3".

Throughout this comparative information report, financial data for the previous 2020 have been used, which have been recalculated and derived from the recalculated annual consolidated financial statements for 2020 available in the audited annual consolidated financial statements for 2021.

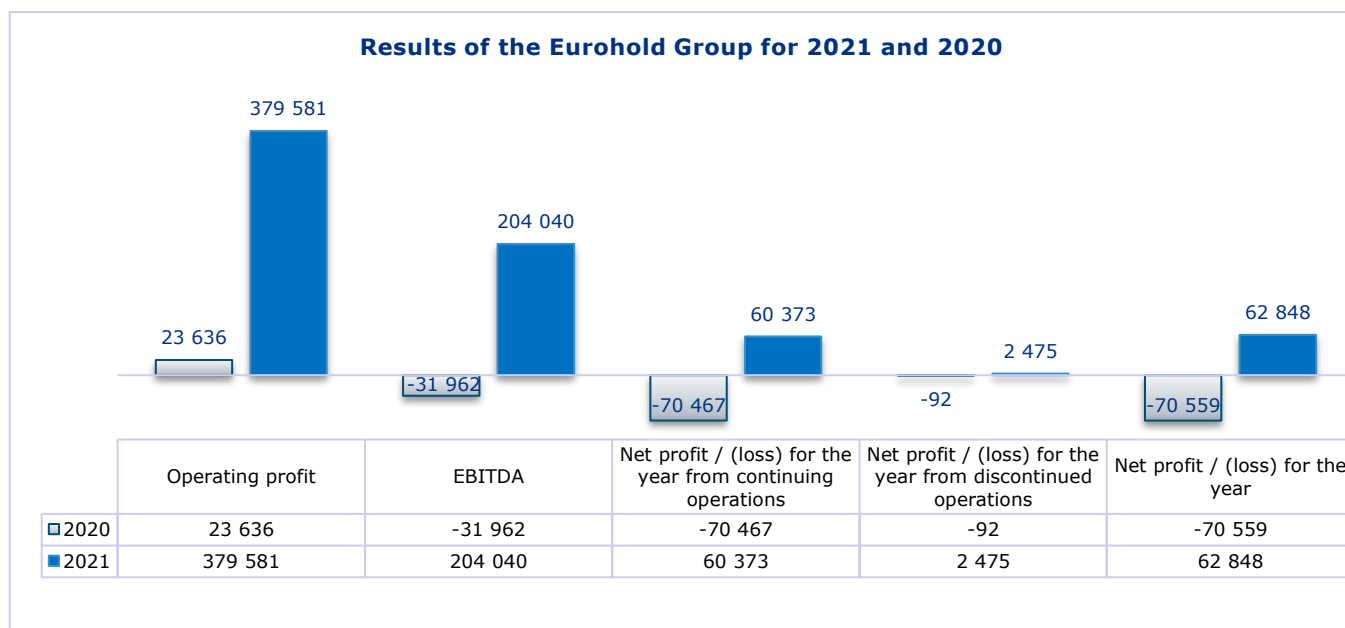
2. Presentation in the consolidated annual financial statements for 2021 of discontinued operations.

With respect to the finalized disposals or agreed upon disposals of subsidiaries within the Group, Eurohold in accordance with the requirements of IFRS 5, the items of income and expenses for the respective companies are presented as a result of discontinued operations and during the comparable period. Income and expenses, gains and losses relating to this group are eliminated from profit or loss from continuing operations of the Group and are presented separately in the consolidated statement of profit or loss and other comprehensive income - "Net profit for the year from discontinued operations". activities "

The operating profit of the disposal group up to the date of sale, the result of the revaluation and sale of assets and liabilities classified as held for sale and cash flows generated by discontinued operations and the disposal group can be traced in the Notes to the consolidated financial statements for 2021 ', respectively in' Note 51.3.1 ', ' Note 51.3.2 'and' Note 51.3.3 '.

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

CONSOLIDATED FINANCIAL RESULT



Eurohold Group reported for 2021 operating profit of BGN 379.6 million. The achieved operating result is higher by 1506% compared to the reported for the comparable period of 2020. This significant increase in operating activity is due to both the increase in operating results all the group's businesses, as well as the consolidation of the newly acquired companies in the energy segment.

The net financial result for 2021 from continuing operations is a profit of BGN 60.4 million, and that of discontinued operations in connection with companies sold or contracted for sale is BGN 2.5 million

The total profit for the reporting year is BGN 62.9 million, the amount related to the owners of the parent company is BGN 46.9 million, and for the non-controlling interest the profit is BGN 16 million.

During the comparable period of 2020 the group realized a net loss of BGN 70.5 million, of which the loss to the owners of the parent company is a loss of BGN 69.3 million, and that of the non-controlling interest BGN 1.2 million

Influence of external and internal factors on the activity

As in the previous reporting period, so in 2021, although to a much lesser extent, the factors influencing the group financial result are mainly related to the effects of Covid-19 on the group's business (mainly automotive and lease business), actions taken by the management of the subsidiaries to minimize the negative impact of the pandemic and support customers with flexible and individual solutions, increase expected credit losses and insurance reserves, all these factors leading to additional costs and losses.

Despite the constant efforts to cope with the unprecedented situation, there are factors that the management of the companies in the group cannot influence. Confirmation of this are some of our businesses that have been significantly affected by the epidemiological emergency and suffered significant losses in 2020. These are mainly companies whose operations are related to one of the most affected sectors - tourism, namely leasing direction and especially those offering short-term and long-term lease (car rental and operating lease) of cars, as well as our insurance company in Ukraine, specializing in offering insurance related to tourism. The other sector hit hard is the Automotive Division, which is still unable to fully restore its pre-pandemic sales, despite reported growth in car sales. It should also be taken into account that this is largely due to the sale of the automotive sub-holding Auto Union in mid-2021, three of the most profitable companies in the group, with the highest revenue.

REPORTED REVENUE

+ 157% increase in Group revenue

+74% increase in insurance revenue

First reporting of the results of the energy companies

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

The total revenues for 2021 at the consolidated level amount to BGN 3.66 billion, which marks a record growth of 157% compared to the realized consolidated revenues for 2020, when they amounted to BGN 1.42 billion.

Realised revenue by segment

Operating income by business segment:	change	consolidated operating revenue	
	%	31.12.2021	31.12.2020
Insurance revenue, including:	+74%	2 364 754	1 357 717
- gross premiums written from insurance	+50%	425 719	264 155
Revenue from energy activities	n/a	1 211 069	-
Revenue from automotive activity	+42%	46 419	32 702
Revenue from lease activities	+23%	26 653	21 628
Revenue from financial and investment activities	+30%	10 278	7 935
Revenue from parent company operations	-54%	1 392	3 028
Total consolidated revenue	+157%	3 660 565	1 423 010

» **The Insurance field** recorded the most significant increase in absolute terms of its operating income in segmental performance, amounting to BGN 1 billion (+74%). Revenues generated by insurers for 2021 total BGN 2.36 billion, of which gross premiums written from insurance amount to BGN 1.37 billion, with 49.6% growth recorded in this indicator. For the same period in 2020, the Group's insurance income amounted to BGN 1.36 billion, of which gross premiums written amounted to BGN 0.91 billion.

» **The Energy business** enters with partial results in the consolidated statement of Eurohold with revenues of BGN 1.21 million generated for five months, namely for the period from 1 August 2021 (the date of acquisition of the CEZ companies) to 31 December 2021. However, the revenues from the Energy segment reported in the consolidated annual report contribute significantly to Eurohold's strong group performance.

The Automotive group achieved an increase in its operating revenues by BGN 13.7 million, as the total revenues of this area from continuing operations amounted to BGN 46.4 million. The automotive division of Eurohold - Auto Union AD reported a good performance this year with 42% revenue growth against the background of the realized reduction of revenues in the range between 40% and 30% in the second, third and fourth quarters of 2020.

In general, the automotive business was severely affected by the adverse effects of the Covid-19 pandemic and reduced economic activity, disruptions in the automotive industry, disrupted supply chain in 2020, and during the reporting period there was a positive trend and resumption of consumer activity.

It is important to note that in the third quarter of 2021 Auto Union AD contracted and finalized a deal for the sale of car dealers with the brands Nissan, Renault and Dacia, as well as the company that owns the showroom and service in which these dealers operate. Also in May 2022, the company finalized the sale of Star Motors EOOD, the Mazda dealer, as contracts and a deal to sell Daru Car, which is expected to be finalized by the end of the second quarter of 2022. Apart from that, in connection with Eurohold's new strategic priorities, other deals for the sale of companies in the automotive segment in the near future

or even the entire automotive business are possible.

- » **The lease activity** also managed to compensate for the negative effect on its operations and realized a growth of 23% of its operating revenues, reporting a total of BGN 26.7 million of operating revenues. Companies in the lease segment, like the automotive segment, are not a priority for Eurohold after the acquisition of CEZ's energy companies, and in the near future it is possible to negotiate sales to companies from the lease sub-holding or even the entire lease business.
- » **The financial and investment activity** continues to follow its strong performance in 2021, reporting an increase in revenues of 29.5% after the realization of BGN 10.3 million of operating revenues. For 2020, Euro-Finance AD reported BGN 7.9 million in revenues.
- » **Eurohold Bulgaria AD**, as a holding company, does not perform regular commercial transactions and / or services. The main operating income of the holding company is of a financial nature, the most significant of which - profits from operations with financial instruments and subsequent valuations are manifested in different reporting periods and do not have a permanent manifestation. For the reporting period the Parent Company realized revenues in the amount of BGN 1.4 million compared to BGN 3 million for 2020.

The structure of consolidated revenues

After the acquisition of the energy companies there is a change in the structure of consolidated revenues summarized in the following table:

Revenues from operating activities by business segments:	revenues from operating activities	
	Share in 2021	Share in 2020
Revenue from insurance segment	64.6%	95.4%
Revenue from energy segment	33.1%	-
Revenue from automotive segment	1.3%	2.3%
Revenue from lease segment	0.7%	1.5%
Revenue from financial and investing activities segment	0.3%	0.6%
Revenue from parent company operations	0.0%	0.2%
Total consolidated revenue	100%	100%

In view of the significantly changed revenue structure following the acquisition of the energy business, Eurohold Bulgaria has met one of its strategic objectives to diversify its investment portfolio as well as reduce market risk and the risk of economic cyclicality.

REPORTED OPERATING EXPENSES

+ 134% increase in
Group's operating
expenses

+63% increase in
operating expenses from
insurance

First reporting of energy
activity costs

The Group's operating expenses directly reflect changes in campaign business volumes.

Reported operating expenses of BGN 3.28 billion are BGN 1.88 billion higher than those realized in 2020 due to the recognition of costs from energy activity and the growth in the businesses of the companies.

Operating expenses by business segment:	change	operating expenses	
	%	31.12.2021	31.12.2020
Insurance expenses	+63%	(2 201 911)	(1 354 735)
Energy activity expenditure	n/a	(1 031 279)	-
Accounting value of vehicles and spare parts sold	+7%	(30 234)	(28 375)
Lease expenses, including:	+16%	(1 263)	(7 702)
- Interest expenses	+2%	(3 582)	(3 517)
Expenditure on financial and investment activities	+12%	(7 511)	(6 712)
Operating expenses of the parent company	-41%	(1 084)	(1 850)
Total consolidated expenditure	+134%	(3 280 984)	(1 399 374)

Operating expenses increased due to an increase in insurance group expenses of BGN 847 million and the first reported expenses from energy business of BGN 1.03 billion.

The cost structure is identical to the revenue distribution and is also directly dependent on the type and size of the respective businesses, their growths or declines.

CONSOLIDATED OPERATING RESULT (GROSS PROFIT) BY SEGMENT

In BGN '000	Insurance	Energy	Automotive	Lease	Investment bankers	Parent company	Gross profit of the Group
31.12.2021	162 843	179 790	16 185	17 688	2 767	308	379 581
31.12.2020	2 982	-	4 327	13 926	1 223	1 178	23 636
Change in BGN '000	159 861	179 790	11 858	3 762	1 544	-870	355 945
Change %	+5361%	n/a	+274%	+27%	+126%	-74%	+1506%

The largest contributors to operating profit growth are the insurance and energy groups, which are also Eurohold's most significant business structures.

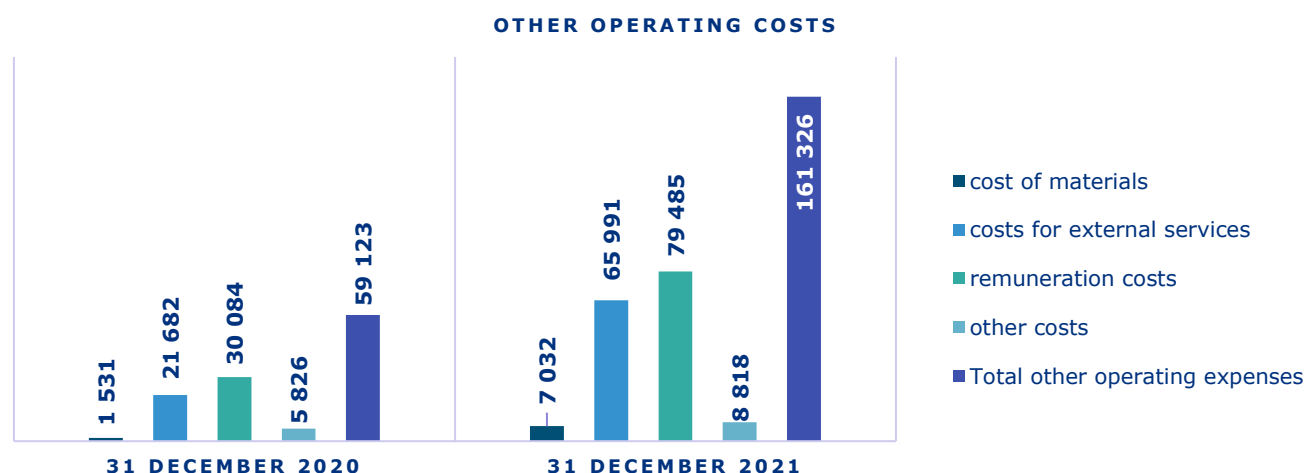
OTHER REVENUE/EXPENSES OF THE GROUP

In BGN '000	Other revenue/expenditure net	Financial revenue/expenditure Net	Goodwill impairment	Depreciation expense	Tax expenses	Group Total
31.12.2021	(175 541)	(52 736)	(20 174)	(60 226)	(10 531)	(319 208)
31.12.2020	(55 598)	(19 541)	-	(16 092)	(2 872)	(94 103)
Change in BGN '000	-119 943	-33 195	-20 174	-44 134	-7 659	-225 105
Change %	+216%	170%	n/a	+274%	267%	218%

⇒ **The Group's other operating income/expenses** presented net include the components listed in the table above. During the period other income/expenses increased by BGN 225 million or 239%. Of these:

- Expenditure of BGN 85.4 million is attributable to the energy business acquired at the end of July 2021,
- Expenses BGN 59.2 million of insurance business (2020: BGN 35.1 million);
- Expenses BGN 9.3 million on automotive business (2020: BGN 6.9 million);
- The automotive business received funding of BGN 2,199 million in 2021 (2020: BGN 2,240 million) in relation to addressing the impact of the Covid-19 pandemic under the Government's 60/40 Employment Retention Programme;
- Expenditure of BGN 8.8 million on lease business (2020: BGN 8.6 million).
- The Lease Business has received funding of BGN 257 million in 2021 (2020: BGN 227 million) in relation to addressing the impact of the Covid-19 pandemic under the Government's 60/40 Employment Retention Programme;
- Expenditure of BGN 2 million on finance and investment activity (2020: BGN 1.8 million);
- Expenditure of BGN 11.3 million on the parent company (2020: BGN 3.2 million).

- » The line item **"Other operating expenses"** in the consolidated statement of profit or loss and other comprehensive income summarizes: material costs, external service costs, remuneration costs, other expenses, the amounts of each of which are shown in the graph below:



⇒ **Financial income/expenses include:** financial expenses, financial income and net effect of exchange rate changes. For 2021, the total net amount of financial expenses is BGN 52.7 million. Increase by 170% compared to prior period is reported.

- » **Finance costs** aggregate interest expense, interest expense on right-of-use assets and other finance costs

- **Interest expenses** account for 85% of all financial expenses. For the year from 1 January to 31 December 2021, interest expense was BGN 46 million, an increase of BGN 26.7 million over the comparable period.

The largest interest expense is reported by the energy business, BGN 21.9 million, which mostly represents interest of the three holding companies uniting the energy business in the group on borrowings in connection with the acquisition of the CEZ group companies in Bulgaria.

The parent company reports interest expense of BGN 17 million in 2021, or an increase of BGN 2.9 million compared to the previous year.

The automotive group uses borrowed capital for working capital and bank guarantees for deferred payment. The amount of these borrowed funds is determined by the growth of the automotive business, transactions with corporate customers, inventories - vehicles and spare parts, etc. For 2021 the interest expense of the automotive group is BGN 1.4 million compared to BGN 1 million for 2020.

The insurance business does not require borrowed funds, therefore the interest expense reported by this business line represents a borrowed resource of the holding company Euroins Insurance Group. For the period under review, interest expense reported by the insurance holding company amounted to BGN 5.6 million and represents an increase of BGN 1.4 million compared to 2020.

⇒ At the end of 2021, **an impairment of goodwill** of the insurance and automotive businesses was made, respectively:

- » **Insurance:** the result of the test performed at the turn of the year shows that the recoverable amount of goodwill exceeds the carrying amount and there is no indication that this goodwill is impaired. However, the Group has elected to impair the goodwill arising on the acquisition of Euroins Georgia in relation to the underperformance of that company's financial performance reported following its acquisition, the commencement of hostilities in Ukraine on 24 February 2022 and the expected destabilization in the region. The goodwill impairment charge recorded amounted to BGN 654 thousand.
- » **Automobiles:** In 2021, based on the annual review of investments, the Group's management assessed that there were indicators of impairment of certain of Auto Union AD's subsidiaries. Factors such as the general downturn in the automotive industry, stock market volatility, and ongoing economic uncertainty have been taken into account, resulting in reduced demand for new vehicles and correspondingly declining revenues and margins, significant volume reductions and/or discontinued operations of investee companies in line with Group management's implementation of future plans. The loss of markets and the complication of transport logistics activities, as well as indications of a deteriorating trend in key financial indicators globally, necessitate impairment testing.

As a result of the assessments made, it was determined that an impairment loss on goodwill was required to be recognised in 2021. For 2021, goodwill impairment amounted to BGN 19,529 thousand, including a goodwill impairment charge of BGN 1,400 thousand recorded in relation to a company classified as held for sale.

FINANCIAL CONDITION

+ 110% Asset growth

+806% growth in trade
receivables

+52% increase in
Reinsurers' share in
insurance contract
liabilities

Assets

By the end of 2021, the Eurohold Group achieved a 110% increase in consolidated assets, which at the end of the reporting period amounted to BGN 3.81 billion compared to BGN 1.81 billion at 31 December 2020.

Consolidated assets are summarised in the following balance sheet groups: 'Accounts receivable'; 'Financial assets'; 'Cash, cash equivalents and term deposits', 'Non-current tangible and intangible assets'; 'Inventories'; 'Investments in associates and other financial investments'; 'Deferred tax assets', 'Assets held for sale' and 'Goodwill'.

Analysis of more significant assets

⇒ **Receivables** - The total amount of receivables, including current and non-current receivables increased by BGN 878 million for the reporting period compared to the end of 2020, reaching BGN 1.93 billion, of which:

» **Current receivables by type:**

Current receivables amount to BGN 1.85 billion (BGN 0.97 billion at the end of 2020) with an increase of 91%.

- » The largest share of current claims is the share of reinsurers in the technical reserves, which are close to BGN 1.1 billion and increase by BGN 372 million or 52% compared to 2020.
- » Insurance receivables amounted to BGN 194 million compared to BGN 149 million as at 31 December 2020, an increase of 30%.
- » Trade receivables increased significantly during the period by 806% from BGN 46 million to BGN 413 million:
 - receivables from customers and suppliers, net amounting to BGN 361.6 million (BGN 16.8 million at the end of 2020), of which receivables from the energy business amounted to BGN 350 million, net of impairment;
 - finance lease receivables in the amount of BGN 30.7 million (BGN 24.3 million at the end of 2020);
 - advances of BGN 21 million (BGN 3.3 million at the end of 2020);
 - other trade receivables BGN 0.05 million (BGN 1.3 million at the end of 2020).
- » Other current receivables after impairment also increased by 158% to BGN 153.3 million at the end of the reporting period compared to BGN 59.3 million at the end of 2020.

Non-current receivables:

Non-current receivables amount to BGN 82.3 million with a slight increase of BGN 31 million. They represent mainly finance lease receivables in the amount of BGN 51.2 million (BGN 50.5 million at the end of 2020).

⇒ **Financial assets** at 31 December 2021 held by Eurohold Group companies show an increase of BGN 85.7 million compared to the end of 2020 with their carrying amount at the end of the current period equal to BGN 427.7 million.

Financial assets are mainly held by insurance companies and amount to BGN 390.3 million, of which BGN 77 million are government securities; BGN 88.4 million corporate bonds; equity investments carried at fair value through profit or loss of BGN 194.3 million; and other financial assets carried at amortised cost of BGN 68 million.

⇒ As of 31 December 2021, the Eurohold Group has **free cash and deposits** with banks in the total amount of BGN 179.4 million, an increase compared to the end of 2020 of BGN 87 million, of which cash and cash equivalents amount to BGN 152 million compared to BGN 69 million at the end of 2020, incl. Cash amounts to BGN 2.5 million (BGN 3.6 million at the end of 2020).

⇒ **Investments in associates and other financial investments** decreased to BGN 3.4 million, these investments are owned by:

- **the insurance group:** in the amount of BGN 1 million at the end of the reporting period after the impairment of these assets. The carrying amount of investments in associates at the end of 2020 amounted to BGN 6.5 million. The investment of the insurance business represents an associate participation in RCO Euroins, Russian Federation.

The Group has not assumed contingent liabilities in connection with the shareholding in RMA Euroins OOD.

The Group has determined that there is significant influence due to the peculiarities of the legislation of the Russian Federation and in particular Law 4015-1 on the organization of insurance activities, which does not allow a foreign investor to own more than 49% of the capital of a local insurer for licensing for the purpose of carrying out insurance activity. These restrictions do not allow a foreign investor to control the activities of insurance companies in the country.

For the purposes of the consolidated financial statements of Eurohold Group, the investment is presented using the equity method in accordance with the applicable accounting standards.

- **Euro-Finance AD Investment Intermediary:** Investments in other companies owned by Euro-Finance AD are classified as long-term financial assets at fair value through profit or loss and are BGN 2.4 million (BGN 4.4 million at the end of 2020). . The complications are not significant.

⇒ **Reputation** - The Group's management has performed the necessary procedures to perform a test for impairment of recognized goodwill on the acquisition of subsidiaries, and for this purpose external appraisers have been hired. The evaluations were performed according to generally accepted international evaluation standards. In the test, it was accepted that each individual company appears as a "cash-generating entity" (CTM). Financial budgets, as well as other medium- and long-term plans and intentions for the development and restructuring of the Group's activities, have been used as a basis for pre-tax cash flow forecasts. The recoverable amount of each cash-generating unit is determined based on its value in use. The key assumptions used in the calculations are determined specifically for each company with goodwill, treated as a separate cash-generating unit, and according to its specifics of activity, business environment and risks.

Goodwill at the end of 2021 amounted to BGN 172.7 million. In 2021, an impairment totaling BGN 20.1 million was made and goodwill of BGN 2.5 million related to the acquisition of the CEZ Group companies was recognised.

⇒ **Net assets held for sale** - in connection with sold and agreed sales to companies from the Automotive Business, assets held for sale in the amount of BGN 11.5 million were carried away. The information is provided in detail in "Note 51.3. Exemptions and discontinued operations" from the consolidated financial statements for 2021.

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

Capital and Liabilities

-795% growth of total equity

+ 239% growth in Liabilities

+ 19% growth of the Insurance reserves

Equity

The total equity of Eurohold Group amounts to BGN 371 million, increasing by BGN 424 million compared to 31 December 2020. The equity belonging to the parent company amounts to BGN 183 million, while the capital belonging to the non-controlling interest, amounts to BGN 187 million. For comparison, at the end of 2020 the capital belonging to the parent company was negative in the amount of BGN 72 million and the capital belonging to the non-controlling interest was BGN 19 million.

The share capital of Eurohold Bulgaria AD has been increased in 2021 from BGN 197.5 million to BGN 260.5 million. The significant increase in Eurohold's capital is due to the successful increase in its share capital in mid-2021, with BGN 63 million new shares with a nominal value of BGN 1 at an issue value of BGN 2.5 and the difference between the issue value and the nominal value of BGN 94.5 million was allocated to premium reserves when issuing securities.

Subordinated debt instruments

In support of equity, the Group has subordinated debt instruments in the amount of BGN 41.6 million, which decreased compared to 31.12.2020 by BGN 35.3 million. The subordinated debt instruments are distributed as follows:

» Insurance business

Debent loan with a book value of BGN 19.56 million as of December 31, 2021, which was issued on December 18, 2014 in the form of 100 available, subordinated, unsecured bonds with a face value of EUR 100,000 each as of the date of issue. The agreed amount is EUR 10 million (BGN 19,558 thousand) and matures on December 18, 2021. The initial interest rate is 13% plus 3-month Euribor, subsequently reduced to 9.75% plus Euribor and due at the end of every six months. The debenture loan was repaid in full on January 5, 2022, together with the last interest payment.

Tier 1 capital is in the form of subordinated term debt from Starcom Holding AD with a book value of BGN 14.9 million as of December 31, 2021 and with a limit of EUR 12.6 million, interest rate 6% and repayment period not earlier than 5 years from the date of crediting the last tranche of the loan.

» Parent company

Following a decision of the Management Board, a partial repayment in the amount of BGN 25,932 thousand was made. A new contract for subordinated debt to Starcom Holding AD was concluded, with a limit of BGN 50,000 thousand. As of December 31, 2021, BGN 450,000 were used and the prepaid expenses for debt service and management amount to BGN 101 thousand. The subordinated debt has no fixed maturity and Starcom Holding AD cannot request its repayment, regardless of whether there is a case of default under the agreement. Eurohold Bulgaria AD has the right (but is not obliged) to repay amounts from the loan principal, corresponding to each consecutive tranche received after the expiration of 5 (five) years from the date of receipt of the respective tranche. Early collection of the principal of the subordinated debt is not allowed, except in cases of liquidation or insolvency, after payment of the amounts due to all privileged creditors, as well as to all other chirographic creditors. The interest due is 5% (five percent) on an annual basis on the attracted amounts for the period of their actual use.

As of 31 December 2021, the total amount of equity and subordinated debt instruments amounted to BGN 412 million (2020: BGN 24 million). The negotiation of subordinated capital contributes to maintaining the stable capital position of the Group.

Liabilities

The total liabilities of Eurohold Group amount to BGN 1.96 billion, reporting an increase of 239% compared to the comparable period, when their value amounted to BGN 578 million.

The Group's liabilities consist of "loans from banks and non-bank financial institutions"; "Debenture loan liabilities", "trade and other payables", "reinsurance liabilities", "deferred tax liabilities" and "liabilities directly attributable to assets held for sale".

Analysis of the more significant liabilities

» The majority of liabilities are **liabilities on loans to banks and non-bank financial institutions and bond loans**. The total amount of borrowings amounts to BGN 1.22 billion after an increase of nearly BGN 880 million compared to December 31, 2020, when they amounted to BGN 337.7 million.

Liabilities on loans from banks and non-banking institutions and bond issues:	31.12.2021 BGN '000	Change %	31.12.2020 BGN '000
To banks and non-bank financial institutions, including:	1 018 719	24%	174 341
- non-current liabilities	915 560	28%	118 948
- current liabilities	103 159	17%	55 393
By debenture loans, including:	198 776	4%	163 342
- non-current liabilities	56 728	-5%	139 559
- current liabilities	142 048	134%	23 783
Total liabilities on borrowed funds, including:	1 217 495	13%	337 683
- total non-current liabilities	972 288	7%	258 507
- total current liabilities	245 207	37%	79 176

» **Liabilities for reinsurance operations** increased by 155% and from BGN 46.9 million, taking into account the growth of the insurance business, reached BGN 119.4 million as of 31.12.2021.

Insurance reserves

The amount of the allocated insurance reserves as of 31.12.2021 is BGN 1.43 billion, and for the current reporting period they increase by BGN 225 million compared to the end of 2020.

Liabilities directly attributable to held-for-sale assets - in connection with contract sales to automotive companies, held-to-sale liabilities amounted to BGN 8.9 million. Information is provided in detail in Note "51.3. Exemptions and discontinued operations" from the consolidated financial statements for 2021.

CASH FLOWS

The consolidated statement of cash flows is composed of sections and articles in which cash flows are reflected according to the activity from which they originated, combined in operational, investment and financial activities.

Consolidated cash flows	Unit	2021	2020
Net cash flows from operating activities	<i>BGN '000</i>	(56 183)	(5 527)
Net cash flows from investing activities	<i>BGN '000</i>	(718 349)	(95 688)
Net cash flows from financing activities	<i>BGN '000</i>	858 215	78 325
Net increase / (decrease) in cash and cash equivalents	<i>BGN '000</i>	83 683	(22 890)
Cash and cash equivalents at the beginning of the year	<i>BGN '000</i>	68 800	91 690
Cash and cash equivalents at the end of the year	<i>BGN '000</i>	152 483	68 800

The cash holdings of the Eurohold Group at the end of 2021 amount to BGN 152,483 thousand, reporting a decrease of 122% compared to 2020. Of these, BGN 351 thousand are cash included in assets held for sale.

FINANCIAL INDICATORS

EUROHOLD GROUP FINANCIAL INDICATORS

(thousands BGN)

N:	Indicators:	2021	2020	2021/2020	
				value	percentage
Consolidated income statement					
1	Financial result before taxes from continuing operations	70 904	(67 595)	-45 006	204.9%
2	Financial result after taxes from continuing activities	60 373	(70 467)	-46 250	185.7%
3	Revenues from operating activities	3 660 565	1 423 010	-21 679	157.2%
4	Operating expenses	3 280 984	1 399 374	30 315	134.5%
Consolidated statement of financial position					
5	Total equity	370 506	(53 297)	423 803	795.2%
6	Liabilities and subordinated debt instruments	2 003 818	655 264	1 348 554	206%
7	Total assets	3 805 175	1 807 885	1 997 290	110%
8	Current assets	2 498 347	1 429 730	1 068 617	74.7%
9	Current liabilities	2 291 829	1 511 003	780 826	51.7%
10	Current receivables	1 845 607	966 999	878 608	90.9%
11	Financial actives	427 671	341 981	85 690	25.1%
12	Financial assets	152 132	68 800	83 332	121%
13	Inventories	33 168	26 634	6 534	24.53%
Information about the shares					
14	Share capital (issued)	260 500	197 526	62 974	31.9%
15	Share capital (issued)	227 470 766	194 413 860	33 056 906	17.0%
16	Net income per share, BGN	0.206	(0.357)	0.563	157.7%
17	Net income per share from continuing operations, BGN	0.202	(0.349)	0.551	157.9%
RATIOS					
Profitability:					
18	Gross return on equity ratio (1/5)	0.19	1.27	(1.08)	-85.04%
19	Net return on equity ratio (2/5)	0.16	1.32	(1.16)	-87.88%
20	Gross profitability ratio of liabilities (1/6)	0.04	(0.10)	0.14	140.00%
21	Net profitability ratio of liabilities (2/6)	0.03	(0.11)	0.14	127.27%
22	Gross return on assets ratio (1/7)	0.02	(0.04)	0.06	150.00%
23	Net return on assets ratio (2/7)	0.02	(0.04)	0.06	150.00%
Efficiency:					
24	Cost-effectiveness ratio (4/3)	0.90	0.98	(0.08)	-8.16%
25	Revenue efficiency ratio (3/4)	1.12	1.02	0.10	9.80%
Liquidity:					
26	Total liquidity ratio (8/9)	1.09	0.95	0.14	14.74%
27	Quick liquidity ratio (8-13)/9	1.08	0.93	0.15	16.13%
28	Immediate liquidity ratio (11+12)/9	0.25	0.27	(0.02)	-7.41%
29	Absolute liquidity ratio (12/9)	0.07	0.05	0.02	40.00%
Financial autonomy:					
30	Financial autonomy ratio (5/6)	0.18	(0.08)	0.26	325.00%
31	Leverage ratio (6/5)	5.41	(12.29)	17.70	144.02%

RESULTS OVERVIEW AND BUSINESS DEVELOPMENT OF THE EUROHOLD GROUP

INSURANCE

ENERGY

**ASSET
MANAGEMENT**

**CARS &
LEASING**

EUROHOLD BULGARIA



INSURANCE





Euroins Insurance Group

Subsidiaries

Insurance Company Euroins AD, Bulgaria

Euroins Greece (branch)

Euroins Romania Asigurare-Reasigurare SA

IC Euroins Life EAD, Bulgaria

IC EIG Re EAD, Bulgaria

Euroins Osiguruvanje AD, North Macedonia

Euroins Claims M.I.K.E., Greece

Euroins Travel Insurance PrAT, Ukraine

IC Euroins Ukraine PrAT, Ukraine

IC Euroins Georgia JSC, Georgia

CJSC IC Euroins, Belarus

Free provision of services

Italy

Spain

Poland

The Netherlands

Germany

Great Britain

Euroins Insurance Group is a holding company uniting Eurohold's investments in the insurance business.

INSURANCE

Overview of group insurance results

INSURANCE	Unit	Change 2021/2020 %	2021 BGN '000	2020 (recalculated) BGN '000
Gross premiums written	BGN '000	▲ 50%	1 367 460	914 365
Net premiums earned (incl. Net premiums earned + Other operating income - Other operating expenses)	BGN '000	▲ 39%	610 489	439 002
Claims occurred, net of reinsurance	BGN '000	▼ 1%	(303 594)	(305 716)
Administrative costs	BGN '000	▲ 22%	(55 864)	(45 637)
Acquisition costs, net of fee and commission income	BGN '000	▲ 70%	(220 361)	(129 331)
Accounting profit / (loss), before taxes	BGN '000	▲ 260%	83 255	(52 185)
Net profit / (loss), after taxes	BGN '000	▲ 244%	79 350	(54 966)
Financial assets, investment property and cash	BGN '000	▲ 9%	537 447	491 083
Receivables and other assets	BGN '000	▲ 26%	237 851	189 185
Reinsurers' share in technical reserves	BGN '000	▲ 52%	1 084 982	712 921
Total Assets	BGN '000	▲ 29%	2 072 640	1 610 940
Share capital	BGN '000	▲ 6%	576 243	543 446
Equity, incl. minority participation	BGN '000	▲ 64%	354 334	215 574
Liabilities, incl. Subordinated liabilities	BGN '000	▲ 23%	1 718 306	1 395 364
Insurance reserves	BGN '000	▲ 19%	1 430 936	1 205 918

(The data of the shown key indicators are based on audited consolidated financial statements of the insurance sub holding Euroins Insurance Group AD for 2021)

FINANCIAL INDICATORS INSURANCE GROUP

		(BGN '000)			
N:	Indicators:	2021	2020 (recalculated)	2021/2020	
COEFFICIENTS					
1	Financial autonomy ratio	0.21	0.15	0.06	40%
2	Debt / Equity ratio	4.85	6.47	-1.62	-25%
3	Assets covering the net technical provisions	224%	142%	82%	58%
4	Net combined ratio	87%	115%	-28%	-24%
5	Loss ratio	45%	73%	-28%	-38%
6	Administrative costs ratio	8%	11%	-3%	-23%
7	Acquisition costs ratio	33%	-23%	-10%	7%
8	Gross return on equity	23%	-24%	47%	-196%
9	Net return on equity	22%	-25%	47%	-188%
10	Gross return on liabilities	5%	-4%	9%	-225%
11	Net return on liabilities	5%	-4%	9%	-225%
12	Gross return on assets	4%	-3%	7%	-233%
13	Net return on assets	4%	-3%	7%	-233%

In 2021, Euroins Insurance Group (EIG) generated gross premium income on a consolidated basis amounting to BGN 1.367 billion compared to BGN 914.4 million in 2020.

The main part of the Group's premium income is realized by Euroins Romania and Euroins Bulgaria, which form respectively 65% and 25% of the Group's total premium income (for 2020 respectively 58% and 33%), or nearly 90% of the total recorded business (for 2020 a total of 91%).

For 2021 the insurance companies have achieved the following business development: Euroins Bulgaria reports an increase of 15%, Euroins Romania reports an increase of 67%, Euroins Macedonia reports an increase of 11%, Euroins Ukraine reports an increase of 62%, Euroins Life reports an increase of 121%, Euroins Georgia reports a decrease of 9%, European Travel Insurance, Ukraine (specializing in travel insurance and a leader in this class of insurance in Ukraine) reports an increase of 135%.

The Group reports a net consolidated profit after taxes and the amount of BGN 79 million, compared to a net consolidated loss after taxes at the amount of BGN 53 million for 2020 (recalculated).

The Group's total consolidated assets as at period-end amount to BGN 2.07 billion, compared to BGN 1.61 billion at the end of 2020 (recalculated). Insurance reserves on a consolidated basis, as an element of the Group's liabilities, increased from BGN 1.2 billion at the end of 2020 (recalculated) to BGN 1.43 billion in 2021.

The companies in the Euroins Insurance Group (EIG) invest mainly in the following financial instruments: debt securities, shares, units in investment companies and mutual funds, participation of the company in the capital of other companies, deposits in financial institutions and repurchase agreements, respectively classified and measured according to their substantive purpose and in compliance with IFRS requirements. As of 31 December 2021, the Group has invested in financial assets amounting to BGN 469.46 million compared to BGN 427.9 million as of 31 December 2020.

! Restatement for 2020

The annual consolidated financial statements of Euroins Insurance Group (EIG) were restated and comparative information for 2020 was adjusted due to the following:

In 2021, Euroins Romania adopted a change in its' accounting policy regarding the methodology used to calculate technical reserves and reclassified deferred regulatory fees. As a result, the following adjustments were made for 2020 and previous years:

- "Share of reinsurers in insurance reserves": the reported effect is an increase at the amount of BGN 189,660 thousand, respectively restated from BGN 523,261 thousand to BGN 712,821 thousand;
- "Insurance reserves": the reported effect is an increase at the amount of BGN 368,988 thousand, respectively restated from BGN 836,930 thousand to BGN 1,205,918 thousand;
- "Receivables and other assets": the reported effect is a decrease at the amount of BGN 9,086 thousand, respectively restated from BGN 198,271 thousand to BGN 189,185 thousand;
- "Net earned premiums": the reported effect is a decrease at the amount of BGN 5,557 thousand, respectively restated from BGN 488,024 thousand to BGN 482,467 thousand;
- "Damages incurred, net from reinsurance": the reported effect is a decrease at the amount of BGN 21,954 thousand, respectively restated from BGN (283,762) thousand to BGN (305,716) thousand;
- "Other operating expenses": the reported effect is a decrease of BGN 495 thousand, respectively restated from BGN (69,808) thousand to BGN (69,313) thousand.

As a result of the performed procedures, the following adjustments were made in the equity positions:

- The accumulated loss as of 31 December 2020 was restated from BGN 129,545 thousand to BGN 315,006 thousand due to the announced change in the accounting policy and others. The effect of the change in the accounting policy amounts to BGN (27,511) thousand (for adjustments in 2020) and BGN (151,817) thousand (for previous reporting periods). The change made regarding the other reclassifications of deferred regulatory fees amounts to BGN 495 thousand (for adjustments in 2020) and BGN (9,407) thousand.
- The Minority interest was restated from BGN 6,822 thousand to BGN 4,040 thousand.

Solvency II

The capital position of the Group is confirmed by the indicators calculated in accordance with the requirements of Solvency II, namely:

Total eligible own funds to cover the Solvency Capital Requirement (SCR) in BGN '000	255,293
Total eligible own funds to cover the Minimum Capital Requirement (MCR) in BGN '000	234,361
Solvency Capital Requirement (SCR) in BGN '000	194,758
Minimum capital requirement (MCR) in BGN '000	78,971
Capital Solvency Requirement (SCR) coverage	131%
Minimum Capital Requirement (MCR) coverage	297%

(The calculations are made based on preliminary unaudited data provided to the Financial Supervision Commission according to the Quarterly Quantitative Reporting on Solvency II for the 4th quarter of 2021).

Changes in the capital structure of Euroins Insurance Group

At the end of September 2021, the GMS of Euroins Insurance Group AD (EIG) decided to simultaneously reduce and increase the capital of the Company by invalidating 19,229,057 ordinary shares at the amount of BGN 524,216,734 and increasing it to 576,242,734 shares by issuing 52,026,000 new ordinary shares with a nominal and issue value of BGN 1 per share. This increase is distributed between Eurohold AD and EBRD as follows: Eurohold AD subscribes 15,060,813 shares and EBRD subscribes 36,965,187 shares.

The decision of the Board of Directors dated 7 October 2021 states that Eurohold Bulgaria AD paid the amount of BGN 15,060,813 for 15,060,813 shares on 30 September 2021. On 7 October 2021, the amount of EUR 18.9 million was received from EBRD for the purchase of the remaining 36,965,187 shares.

As of 31 December 2021, the registered capital of Euroins Insurance Group amounts to BGN 576,242,734 (31 December 2020: BGN 543,445,791). The registered capital of the insurance holding consists of 576,242,734 shares, of which 76,981,791 shares are available, registered, preferred shares, with a par value of BGN 1 per share, and 499,260,943 shares are available, registered, non-preferred shares, with a par value of BGN 1 per share.

The shareholder structure of the registered capital as of 31 December 2021 is as follows:

Eurohold Bulgaria AD	90.10%;
EBRD	9.90%.

Results by insurance companies

Insurance Company Euroins Bulgaria AD

Euroins Bulgaria is a dynamic company that has been constantly expanding its activities in recent years. In 2021 the Company reports an increase of 15% in gross written premiums, the main reason being the organic growth in direct insurance, both in Bulgaria and in Greece, through a branch operating since early February 2019 and Poland, in accordance with the principle of freedom to provide services within the European Union. There is a continuous improvement in the quality of services in these countries, relying on increasing the partner and customer network of the Company, improved IT capabilities and opportunities for market analysis and segmentation.

Major non-motorized lines such as Accident and Illness (88%) are also growing, with the reported income from Travel Assistance Insurance in the UK playing a significant role in this increase. Motor Third Party Liability and Green Card insurance increased by 11% and Motor Hull – by 3%. The increase in Motor Third Party Liability and Green Card is due to the increased number of policies concluded in Greece and Poland.

Net premiums earned in 2021 increased by 13% compared to prior period . The claims net reinsurance increased by 28%, mainly due to the growth of the business and the maintenance of a high level of customer service for the disabled.

Administrative costs increased by 11% compared to 2020. This increase, in relation to net earned premiums, does not lead to a change in the administrative costs ratio compared to the prior period. Net acquisition costs increased by 7% compared to 2020 but decreased in relation to the net premiums earned.

Insurance Company Euroins Bulgaria AD reported profit before taxes and intra-group eliminations at the amount of BGN 3.1 million. In 2021, the main operating ratios of the Company are as follows: Net Loss ratio - 58.5% (2020: 51.5%), Acquisition Ratio - 28.0% (2020: 29.3%), Administrative costs Ratio - 13.3% (2020: 13.4%) and Combined Ratio - 99.8% (2020: 94.3%).

The share capital of the Company has been increased many times since its establishment in 2007. On 21 January 2020, as part of the restructuring plan for the capital structure of Insurance Company Euroins Bulgaria AD, approved by the Financial Supervision Commission, an increase in the capital of Insurance Company Euroins Bulgaria AD by BGN 8.7 million was registered in the Commercial Register, as a result of which the share capital of Insurance Company Euroins Bulgaria AD already amounts to BGN 40,970,000, distributed in 40,970,000 shares, as Euroins Insurance Group AD owns 40,410,171 shares, which is approximately 98.63% of the capital.

The stable financial condition of the company was confirmed by the update of the Long-term rating for payment of claims of BCRA - Credit Rating Agency in February 2021. The assigned rating is "BBB-" with a long-term stable outlook. In addition, in December 2021, Fitch reaffirmed the Insurer Financial Strength Rating "BB-".

As of February 2019, Insurance Company Euroins Bulgaria AD - Greece Branch is already officially operating and has a license to record both motor business and property insurance and Accident and Travel Assistance insurance. The realized gross premium income from the branch in 2021 is BGN 67 million (2020: BGN 55 million).

Euroins Romania

Euroins Romania is among the five largest insurers in the Romanian insurance market and is among the leading non-life insurance companies in recent years.

In 2021, Euroins Romania reports gross premium income of BGN 888 million compared to BGN 530 million in 2020. The main part of the gross premium income falls on Motor Third Party Liability Insurance (96%), where the reported income increased by 71% compared to the prior period.

On 17 September 2021, CITY INSURANCE, Romania stopped issuing policies. Following the subsequent bankruptcy of CITY INSURANCE, the Romanian insurance market reacted by significantly increasing the tariff for motor third party liability insurance.

As of 24 September 2021, Euroins Romania introduced new tariffs that are approximately 26% higher than the previous ones.

From 1 October 2021, the Company introduced a new system of commissions for brokers, as a result of which the expected reduction of the average brokerage commission is 4%.

In 2021, the Company changed its accounting policy in connection with the reporting of technical provisions in order to present in the financial statements reliable and more relevant information about the effect of operations, taking into account local regulatory requirements. Thus, a restatement was made in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Retrospective Errors.

Net acquisition costs increased by 103% compared to the previous year, but increased minimally related to net earned premiums (Acquisition Ratio 2021: 33.8%; 2020: 30.5%).

Almost 98% of all gross premiums written, both in 2021 and in 2020, are concluded through brokers.

Administrative costs increased by 27% compared to 2020 but decreased related to net earned premiums (Administrative Expense Ratio 2021: 4.8%; 2020: 7.4%).

The result for Euroins Romania for group purposes is a profit at the amount of BGN 86.74 thousand (2020: loss at the amount of BGN 62.72 million) before taxes and intra-group eliminations.

At the end of September 2020, the Company received a decision №1137/29.09.2020, by which the Romanian financial regulator imposed a fine of RON 1.5 million and required the submission of two plans: a Short-Term Financing Plan and a Long-Term Recovery Plan. Through these plans, Euroins Insurance Group AD adopts a financial support package consisting of: a) subordinated debt, disbursed on 26 June 2020 at the amount of EUR 5.5 million, respectively RON 27 million; (b) subordinated debt provided by a contract signed on 29 June 2020 at the amount of EUR 10 million, respectively RON 48.7 million, and (c) a capital increase at the amount of RON 50 million, the decision for which was taken at the Extraordinary General Meeting of Shareholders on 17 September 2020. On 3 December 2020, Euroins Insurance Group AD decided to convert the two subordinated debts at the amount of RON 75.7 million, as well as the accrued but unpaid interest at the amount of RON 0.8 million as of 30 September 2020 into equity. With Decision 342/11 March 2021, the capital increase at the amount of RON 50 million was approved by the local financial regulator. The Short-Term Financing Plan was approved by Decision 1469/14 December 2020 and was fully implemented within the deadline set by the decision of the Romanian Financial Regulator. The Long-Term Recovery Plan was adopted by Decision 22/07 January 2021 and contains measures and actions in almost all areas of the Company, aiming to lead to efficiency and profitability. The implementation of the measures and actions continues and refers to: digitalization, claim processes, portfolio restructuring (including sales channels), IT improvements, etc. The company challenged Decision №1137/29.09.2020 of the Romanian Financial Regulator in court, opening a lawsuit against them.

Euroins Romania participated in the Balance Sheet Review (BSR) conducted for the Romanian insurance market, with a reference date of 30 June 2020. The appointed consultant for Euroins Romania was PricewaterhouseCoopers, which issued its report at the end of December 2021. After the BSR reference date, i.e. on 30 June 2020, Euroins Insurance Group made successful efforts to strengthen the financial condition of the Company. As a result, subsequent events after the BSR reference date have a significant effect not only on the reversal of the adjustments included in the BSR report and the implementation of the recommendations set out therein, but also on the adoption of stand-alone capital increase measures.

Capital and liquidity measures to increase own funds independently without taking into account the impact of subsequent events of the Company after the reference date of the review are summarized below:

Period	Measure	Total increase (RON)
June-August 2020	Capital increase	76,000,000
December 2020	Capital increase	50,000,000
July-August 2021	Subordinated debt	40,000,000
September 2021	Capital increase	120,000,000
September 2021	Subordinated debt	5,000,000
Total		291,000,000

On 30 September 2021, the Board of Directors of EIG AD decided to participate in a procedure to increase the capital of Euroins Romania by subscribing all 12,000,000 shares against payment of EUR 24,256,636. The amount was paid in October 2021.

As of 31 December 2021, the share of EIG in the capital of the Company is 98.51% (as of 31 December 2020: 98.51%).

In December 2021, Fitch Ratings, as part of the Rating Maintained Watch procedure, reaffirmed the 2017 Euroins Romania rating, namely Insurer Financial Strength Rating "BB-".

Euroins Insurance AD, Northern Macedonia (Euroins Macedonia)

Euroins Macedonia is an established and stable company with a diversified portfolio and stable financial indicators. In the current year, gross written premiums increased by 11% and reached BGN 26 million (2020: BGN 23 million). The company continues to strengthen its position in Agricultural Insurance, where the recorded business has grown and reached BGN 8 million (2020: BGN 7 million) – an increase of 16% was reported. There is an increase of 13% in motor third party liability insurance, where gross income of BGN 12 million or 48% of the total gross written premiums for the period is realized (2020: BGN 11 million; 47%).

In 2021, administrative costs decreased by 9% and net acquisition costs increased by 26%.

Profit for group purposes amounts to BGN 1,751 thousand (2020: BGN 1,706 thousand) before taxes and intra-group eliminations.

Euroins Life Insurance Company EAD (Euroins Life)

In 2021, the gross premiums written by the Company increased by 121% compared to the prior period.

In 2019, the Company started new partnerships with non-financial credit companies for fast online loans. In 2020 and especially in 2021, their positive effect on the portfolio can already be seen.

However, there is also an increase in the acquisition costs ratio from 39% in 2019 to 60% in 2020 and 72% in 2021, due to the change in sales strategy from direct sales to the use of distribution channels – financial institutions and brokers.

The Company reports a loss for 2021 at the amount of BGN 506 thousand before taxes and intra-group eliminations (2020: profit at the amount of BGN 82 thousand).

EIG Re EAD (EIG Re)

In 2021, EIG Re recorded premiums at the amount of BGN 23 million (2020: BGN 12 million). The company reports a profit before taxes and intra-group eliminations at the amount of BGN 1.9 million (2020: loss at the amount of BGN 4.5 million). The main share of the Company's portfolio consists of property insurance, followed by Cargo, which is growing significantly in 2021 compared to 2020.

In December 2021, Fitch Ratings, as part of the Rating Watch Maintained procedure, reaffirmed EIG Re's Insurer Financial Strength Rating "BB-", reflecting EIG Re's expected strategic importance as an internal reinsurer for Euroins Insurance Group.

IC Euroins Ukraine PrAT, (Euroins Ukraine)

In 2021, Euroins Ukraine launched a share capital increase procedure by issuing 525,654,175 new shares at the total amount of UAH 5,256,541.75. EIG AD participated in the share capital increase by subscribing 495,654,175 shares. After the increase, EIG AD will own 7,222,249,700 shares at the amount of UAH 72,272,497. This is approximately 92.73% of the Company's share capital. The capital increase was registered on 13 January 2022.

As of 31 December 2021, the share of Euroins Insurance Group AD in the capital of Chad IC Euroins Ukraine is 92.62%, and the share of European Travel Insurance PrAT - 5.74%.

Euroins Ukraine reports a loss before taxes and intra-group eliminations at the amount of BGN 736 thousand (2020: profit at the amount of BGN 2 million) for group purposes.

The Company's activities are significantly affected by the military events between Ukraine and Russia, which occurred after the reporting date of the current consolidated annual report for 2021.

European Travel Insurance PrAT, Ukraine (ETI)

European Travel Insurance is one of the largest travel insurers in Ukraine and is also the only company in the country specializing in this type of insurance products. The company relies on innovative products offered through extremely well-developed sales channels.

In 2021, the Company recorded premiums at the total amount of BGN 27 million, which represents an increase of 135% compared to 2020. The increase is due to the easing of restrictive measures regarding free movement during the summer months of 2021 which had a positive impact on the tourism sector in which the Company specializes.

The company reported a profit at the amount of BGN 6 million before taxes and intra-group eliminations (2020: BGN 2 million).

The Company's activities are significantly affected by the military events between Ukraine and Russia, which occurred after the reporting date of the current consolidated annual report for 2021.

IC Euroins Georgia JSC (Euroins Georgia)

Euroins Georgia Insurance Company specializes in Accident and Illness Insurance.

In 2021, they form 48% (2020: 43%) of the Company's portfolio, and the rest is distributed between Casco by 20% (2020: 29%) and others.

The total amount of written premiums in 2021 is BGN 11.6 million (2020: BGN 12.7 million), which represents an increase of 9%. This decrease is due to the refusal of the Company to continue to participate in public procurement in connection with Casco insurance from the beginning of 2021, due to high levels of damage and negative technical result.

In 2021, the result for group purposes is a loss at the amount of BGN 422 thousand (2020: profit at the amount of BGN 474 thousand) before taxes and intra-group eliminations. Due to the unsatisfactory financial results of the Company reported after its acquisition, the Management of EIG decided to impair the goodwill formed in connection with the acquisition of the Company at the amount of BGN 645 thousand.

Euroins Claims M.I.K.E., Greece

In 2018, Euroins Insurance Group AD acquired 66% of Euroins Claims M.I.K.E, a company in Greece, established to provide administrative services for the liquidation of insurance claims arising from policies issued by Euroins AD, Greece branch. The amount of the investment is BGN 6 thousand. In 2019, Euroins Insurance Group AD acquired the remaining 34% of the Company and, as of 31 December 2019, owns 100% of the capital. There is no change in the participation in 2021.

EUROINS INSURANCE GROUP AD (EIG). BUSINESS OVERVIEW

Euroins Insurance Group AD is a joint stock company registered in the Republic of Bulgaria and operates in accordance with Bulgarian legislation. The company was established on 04.02.2008 and was registered in the Commercial Register at the Registry Agency with UIC 175394058 and registered office in Bulgaria. As a holding company, the main activities of Euroins Insurance Group AD include acquisition, management, valuation and sale of shares in Bulgarian and foreign companies. The existence of the company is not limited by a term or other termination condition. The major shareholder of the share capital is Eurohold Bulgaria AD.

Euroins Insurance Group AD:

- » is a holding company in which the Group's investments in insurance are concentrated.
- » is a leading Bulgarian insurance group focused on expanding its presence in the CEE / SEE / CIS market. The company selects new target countries based on the stage of development and the potential of the local insurance market and the ability to observe organic growth in the specific market.

- » is one of the largest private insurance groups operating in the region of Central and South-eastern Europe. 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 AD, the group operates in Poland, Spain, Italy, Greece (through a branch), and recently in the UK, 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 associated company, which have a total of over 250 regional offices and over 3 million customers.

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

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

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

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

The strategy of Euroins Insurance Group in the short term will be focused mainly on the development of the insurance companies which are part of a group. The aim of Eurohold Bulgaria AD is to focus efforts on sustainability and organic growth of market positions of insurers by developing new products, both in existing classes of insurance and in developing new products to diversify the insurance portfolio, meeting the changed customers' expectations and 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, as well as focusing on digitalization of the entire system and online product offering.

Through the mergers and acquisitions activity, the insurance group benefits from:

- New clients;
- High quality management and manpower;
- Valuable relations with the management teams of the acquired companies;
- New distribution channels.

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

Euroins Insurance Group strives to diversify its product portfolio and distribution channels, while maintaining synergies in all regions in which it operates. The companies within the insurance sub holding have traditionally been strong in the car insurance segments, but the company is working hard to diversify its activities, using the experience of newly acquired insurance companies and applying their know-how to 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. The companies from the insurance group continuously monitor the insurance needs of all groups of potential clients. Different product ranges and combined insurances are developed, flexible service is offered in order to satisfy the needs of the clients.

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

Trends future development of the Group

The main goal of EIG is to continue the sustainable development of the companies already acquired by the Group, as well as the construction and development of the branch network of Euroins Insurance Company.

Important events for the EIG group occurred after the end of the reporting period

On 28 January 2022, a meeting of the Board of Directors of EIG AD was held, at which a decision was made for the Company to participate in the share capital increase of Euroins Georgia AD by purchasing 329,939 shares at the total amount of GEL 1,501,222.45 out of the unsubscribed 1,261,716 shares of the share capital of Euroins Georgia AD. Based on this, EIG AD will increase its participation in the Company to 1,950,291 shares.

On 28 January 2022, a Debt Substitution Agreement was concluded between Auto Union AD, in its capacity as a creditor, Eurohold Bulgaria AD, in its capacity as a guarantor and EIG AD, in its capacity as an initial debtor. Eurohold AD replaces EIG AD as a debtor, and in turn becomes a creditor of EIG AD.

The debenture loan, issued on 18 December 2014 in the form of 100 available, subordinated, unsecured bonds with a face value of EUR 100 thousand each at the amount of EUR 10,000 thousand (BGN 19,558 thousand) and maturing on 18 December 2021 was repaid in full on 5 January 2022, together with the last interest payment.

Impact of external and internal factors on operations

On 21 February 2022, the Donetsk People's Republic and the Lugansk People's Republic were recognised as independent states by a decree of the President of the Russian Federation (RF). On 24 February 2022, the Ministry of Defence of the Russian Federation announced a "special military operation" on the territory of the Republic of Ukraine.

On 1 March 2022, Russian President Vladimir Putin approved Special Decree No. 81, according to which transactions with foreign persons performing unfriendly acts on granting loans or transferring rights to securities and immovable property are prohibited. It also prohibits the export from Russia of foreign currency or monetary instruments worth more than USD 10 thousand.

On 2 March 2022, the European Union imposed numerous sanctions on Russia, including the exclusion of several important Russian banks from the SWIFT financial messaging system, namely Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Sovcombank, Vneshecombank VEB and VTB BANK.

The military actions have received widespread international condemnation and multiple countries have imposed sanctions on assets and operations owned by the Russian state and certain individuals. All of this caused a refugee crisis of Ukrainian citizens. The economic consequences of the military conflict in Ukraine cannot be quantified but are already indicating extremely serious effects on the overall global economy. Energy and commodity prices - including wheat and other grains - iron, steel and rebar have risen significantly, exacerbating inflationary pressures from supply chain disruptions and from the recovery from the Covid-19 pandemic. Price shocks are expected to have an impact globally. If the conflict drags on for an extended period, the economic damage will be significant and is expected to affect all sectors of the economy, both domestic and EU. The IMF notes that sanctions against Russia are having an impact on the global economy and financial markets and will have significant spill-over effects in other countries.

In many countries, the crisis is causing adverse shocks to both inflation and activity against a backdrop of already elevated price pressures. Central banks are closely monitoring the impact of international price rises on domestic inflation in order to monitor and, if necessary, take appropriate, carefully calibrated responses. Fiscal policy will need to support the most vulnerable households to offset rising living costs.

However, the evolution of the conflict and its impact on the overall economic situation may require a review of some of the assumptions and judgements made by management regarding expected future developments, cash flows and performance. At the same time, inflationary pressures continue to intensify, with hostilities and increased quotations for all commodities expected to amplify them further. Rising purchase prices of goods and services will lead to a reduction in the income of the population, a contraction in consumer demand and a restraint in the growth of the country's economy.

In relation to the above and in view of the uncertainties regarding the effect of the sanctions and restrictions imposed, the Group has reviewed activities, counterparties and economic relationships that could expose the Group to material risk.

As the situation is highly dynamic, the Group's management is unable to reliably assess the impact of the war on its future financial position and results of operations in 2022. This in turn could result in a change in the carrying values of the Group's assets, which in the consolidated financial statements have been determined by management making a number of judgements and assumptions and taking into account the most reliable information available at the date of the estimates, as well as impacting the projections made about the Group's future development, cash flows and results of operations.

More information about Euroins Insurance Group and its subsidiaries can be found on the website of the insurance sub holding www.eig.bg.



ENERGY





Electrohold

A NEW BRAND AND IDENTITY



Electrohold is the new brand of the CEZ Group energy companies in Bulgaria acquired by Eurohold Bulgaria at the end of July 2021.

The new visual identity includes new names, logos, websites, and a refreshed overall corporate design.

The new identity of the companies:

- > reflects the continuity in the history of the companies while emphasising their corporate affiliation;
- > is designed in accordance with the modern understanding of a dynamic company that provides:
 - energy,
 - digitises its network,
 - invests sustainably,
 - and works to improve the quality of life

Branding reflects the core **values of Electrohold companies.**



The new image of the group companies will be based not only on changes in the corporate visual style, but also in even more intensive work for:

- > increasing customer satisfaction and building trust
- > widespread adoption of e-services
- > network modernisation and digitalisation
- > a strategy to innovate in pace with changes in the sector
- > sustainable development and investment

The logo and design

show continuity with our previous company identity, which has always been a stable and reliable partner. At the same time, they affirm the new affiliation of the energy companies as part of a leading group in Central and South-eastern Europe that is continuously expanding its activities in the region.

The new brand

also underlines the position of the leader on the Bulgarian market.

The process of rebranding

the shopping centres and other company sites will be completed in a few months. Apart from continuity, the choice and combination of colours is also dictated by the company's development and transformation process. Orange symbolizes positive energy and emotion. It radiates light, warmth, and comfort. The shapes and fonts have also been updated, complementing the modern look of the brand.

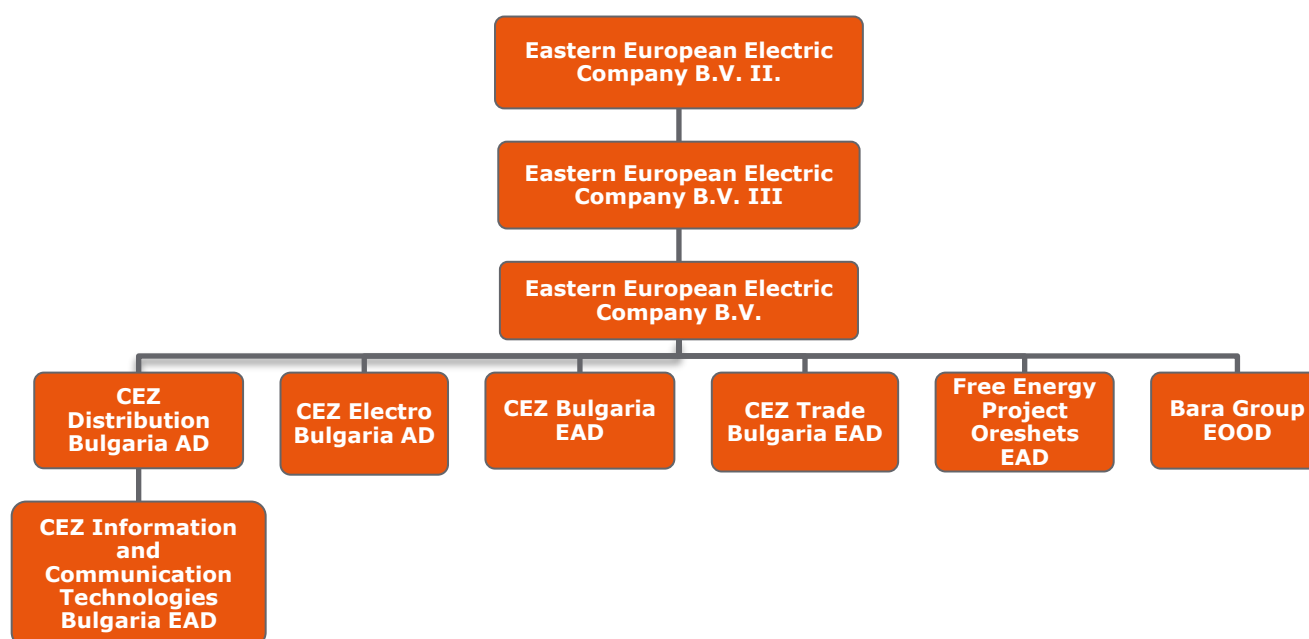
ENERGY

Eastern European Electric Company II B.V. (EEEC), a holding company registered in the Netherlands with business activities – participation, management, control, and financing of companies, brings together the companies acquired on 27 July 2021 operating in Bulgaria in the energy segment.

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

The group consists of seven operating companies operating in the field of distribution, supply, electricity trading and intercompany management, information technology services, and three specially created companies in order to consolidate Eurohold's energy investments.

EEEC Group structure as of 31.12.2021



In April 2022, most of the acquired companies were renamed and the new name of the CEZ companies in Bulgaria is **Electrohold**.

CEZ Distribution Bulgaria AD - the operator of the electricity distribution network in Western Bulgaria, is called **Electrodistribution Grid West AD (EDG West AD)**.

CEZ Bulgaria EOOD - company for intergroup management and coordination activities and services is **Electrohold Bulgaria EOOD**.

CEZ Electro Bulgaria AD - the largest electricity supplier becomes **Electrohold Sales AD**.

CEZ Trade Bulgaria EAD - the largest licensed electricity trader **Electrohold Trade EAD**.

CEZ Information and Communication Technologies Bulgaria EAD - a company providing inter-group services related to information and communication technologies is called **Electrohold ICT EAD**.

Free Energy Project Oreshets EOOD (FEPO) - a photovoltaic park and **BARA Group EOOD** - a biomass electricity generation company keep their names unchanged.

In view of the changed names of some of the companies and in order to avoid inconsistency, throughout this report the relevant companies will primarily be referred to by their new names.

KEY FINANCIAL RESULTS

! AN IMPORTANT ACCENT

The consolidated results and financial position of the EEEC group for 2021 is the first year in which the 7 /seven/ energy companies acquired at the end of July 2021 are consolidated, therefore comparable information is not available.

It is important to note that in the consolidated financial statements of the EEEC Group as at 31 December 2021 the following is reported:

- ⇒ the partial results of operations and profits generated by the newly acquired energy companies reflecting only the period since the date of their acquisition - **1 August 2021 (date adopted for accounting purposes) to the end of the reporting period - 31 December 2021.**; and
- ⇒ the total assets, liabilities, and cash flows of all EEEC group companies at the end of the reporting period 31 December 2021.

KEY FINANCIAL RESULTS OF EEEC II GROUP OPERATIONS

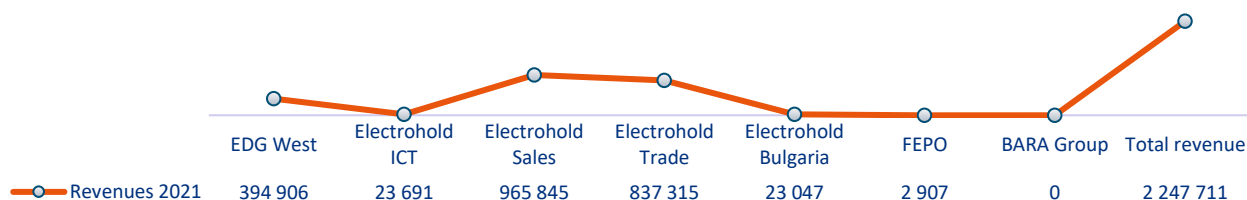
The EEEC energy group for 5 /five/ months - the time from which it operates in 2021 - generated revenues at the amount of BGN 1.2 billion after intra-group eliminations at the EEEC II group level, operating profit at the amount of BGN 180 million, earnings before interest, tax, depreciation, and amortisation at the amount of BGN 94.2 million and net operating profit amounting to BGN 17.8 million.

ENERGY			2021
			BGN '000
Operating income, incl.:			1 211 213
▫ Customers on the free market	share in %	59.6%	722 123
▫ Household consumers	share in %	26.9%	326 361
▫ Business consumers	share in %	11.4%	137 847
▫ Revenue from user connection fees	share in %	1.0%	12 108
▫ Late payment penalties	share in %	0.2%	1 879
▫ Revenue from services for the survey, repair and maintenance of the electricity distribution network and commercial metering instruments (CMI)	share in %	0.3%	3 225
▫ Revenues from information, communication, technological services (ICT) and others	share in %	0.1%	1 428
▫ Revenue from "Electricity System Security" Fund (ESSF)	share in %	0.1%	719
▫ Other revenues	share in %	0.5%	5 523
Operating expenses, including:			(1 031 279)
▫ Costs for purchased electricity	share in %	93.4%	(963 026)
▫ Technological costs of electricity distribution	share in %	4.1%	(42 041)
▫ Electricity balancing	share in %	2.4%	(25 025)
▫ Transmission and access fees	share in %	0.1%	(1 140)
▫ Other expenses	share in %	0.0%	(47)
Operating profit			179 934
Other income/expenses, net			(85 688)
EBITDA			94 246
Financial income/expenses, net			(27 563)
EBTDA			66 683
Depreciation expenses			(43 044)
EBT			23 639
Taxes			(5 833)
Net profit			17 806

The following chart informatively presents data on the realized revenues and profits of the energy companies Electrohold for the whole 2021. (Data are based on individual financial statements of the companies)

Results of Electrohold companies for the whole year 2021.

Revenue 2021



Earnings 2021



During the full year 2021, Electrohold companies (formerly CEZ companies) earned total revenue at the amount of BGN 2.25 billion and profit amounting to BGN 93.8 million.

BUSINESS OVERVIEW

In 2019, Eurohold Bulgaria established a sub holding focused on the energy sector, which was not operating until the end of July 2021. On 27 July 2021, Eurohold Bulgaria AD, through its subsidiary Eastern European Electric Company B.V., the Netherlands (owned 100% by Eastern European Electric Company III B.V., the Netherlands, which in turn is 100% owned by Eastern European Electric Company II B.V., the Netherlands - a company with sole owner of the capital Eurohold Bulgaria AD) acquired 7 companies from the energy group CEZ, registered and operating in Bulgaria.

From the acquisition of the energy companies until the end of 2021, and until now, Eurohold Bulgaria is working hard to integrate the companies into the Eurohold Group.

Acquired companies and owned shareholdings

Company	Owned % of the capital for the next period:		
	27.07.2021	31.12.2021	At present
EDG West AD (CEZ Distribution Bulgaria AD)	67%	88.20%	97%
Electrohold Sales AD (CEZ Electro Bulgaria AD)	67%	69.30%	99%
Electrohold Trade EAD (CEZ Trade Bulgaria EAD)	100%	100%	100%
Electrohold ICT EAD (CEZ ICT Bulgaria EAD)	100%	100%	100%

Electrohold Bulgaria EOOD (CEZ Bulgaria EOOD)	100%	100%	100%
Free Energy Project Oreshets EOOD	100%	100%	100%
BARA Group EOOD	100%	100%	100%

Changes in the participation of energy companies

Tender offer 1

As at 31 December 2021, as a result of the tender offers and upon completion of the transactions with the shareholders who accepted the tender offers, the majority shareholder of CEZ Distribution Bulgaria AD and Electrohold Sales AD, Eastern European Electric Company B.V., increased its shareholding in both companies to 88.2% (by acquiring an additional 408,552 shares or 21.2%) of the capital of CEZ Distribution Bulgaria AD and 69.3% (by acquiring an additional 117 shares or 2.3%) of the capital of Electrohold Sales AD, respectively.

Acquisition of participation

As of the date of this report, as a result of transactions on the Bulgarian Stock Exchange (BSE) in mid-March 2022 with a total value of more than BGN 100 million, the total value of these transactions is estimated at BGN 100 million. EEEEC has acquired 207,107 shares (10.74% of the capital) of CEZ Distribution and 1,379 shares (27.58% of the capital) of CEZ Electro, increasing its stake in CEZ Distribution Bulgaria AD and CEZ Electro Bulgaria AD to approximately 99% and 97% respectively.

Tender offer 2

As a result of the increased participation, in early May Eastern European Electric Company B.V. (EEEC) submitted for consideration to the Financial Supervision Commission (FSC) tender offers pursuant to Art. 1 of the Public Offering of Securities Act (POSA) for the purchase of the minority shareholders' 1.07% and 3.08% shares in the two companies, respectively. On 18 May 2022, the FSC approved the adjusted tender offers, for the remaining shares in Electrodistribution Grid West AD (EDG West AD, formerly CEZ Distribution Bulgaria AD) and Electrohold Sales AD (formerly CEZ Electro AD). EEEEC is offering BGN 302.56 per share of EDG West or a total of nearly BGN 6.2 million and BGN 28,433.51 per share of Electrohold Sales or a total of just over BGN 4.3 million. The holding company's offer for the remaining shares of both companies is approximately BGN 10.5 million (EUR 5.4 million). In accordance with the provisions of the CBCA, the tender offer procedure should be completed by the end of June 2022.

HIGHLIGHTS OF IMPORTANT EVENTS FOR THE EEEEC II GROUP

↳ Formation of a new company

Eastern Electric Company III B.V. was incorporated in July 2021. It is 100% owned by the subsidiary of Eurohold Bulgaria AD – Eastern European Electric Company II B.V. Eastern European Electric Company III B.V. is the sole owner of the capital of Eastern European Electric Company B.V.

↳ Acquisition of companies

On 27 July 2021, the subsidiary acquired 67% of the shares in CEZ Distribution Bulgaria AD, 67% of the shares in CEZ Electro Bulgaria AD, 100% of the shares in CEZ Trade Bulgaria EAD, 100% of the shares in CEZ Bulgaria EAD from CEZ AC, as well as 100% of the shares in Free Energy Project Oreshets EAD and 100% of the shares in BARA Group EOOD from CEZ Bulgarian Investments BV for a total amount of EUR 349,207 thousand.

↳ Share capital increase

✓ In July 2021, Eurohold Bulgaria AD increased the share capital of its subsidiary Eastern Europe Electric Company II B.V. in accordance with the applicable provisions of the Netherlands law by a cash contribution at the amount of EUR 65,600 thousand through the issuance of 1,000 new shares with a nominal value of EUR 1 per share, with the difference allocated to the premium reserve.

✓ For its part, Eastern Europe Electric Company II B.V. makes an additional capital contribution to its subsidiary Eastern Europe Electric Company III B.V. at the amount of EUR 160,600 thousand, which, in accordance with the Netherlands applicable law, is attributed as a premium reserve to the existing shares, without any new shares being issued and subscribed for.

✓ Eastern Europe Electric Company III B.V. in turn made an additional capital contribution to its subsidiary Eastern Europe Electric Company B.V. at the amount of EUR 160,600 thousand, which, in accordance with

the Netherlands' applicable law, has been attributed as a premium reserve to the existing shares without any new shares being issued or subscribed for.

✓ In November 2021, Eastern European Electric Company III B.V. made an additional contribution to the premium reserve of Eastern European Electric Company B.V. at the amount of EUR 14,918 thousand for the purchase of additional shares in CEZ Distribution Bulgaria AD and CEZ Electro Bulgaria AD in connection with a mandatory tender offer made to the minority shareholders of the two public companies pursuant to Article 149, paragraph 6 of the Public Offering of Securities Act (POSA) of the Republic of Bulgaria.

↳ Assumption of debt and assumption of liabilities

✓ In July 2021, Eastern European Electric Company B.V., as borrower, entered into a syndicated loan agreement with the participation of commercial banks and international financial institutions, including The Bank of New York Mellon, London Branch as agent, for the purpose of financing the acquisition of the shares in CEZ's seven power companies in Bulgaria.

✓ In addition, Eastern European Electric Company II B.V. has entered into a EUR 110 million loan agreement with Metric Capital Partners LLP, as loan agent, to raise additional financing for the acquisition of the above seven companies.

✓ On 27 July 2021, as part of the acquisition of the shares in CEZ Trade Bulgaria EAD, BARA Group EOOD and CEZ Distribution Bulgaria AD, Eastern European Electric Company B.V. as successor in title entered into transfer agreements with CEZ AC and CEZ Bulgarian Investments B.V. in respect of the following:

- Loan Agreement dated 27 June 2018 between CEZ AC as lender and CEZ Trade Bulgaria EAD as borrower. The transferred receivable amounts to EUR 3,839 thousand, comprising principal at the amount of EUR 3,835 thousand and EUR 5 thousand unpaid interest;

- Loan Agreement dated 14 May 2014 between CEZ Bulgarian Investments BV as lender and BARA Group EOOD as borrower. The transferred receivable amounts to EUR 14 446 thousand, comprising principal at the amount of EUR 14 403 thousand and EUR 43 thousand unpaid interest;

- Loan Agreement dated 3 December 2018 between CEZ AC as lender and CEZ Distribution Bulgaria AD as borrower. The transferred receivable amounts to EUR 31,275 thousand, comprising principal at the amount of EUR 30,670 thousand and EUR 605 thousand unpaid interest.

✓ On 28 July 2021, Eastern European Electric Company B.V., as lender, entered into a loan agreement with CEZ Distribution Bulgaria AD for the amount of BGN 31,436 thousand (EUR 16,073 thousand) for the purpose of repaying outstanding liabilities of CEZ Distribution Bulgaria AD, as borrower, to the European Bank for Reconstruction and Development (EBRD), as lender, under a loan agreement dated 2 November 2016.

✓ At the end of November 2021, Eastern European Electric Company B.V. as a lender entered into a loan agreement with CEZ Distribution Bulgaria AD for the amount of EUR 14,000 thousand. The loan bears interest at 3.15% plus 6-month EURIBOR per annum and matures on 15 November 2022.

↳ Tender offers

✓ On 14 October 2021, after receiving approval from the Financial Supervision Commission of the Republic of Bulgaria, Eastern European Electric Company BV (EEEC) made a mandatory tender offer in accordance with Art. 149, para. 6 of the Public Offering of Securities Act (POSA) of the Republic of Bulgaria to the minority shareholders of the two public companies - CEZ Distribution Bulgaria AD and CEZ Electro Bulgaria AD for acquisition of the remaining 33% in each of the companies with a deadline of 15 October 2021 – 11 November 2021. The offered price per share for each of the remaining 636,240 shares (33%) of the capital of CEZ Distribution Bulgaria AD is BGN 291 per share. The offered price per share for each of the remaining 1,650 shares (33%) of CEZ Electro Bulgaria AD is BGN 26,904 per share.

On 22 November 2021, as a result of the bids of the Eastern European Electric Company B.V. acquired an additional 408,552 shares (representing 21.19%) of the share capital of CEZ Distribution Bulgaria AD and an additional 117 shares (representing 2.34%) of the share capital of CEZ Electro Bulgaria AD. The shareholding of Eastern European Electric Company B.V. in CEZ Distribution Bulgaria AD increased to 88.19%, and in CEZ Electro Bulgaria AD to 69.34%. The total amount paid under the two tender offers amounts to BGN 122,036 million (EUR 62,404 thousand).

AN OVERVIEW OF THE ACTIVITIES OF ENERGY COMPANIES

CEZ Distribution Bulgaria AD (now Electrodistribution Grid West AD)

- > is located in Sofia, Bulgaria and has no branches or representative offices in other locations
- > carries out electricity distribution activities in Bulgaria, on the territory of Western Bulgaria, with an area of 40,000 square kilometres and a population of 2,930,000 inhabitants covering the districts of Sofia city, Sofia region, Blagoevgrad, Kyustendil, Pernik, Pleven, Lovech, Montana, Vratsa and Vidin.
- > is a public company within the meaning of the Public Offering of Securities Act (POSA). The company's shares are listed for trading on the main market of the Bulgarian Stock Exchange with the stock code CEZD
- > is the sole owner of the capital of CEZ Information and Communication Technologies Bulgaria EAD (now Electrohold ICT EAD)

Activity

The activities of CEZ Distribution Bulgaria are carried out in accordance with the regulatory framework for the energy sector in Bulgaria, regulated by the Energy Act (EA), the Renewable Energy Sources Act (RESA), their implementing regulations, the Public Offering of Securities Act (POSA), the Public Procurement Act (PPA), the Protection of Competition Act (PCA), the Spatial Planning Act (SPA), as well as in accordance with the legislation in force in the Republic of Bulgaria.

The state body that performs regulatory functions with respect to the activities of CEZ Distribution Bulgaria AD is the Energy and Water Regulatory Commission (EWRC). The Commission issues general and individual administrative acts related to the licensing activity of the Parent Company, which are binding for implementation, including with regard to pricing.

The main activity of CEZ Distribution Bulgaria according to its object is: Operation of the electricity distribution network, which is a set of power lines and medium, low and high voltage electrical installations used for the transmission and distribution of electricity for the purpose of transporting it to the end users connected to the Company's electricity distribution network (EDN) on the territory where it operates, subject to the existence and maintenance of a valid license for distribution activities.

CEZ Distribution Bulgaria AD holds license № L-135-07/13.08.2004 for distribution of electricity. The license is for a period of 35 years and expires in 2039.

Activities of the subsidiary CEZ Information and Communication Technologies Bulgaria EAD according to its object: trade in integrated systems in the field of information and communication technologies, provision of information, communication, and technology services, as well as other technical and consulting services and activities not expressly prohibited by law.

CEZ ICT Bulgaria EAD provides complex information, communication, and technological services, mainly to the companies of the CEZ group in Bulgaria, according to contracts concluded between the companies. It also provides sales of integrated systems, following the design of the systems, data modelling, supply of the necessary hardware, software, licenses, including their maintenance, installation, configuration, implementation of interfaces with other systems, as well as participation in the processes of localization, implementation, migration of data from existing systems, testing, and acceptance in the production environment.

Trends and priority targets for 2022

Electrodistribution Grid West AD (EDG West AD)

The future activity and development of Electrodistribution Grid West AD depends mainly on the decisions of the Energy and Water Regulatory Commission (EWRC) regarding the prices in the energy sector. The sixth regulatory period, which lasts three years and will end on 30 June 2024, starts on 1 July 2021. The recognised technology cost rate for the first year of the regulatory period is 7.5%. The key parameters for this regulatory period are a recognised depreciation charge of BGN 72.1 million; a rate of return of 5.74%; a net book asset value of BGN 514.2 million and a recognised average net nominal investment cost of BGN 105.5 million.

Key priority objectives

- » Optimize operating expenses to achieve financial stability and reduce technology costs;
- » Expansion of the Automated Customer Reporting System - Automatic Meter Reading (AMR) Project;
- » Workforce management project related to scheduling and resource management to geographic locations - rollout to all operations centres in SAP's "PM Reload" pilot launched in 2020;
- » Development and implementation of an external team management information system;
- » Advanced Grid Automation Project;
- » Prioritising decision and project management for the successful implementation of the transition to digitisation of the electricity grid;
- » Development and renewal of strategic infrastructure, integration, and development of information systems;

Electrohold ICT EAD:

Key priority objectives

- » Strategic project for ensuring Business continuity and implementation of recommendations from Audits, including a measure for achieving compliance with the MIMIS Ordinance is the COLOCATION project - relocation of equipment from a main data centre; assembly, installation and configuration of delivered new highly specialized equipment (servers, communication devices and storage devices) in the new data centre; migration of applications and data according to an approved plan; as well as defining and realizing a new role for the current data centre;
- » Activities to enhance data and information systems security, training and awareness campaigns for all users;
- » Launch of the Integrated Operations Centre (IOC) project to significantly increase the security level of IT and OT infrastructure;
- » Maintenance and development of e-services portals
- » Finalisation of the project for implementation and integration of the selected WFM team
- » management solution in the IT environment of the energy companies of the group;
- » Preparation of the requirements and conducting a selection for a Provider and an information system for Meter Data Management (MDM) and respectively start a project for implementation and integration of the selected solution;
- » Preparation of a strategic project at group level for the development of the main information system SAP;
- » Upgrading to new versions of key information systems Converge and SCADA Microdispatching;
- » Development of new functionalities in information systems in the area of Non-technical losses and balances;
- » Support of the management activities of the Automated Metering Remote (AMR) system and quality assurance, complex maintenance and the possibility to extend the functionalities of the implemented information system;
- » Implementation of mobile and endpoint specific management solutions

Electrohold Sales AD:

The principal activity of the Company is the supply of electricity to the public in accordance with the EA under the terms of the public electricity supply licence.

Electrohold Sales AD holds the following licenses:

- » License for public supply of electricity with № L-135-11 / 29.11.2006 by the Energy and Water Regulatory Commission (EWRC) valid until 13.08.2039.,
- » License for the activity "supply of electricity by a supplier of last resort" with № L-409-17 / 01.07.2013, issued by the EWRC for a period of 28 (twenty-eight) years,
- » License for electricity trade with № Л-229-15 / 17.05.2007, issued by EWRC for a period of 10 (ten) years, amended and supplemented by EWRC with decision № I1-L-229 / 16.02.2016 ., with the rights and obligations related to the activity of a coordinator of a standard balancing group, registered in the "Register of coordinators of standard balancing groups" of ESO, with EIC: 32X001100101000J;
- » With Decision № I1-L-409-17 of 29.11.2013 EWRC extended the license of the Company for the activity "supply of electricity from a supplier of last resort" with the rights and obligations of a coordinator of a special balancing group.

The company carries out the activity of electricity supply to all consumers connected to the electricity distribution network on the territory of the license, which do not have the status of eligible customers and electricity supply under the conditions of universal service to all eligible customers connected to the electricity distribution network on the territory of the license that have not exercised their right to enter into an electricity transaction at freely negotiated prices.

As of 1 June 2014, the balancing market in the country started. The company functions as a coordinator of the special balancing groups of the Final Supplier and a Supplier of last resort, as a coordinator / sub-coordinator of a special balancing group, members of which are all manufacturers connected to the distribution network of Electrodistribution Grid West AD, of which CEZ Electro buys electricity and who have not chosen another Coordinator of the combined balancing group and as the coordinator of the standard balancing group of the Merchant. As a sub-coordinator of the balancing group of the producers, CEZ Electro is a group member of the virtual balancing group of all producers in the country, with the coordinator National Electric Company EAD (NEK).

Trends and priority goals for 2022

In 2022, Electrohold Sales AD will continue to develop the activities of electricity supply and electricity supplier of last resort, together with the activity of trade in electricity on the basis of a license issued.

The changes in the regulatory policy are expected to determine the next steps towards full liberalization of the electricity market from a regulated to a free market, with a gradual transition of household consumers from a regulated to a free market.

The gradual entry of household consumers on the free market is enshrined in the draft Strategy for Sustainable Energy Development of the Republic of Bulgaria until 2030 with a horizon of 2050. This gradual transition should last until 31 December 2024 and is related to the introduction of a mechanism for protection of vulnerable electricity consumers.

With the promulgation of the Law for amendment and supplement of the Energy Act in SG, issue 57 of 26 June 2020 envisages from 1 October 2020 all non-household consumers to enter the free market, such as those supplied by the final supplier, who until 30 September 2020 have not concluded a contract with a trader of electricity on free market, conclude a model contract with their current supplier in their capacity as marketing license holder.

In the context of the planned reforms, the company's focus is on offering competitive conditions to customers across the country and striving to maintain an annual portfolio.

Key priority objectives

- » Automation and optimization of processes: automation of data exchange with ORM and filling in applications for switching suppliers, introduction of CRM strategy and software;
- » Introduction of a full range of electronic services for the current portfolio of the Subsidiary and integration with RegiX;
- » Strengthening training, adapting the motivation scheme to the new environment and challenges;
- » Building a flexible and convenient knowledge basis for processes and activities by upgrading the current e-learning system or introducing a new system;
- » Gradual offering of a new range of products and services related to the basic business of the Subsidiary, for example: consultations and representation before the operators of the electricity distribution grids, fast (automatic) energy audit, new products and services related to home and customer comfort;
- » Implementation of specific sales models and awareness campaigns in order to support customers, mass and individual in terms of price components, energy efficiency and more;
- » Optimization of the service model;

Electrohold Trade AD

Electrohold Trade AD is a company operating in the following main areas:

- » Sale of electricity to industrial and business customers
- » Electricity trading on the wholesale market;
- » Coordinator of a standard balancing group;
- » Delivery of energy solutions for the customers;
- » Management of renewable energy sources (RES);
- » Balancing customers, RES, plants, and traders
- » The company assists environmentally oriented companies to apply the principles of sustainable development, providing them with the best ratio of energy produced from various renewable sources.

The company is registered with the Electricity System Operator EAD (ESO) on the electricity market of end customers, on the wholesale market and as a coordinator of a standard balancing group with electricity identification code N° 32XCEZ-TRADE-BG3, as well as a commercial participant in the Bulgarian Independent Energy Exchange EAD.

Electrohold Trade AD has the following licenses issued:

- » License for electricity trade L-191-15 / 04.07.2005, issued by the State Energy and Water Regulatory Commission (SEWRC), currently the Energy and Water Regulatory Commission.
- » The trade license was amended by a decision of SEWRC N° - I2-L-191 of 06.10.2014 with rights and obligations for the activity "coordinator of a combined balancing group". The term of validity of the trade license has been extended until 04.07.2025 by decision of SEWRC N° I3-L-191 of 06.10.2014.

Trends and priority goals for 2022

The main goal of the Company is to develop and expand its portfolio of industrial and business customers, to manage a sustainable balancing group, to market wholesale in the country and the region, to offer energy solutions to customers and to achieve a competitive energy mix.

In 2022, Electrohold Trade AD will continue to be one of the leading suppliers on the free market for electricity supply to industrial and business customers.

Key priority objectives

- » To maintain professional and honest relations with manufacturers, network operators and business partners
- » To provide quality service to its customers
- » To offer energy solutions to the customers and perform domestic and foreign wholesale

Electrohold Bulgaria EOOD

Electrohold Bulgaria EOOD is a specialized centre for shared services and sales of goods for all companies in the energy group. The main activity of Electrohold Bulgaria EOOD is trade consulting, purchase and sale of equipment and materials. The company provides consulting services, buys, and sells equipment and materials for the needs of the companies in the energy group, as well as for its own needs.

Trends and priority goals for 2022

Key priority objectives

- » Effective management of the companies from the EEEC Group;
- » Developing and improving the quality of shared services;
- » Optimization of the activities of the companies from the EEEC Group;
- » Achieving European standards for service quality.

The main directions in the development of the activity are specialization, optimization of the used capacity and resources and as a result increase of the quality and reduction of costs, better negotiating positions with suppliers, improvement of the level of service and network services, introduction and development of information and communication systems.

Free Energy Project Oreshets EAD

The main activity of Free Energy Project Oreshets EAD is production, construction and operation of energy systems and power plants related to renewable energy resources, production, and trade in energy from renewable sources.

The company owns the photovoltaic power plant with an installed capacity of 4,879 MW, which was put into operation in April 2012.

Trends and priority goals for 2022

The main goals for 2022 of the company are to continue to produce electricity and sell it in accordance with the rules set out in energy legislation and regulations, as well as the decisions of the EWRC.

BARA Group EOOD

The main activity of the company is construction, maintenance, and operation of energy facilities for production of electricity from renewable energy sources and alternative energy sources (after obtaining the license and permits), production of electricity from renewable energy sources and alternative energy sources.

MANAGEMENT AND QUALITY SYSTEMS

Electrodistribution Grid West AD

- > Quality management system in accordance with the ISO 9001: 2015 standard

CEZ ICT Bulgaria EAD

- > Quality management system in accordance with the ISO 9001: 2015 standard
- > Information security management system in accordance with ISO 27001: 2013 standard

CEZ Electro AD

- > Quality management system in accordance with the ISO 9001: 2015 standard;

CEZ Trade Bulgaria AD

- > Quality management system in accordance with the ISO 9001: 2015 standard
- > Environmental management system ISO 14001: 2015
- > Occupational health and safety management system ISO 45001: 2018
- > Energy management system ISO 50001: 2018

CEZ Bulgaria EOOD

- > Certificate for quality management ISO 9001: 2008

MAIN HIGHLIGHTS FOR THE FUTURE DEVELOPMENT OF ENERGY COMPANIES AND COMPETITIVENESS

- > Attractive foundations of the Bulgarian energy market, supported by long-term growth prospects and a stable regulatory regime in line with EU standards;
- > Leading market positions in Bulgaria with 40% market share in electricity distribution and > 2 million customers across the country;
- > Vertically integrated business model, with regulated monopoly business for electricity distribution, as well as mainly regulated business for supply;
- > Predictable financial results and stable cash flow generation, supported by transparent compensation based on RBA for the distribution business;
- > Additional potential for performance improvement and cost optimization, driven by initiatives and expected synergies from the acquisition;
- > Eurohold has a strong influence in Bulgaria and is committed to the long-term development of CEZ's assets in the country.

COMPETITIVE POSITION

Electrodistribution Grid West AD (CEZ Distribution Bulgaria AD) - The company is the only electricity distributor in Western Bulgaria, and the operator of the electricity distribution network of high, medium, and low voltage power lines and facilities in an area of 40,000 square kilometres with a population of over 3 million people.

Electrohold Sales AD (CEZ Electro AD) - A company for supply and trade, supplying electricity to customers connected to the network of Electrodistribution Grid West AD (within the licensed territory). The company is: Final supplier - supply and sale of electricity for households and businesses (fully regulated activity with a limit on the selling price), Trader - carries out activity on supply and sale of electricity on a fully liberalized market (free prices / contractual conditions), Supplier of last resort - supply of electricity to customers who have not chosen another supplier.

Electrohold Trade EAD (CEZ Trade Bulgaria) - A company for electricity trading and supply of industrial and business customers, operating in a fully liberalized market.

In connection with the liberalization of the electricity market in the Republic of Bulgaria, the competition in the electricity trade intensifies over time.

The competitive advantages of energy companies are characterized by the following factors

- » Part of a large international group - the Eurohold Group;
- » Part of a sustainable balancing group - the EEEEC group;
- » Financial and logistical support;
- » Direct market access;
- » Implementing flexible and innovative solutions for customers;
- » Ensuring safe and guaranteed delivery;
- » You receive professional and personal service for private and business clients;
- » Preparation of individual products, forecasts and balancing;
- » Getting professional advice from clients;
- » Opportunity to implement energy efficient projects;
- » Market leader by revenue and volume;
- » Long experience in the free market;
- » Established contacts with key players;
- » Highly qualified and professional team;

Influence of external factors on the activity

The normal functioning of the companies operating in the Energy segment was not affected by the impact of the pandemic and the restrictive measures imposed. The volumes of their activity in 2021 are not affected by the pandemic. There are no significant changes in the structure of electricity transmitted and sold to end users. Group sales revenues increased compared to 2020. From the beginning of the pandemic to the end of the reporting period, no staff was dismissed, and companies did not benefit from the measures adopted by the State of Emergency Act ("60:40" and others). The companies continue to carry out their business without any difficulties. The supplies of resources necessary for the implementation of the licensing, operational and investment activities are secured. There are no terminated contracts with key suppliers and / or customers. The companies have enough funding to meet their liquidity needs. The managements of the subsidiaries regularly assess the impact of extraordinary events on their activities and, as representatives of the companies, participate in the formed crisis management team in order to take action in case of extraordinary and force majeure events.

For additional information on the activities of the EEES energy companies, visit the following website www.electrohold.bg



EURO-FINANCE

**We make capital
markets more
accessible**

**We offer first-class
financial services
and investment
solutions**

**Fully digital at
the
convenience
of customers**

INVESTMENT INTERMEDIATION AND ASSET MANAGEMENT (financial and investment activity)

EURO-FINANCE AD maintained a good position on the Bulgarian capital market, realizing nearly 14% of the total turnover of the Bulgarian Stock Exchange (BSE) and ranked 7th in the ranking of intermediaries on the turnover of the stock exchange. Despite the significant growth of the transactions concluded in the country and the realized turnovers, the company lost the leading positions, mainly due to the tendency to redirect the turnovers of some of the company's large corporate clients to alternative trading venues such as multilateral trading systems and OTC.

The table below presents the dynamics of the main indicators for EURO-FINANCE AD in terms of trade in financial instruments in the country:

Activity	2021/ 2020	2021	2020	2019
Accepted orders for purchase and sale of financial instruments in the country *	↑ 27%	6 507	5 131	3 129
including submitted through EFOCS	↑ 9%	3 497	3 203	1 961
Fulfilled orders	↑ 52%	4 033	2 645	1 651
Concluded transactions with financial instruments in the country **	↑ 35%	4 523	3 357	2 421
including on a regulated market	↑ 17%	3 392	2 886	2 070
other regulated market (MTF, OTC)	↑ 39%	290	208	137
outside the trading venue	↑ 220%	841	263	214
Total turnover in BGN	↑ 216%	1 295 921 199	410 146 355	352 808 674

* does not include repurchase agreements orders (financial instruments with ISIN BG * only)

** executed transactions (excluding repo transactions) (includes transactions with financial instruments with settlement in the country)

In 2021, the main index of Deutsche Boerse DAX40 increased by 14.5%. The table below presents synthesized information about the activities of the company of Deutsche Boerse, Frankfurt, where EURO-FINANCE AD has been a direct member since 2009.

Activity	2021/ 2020	2021	2020	2019
Accepted orders for purchase and sale of financial instruments of Deutsche Boerse	↓ 12%	10 222	11 598	2 245
including submitted through EFOCS	↓ 12%	9 266	10 559	1 643
Fulfilled orders	↓ 15%	4 637	5 438	1 282
Concluded transactions	↓ 12%	5 810	6 645	1 399
Total turnover in BGN	↓ 12%	30 868 964	35 186 587	12 872 781

The following table presents summarized data on the turnover in BGN of transactions with shares and bonds in the country and abroad concluded in 2021:

Activity	2021/ 2020	2021	2020	2019
Total turnover in BGN of the concluded transactions with shares and bonds in the country and abroad	↑ 193%	1 341 599 429	458 041 037	374 756 075

* does not include the turnover on repurchase agreements transactions concluded in the respective year

Review of the results of Euro-Finance AD

Investment intermediation and asset management	Unit	Change 2021/2020 in %	2021 BGN '000	2020 BGN '000
Net result of financial operations	BGN '000	▲ 99%	4 638	2 333
Net profit	BGN '000	▲ 802%	2 102	223
Total Assets	BGN '000	▼ 213%	30 574	38 763
Equity	BGN '000	▼ 8%	24 190	22 311
Total liabilities	BGN '000	▼ 61%	6 384	16 452

Main net revenues of the company related to the activity as an investment intermediary

Revenue	2021	2020
	BGN '000	BGN '000
Interest and similar income	467	409
Income from transactions with financial assets and instruments	810	119
Fees and commissions from transactions with financial instruments	3 267	1 853
Total:	4 544	2 381

Structure of investments of EURO-FINANCE AD as of 31 December 2021, according to the risk management policy followed

Owned assets	2021	
	Carrying amount in BGN '000	share of equity in %
TANGIBLE AND INTANGIBLE FIXED ASSETS	1 265	5.23
OWN CASH	4 913	20.31
EQUITY SECURITIES (SHARES, RIGHTS, ETC.)	5 466	22.60
DEBT SECURITIES (BONDS AND TREASURY BILLS ISSUED BY GOVERNMENTS AND FINANCIAL INSTITUTIONS)	969	4.01
Debt securities of other issuers	2 712	11.21
Repo receivables	10 727	44.34
Other receivables	103	0.43
Total:	26 155	108.13

FINANCIAL INDICATORS EURO FINANCE

(BGN '000)

N:	COEFFICIENTS	2021	2020	2021/2020	
				value	percentage
1	Return on equity ratio	0.09	0.01	-0.08	800%
2	Profitability ratio of liabilities	1.07	0.10	-0.30	970%
3	Return on assets ratio	0.08	0.01	-0.01	700%
4	Cost efficiency ratio	1.16	1.02	-0.06	14%
5	Revenue efficiency ratio	0.86	0.98	0.05	-12%
6	Total liquidity ratio	21.36	14.04	-30.39	52%
7	Financial autonomy ratio	12.32	10.45	-5.48	18%
8	Leverage ratio	0.08	0.10	0.03	-20%

Euro-Finance AD. Business Review

Euro-Finance AD was established in 1994 as a joint stock company and registered in the Commercial Register with UIC 831136740 and registered office in Bulgaria. The existence of the company is not limited by term or other termination condition. The majority shareholder of the capital is Eurohold Bulgaria AD.

Euro-Finance is a leading Bulgarian asset management, brokerage, and financial and investment services company.

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 Deutsche Börse Group. The full licence issued by the FSC authorises Euro-Finance AD to operate in the EU and third countries. The company's activities meet the highest standards in the field of financial and investment services. In summary, the following can be said about Euro-Finance:

- One of the first licensed investment intermediaries in the country and an active participant on the Bulgarian Stock Exchange;
- Traditionally ranked in the top 3 in turnover on the BSE;
- Distinguished by fast, accurate and reliable execution of client orders under extremely competitive conditions;
- Has an experienced team of licensed brokers;
- Offers direct access to the BSE trading system via the EFOCS online trading platform - you have up-to-date market information, speed and security of trades, automatic confirmations, real-time portfolio monitoring and control;
- Offers direct access to the Bulgarian Stock Exchange 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, mergers and acquisitions advisory, and other investment services for corporate and institutional clients.

Euro-Finance AD offers individual portfolio management, primarily 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 asset structure, which are actively managed by the Company in accordance with the client's specific needs and these assets typically include investments in equities, bonds, alternative investments, and cash. Balanced portfolios may be invested up to 60% in equities and alternative investments and aggressive portfolios may be invested up to 95% in equities and alternative investments.

In 2021, Euro-Finance AD continued to develop its strategic partnership with Amundi Asset Management. In order to reach as wide a range of potential clients as possible and to maximise sales, the company's management has signed a number of contracts with "tied agents" who actively market Amundi funds on behalf of Euro-Finance AD.

Trends and priority targets for 2022

Work on the renovation and modernization of the company's corporate website continues, with efforts being focused on simplification and more effective visualization, adding new sections and functionalities. Work is underway to develop a client portal through which existing clients will be able to easily and quickly add new services, monitor their wallet, order payments and more. Special attention will be paid to expanding Euro-Finance AD's presence on the Internet and reaching a wider range of potential clients by promoting the investment intermediary's products and services, including but not limited to the use of influencers and advertising specialists.

In 2022, Euro-Finance AD plans to increase its share in the distribution of Amundi mutual funds through participation in various initiatives and events, marketing efforts and exploring opportunities to provide a dedicated mobile application to clients.

Following the concept of "Making Capital Markets More Accessible", Euro-Finance AD continues with the development of a mobile application on the EFOCS e-commerce platform, which will be offered in an Android version and in an iOS and web version. The management team of Euro-Finance AD believes that the combination of competitive trading conditions on the Bulgarian Stock Exchange (BSE) and FWB Xetra, an easy-to-use trading application via mobile device and proper marketing positioning and targeting will help to significantly increase the intermediary's share in servicing individual clients in the field of financial services in the local market.

Again, within the concept of "Making Capital Markets More Accessible", Euro-Finance AD has decided to offer its clients access to over 130 markets worldwide through Interactive Brokers - without added commissions and with professional assistance in Bulgarian. Within 2022 Euro-Finance AD plans to actively promote and market this unique service for the Bulgarian market.

Euro-Finance AD will continue to work towards the improvement and development of the financial accounting system Eurosis together with the software developer. The migration to the new version of the software scheduled for late 2021-early 2022 has been postponed until late 2022-2023 due to sub-optimal functional readiness of the system. The new version of the programme uses newer technology and will be significantly more synchronised and adapted to the latest regulatory changes and operational processes within the intermediary. The new version will include additional screens, registers, reports and functionality.

Euro-Finance AD's management team also plans to focus efforts on attracting new institutional clients through meetings with potential issuers interested in financing their business through a listing on the BEAM market organised by the BSE.

Impact of external factors on operations

The new year 2022 will be challenging for financial market participants amid an over-regulated environment and a complex global economic environment driven by rapidly rising global inflation, global supply chain issues and the unpredictable indirect impact of the ongoing military conflict between Russia and Ukraine. Operationally, Euro-Finance AD's activities will traditionally be focused on seeking the optimal balance between measured risk and investment liquidity.

More information on Euro-Finance AD can be found on the company's website www.eurofinance.bg

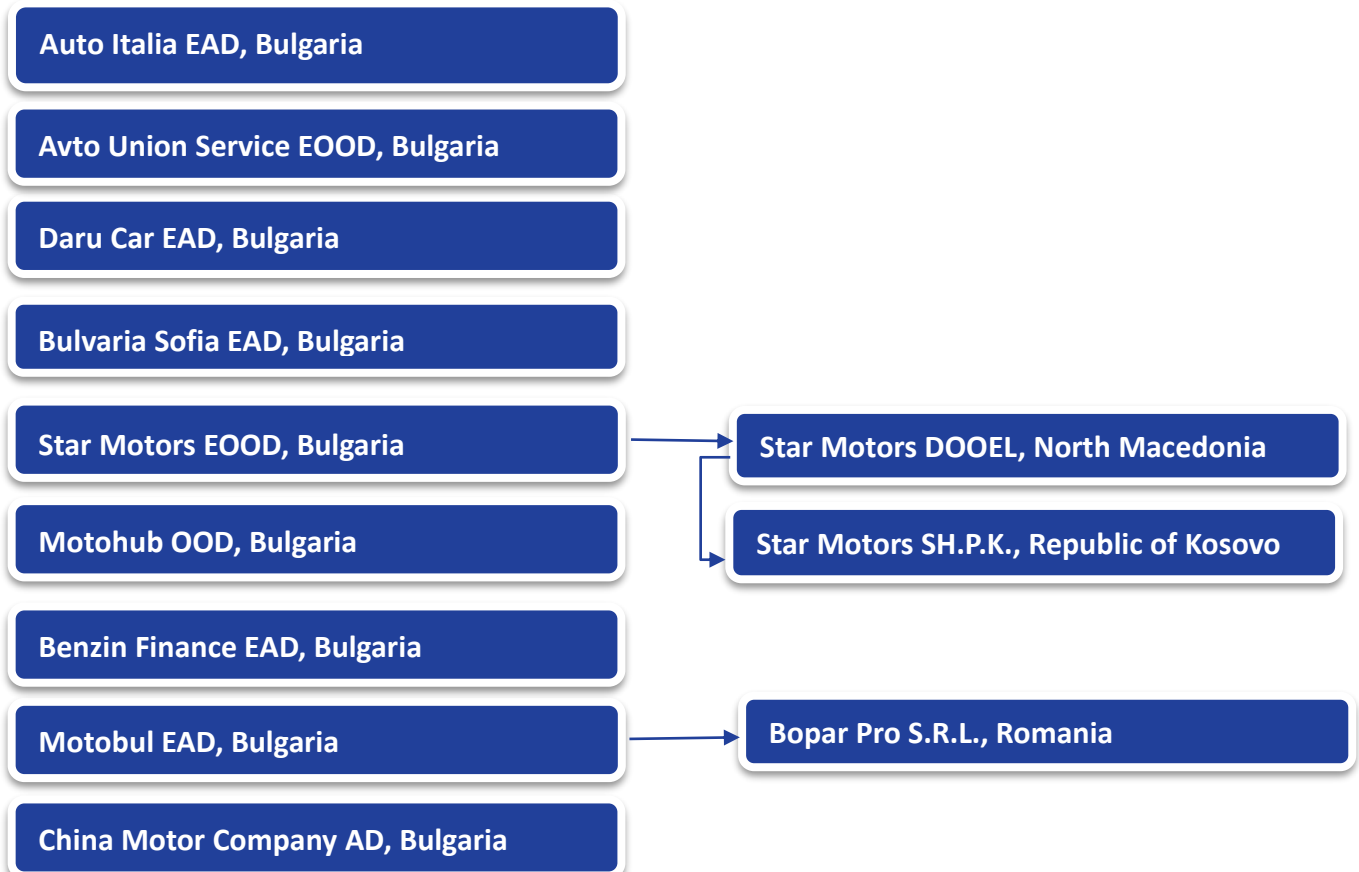


AUTOMOTIVE



Auto Union

Subsidiaries



Auto Union is a holding company uniting Eurohold's investments in the automotive sector.

AUTOMOTIVE

Automotive Group Results Overview

AUTOMOBILES	Unit	Change 2021/2020 in %	2021 BGN '000	2020 BGN '000
Revenue from sales	<i>BGN '000</i>	▲ 7%	34 913	32 738
Cost of goods sold	<i>BGN '000</i>	▲ 6%	(30 234)	(28 512)
Other revenue	<i>BGN '000</i>	▲ 46%	5 559	3 941
Operating expenses	<i>BGN '000</i>	▲ 17%	(13 171)	(11 221)
Financial and other income/costs, net	<i>BGN '000</i>	▲ 1032%	(1 223)	(108)
Impairment of goodwill	<i>BGN '000</i>	-	(21 005)	-
Loss before taxes	<i>BGN '000</i>	▲ 696%	(25 161)	(3 162)
Loss from continuing operations, after tax	<i>BGN '000</i>	▲ 704%	(25 649)	(3 192)
Loss for the year from discontinued operations	<i>BGN '000</i>	▲ 231%	15 646	4 733
Net loss for the year	<i>BGN '000</i>	▼ 749%	(10 003)	1 541
Property, plant and equipment	<i>BGN '000</i>	▼ 76%	9 489	38 737
Inventories (vehicles and spare parts in stock)	<i>BGN '000</i>	▼ 72%	6 871	24 128
Trade and other receivables, including from related parties	<i>BGN '000</i>	▲ 163%	45 574	17 339
Assets included in the disposal group classified as held for sale	<i>BGN '000</i>	-	12 810	-
Total Assets	<i>BGN '000</i>	▼ 33%	86 471	128 263
Equity	<i>BGN '000</i>	▼ 75%	4 538	18 173
Non-current liabilities	<i>BGN '000</i>	▼ 59%	16 717	40 476
Current liabilities	<i>BGN '000</i>	▼ 20%	55 680	69 614
Liabilities included in the disposal group classified as held for sale	<i>BGN '000</i>	-	9 536	-

FINANCIAL INDICATORS AUTOMOTIVE GROUP

(BGN '000)

N:	COEFFICIENTS	2021	2020	2021/2020	
				value	percentage
1	Gross return on equity	-5.54	-0.17	-5.37	3087%
	Net return on equity	-2.20	0.08	-2.29	-2699%
2	Gross return on liabilities	-0.35	-0.03	-0.32	1110%
	Net return on liabilities	-0.35	-0.03	-0.33	1122%
2	Gross return on assets	-0.29	-0.02	-0.27	1080%
	Net return on assets	-0.30	-0.02	0.28	1092%
4	Cost-effectiveness ratio	0.62	0.92	-0.30	-33%
5	Revenue efficiency ratio	1.62	1.09	0.54	49%
6	Total liquidity ratio	0.71	0.93	-0.23	-25%
7	Financial autonomy ratio	0.06	0.17	-0.10	-62%
8	Debt ratio	15.95	6.06	9.90	163%

Results of automotive companies

For the period ending 31 December 2021, sales of new cars and vans sold by the Auto Union Group amounted to 2,421 units compared to 3,350 units sold during the same period in 2020, which represent a decrease of 27.7%. According to the Union of Car Importers in Bulgaria, the market of new cars and vans for 2021 increased by 7.4% compared to the same period in 2020. The number of cars sold in total for the Group for 2021 include the sales of Espace Auto and N Auto Sofia only for the first 7 months of the year, as the Group's investments in the companies in question were sold on 2 August 2021.

During the reporting period, Opel's sales decreased by 44.4% for Sofia and increased by 32.8% for Varna. Auto Italia EAD reduced its sales of cars with the FIAT brand by 68.6%, as well as those with the Alfa Romeo brand by 75.9%. During the reporting period, 115 units were sold with the GAZ brand. The sales of the luxury car brand Maserati from Auto Italy grew by 7.7% compared to the previous year. Star Motors recorded a 52% increase in sales of new Mazda cars compared to the same period last year. The realized sales of cars with the brands Nissan, Renault and Dacia reported a significant decrease due to the realized sales on 2 August 2021 of the companies - dealers of these brands.

The decline in sales of new cars in the Auto Union group is mainly due to the following two reasons:

- » The first reason is quite naturally and understandably a derivative of the Covid-19 pandemic and is related to the fact that the closure of entire businesses, industries and state borders for a longer period of time inevitably negatively affects car dealers, and this impact is reflected to a greater extent in car dealers who had a higher percentage of corporate partners in their mix of customers (as is the case with the companies in the Auto Union group).
- » The second reason is related to the structural changes made in the Auto Union Group in 2021, which logically have a negative impact on the performance of cars sold for the current year. The number of sold cars for 2021 includes the sales of Espace Auto and N Auto Sofia only for the first 7 months of the year, as the Group's investments in the companies in question were sold on 2 August 2021.

The market share of the Group for the reporting period is 7.9%, decreasing by 3.9% compared to the same period in 2020.

AUTO UNION AD. BUSINESS OVERVIEW

The main activities of Auto Union AD include the sale of new cars, motorcycles and scooters, sale of original spare parts, lubricants and accessories, as well as repurchase of cars.

The companies from the Auto Union group operate as:

- » Official importers of cars;
- » Official car dealers;
- » Official car repair shops;
- » Official distributor of lubricants and alternative spare parts;
- » Fuel card operator - business partnership with leading gas stations.

The portfolio of Auto Union AD in early 2021 is the largest in number of brands in Bulgaria, according to statistics published by the European Automobile Manufacturers Association (AAP), includes eight brands of cars and four brands of scooters, lubricants, fuels, and additional car services. Through its 11 (eleven) subsidiaries, Auto Union AD is an exclusive importer in Bulgaria of Mazda, Fiat, Alfa Romeo and Maserati cars, as well as an authorized dealer of Opel, Nissan, Renault and Dacia.

As part of Eurohold's development strategy, which envisages the sale of the group's car and lease business and a focus on the energy and insurance business, Auto Union sold in August 2021 its subsidiary N Auto Sofia EAD - a major dealer of Nissan cars and majority owner of Espace Auto, the largest distributor in Bulgaria of cars of Renault and Dacia and EA Properties OOD.

In 2021, Auto Union signed a preliminary contract for the sale of Star Motors EOOD - official importer of Mazda for Bulgaria and Macedonia, through Star Motors DOOEL, and in 2022 - for the sale of Daru Car EAD - authorized BMW service. On 11.05.2022 - Auto Union AD signed a final contract for the sale of Star Motors EOOD - official importer of Mazda cars for Bulgaria. At present, the transaction has been finalized, and by virtue of the agreement between the parties, M TRAX BULGARIA EOOD acquired all 70,000 shares forming the capital of Star Motors EOOD, including its subsidiaries Star Motors DOOEL (Northern Macedonia) and Star Motors SH.P.K. (Kosovo). The new owner was registered in the Trade Register at the Registry Agency on 17 May 2022.

Trends and future development

The expectations for the future development of the automotive market in Bulgaria are based mainly on the expectations for the market in the coming 2022. These expectations are formed as a function of the following mix of factors and forecasts:

- » return to the old market levels of 2019, i.e. overcoming the market collapse due to the Covid-19 crisis;
- » maintaining the pace of recovery of the local economy;
- » increasing the growth of sales of new cars in the country as a function of mandatory legislative changes at European and local level, in order to be environmentally friendly;
- » increase in the growth of sales of new cars in the country as a function of the depreciated fleet, due to increased sales to corporate clients, for whom it is unprofitable to maintain an outdated fleet;
- » At the same time, more and more tangible positioning of the companies in the Group on the market of tested used cars (up to 5 years) in the country, in response to the current reduced purchasing power of households due to the Covid-19 crisis.

In addition, the increasing restrictive measures at European level related to the reduction of the harmful impact of cars on the environment, and in particular the strict environmental requirements for the limit of exhaust gases, will inevitably lead to regulatory changes in this direction in the future at local level. It is important to note that these new environmental standards are only covered by brand new cars (or relatively new ones up to 5 years old). Considering the above, and at the same time taking into account the fact that currently registered cars over 10 years on the roads of the country and the region exceed the registrations of brand-new cars, it can be concluded that for Bulgaria and the Balkans still exists a large share of the dormant and unused market.

In addition, the management of Auto Union is looking for new opportunities to develop its portfolio of brands and services it offers on the Bulgarian market. In the subsidiary Auto Italia EAD the development strategy focuses mainly on the ultra-luxury and most budget business cars from the light truck range on the market. The management believes that in this way it will be able to fill a niche that is extremely fragmented in terms of market saturation and regardless of the economic situation, it has been proven that ultra-luxury collectibles are always in demand and business cars (pickups, buses) can be treated as a commodity. In this direction, Auto Italy EAD will offer, in addition to the Maserati brand, used models certified by the Italian company Ferrari.

Auto Union AD established a new company China Motor Company AD. The intention of the company is to become a dealer of Chinese brand cars, which is currently a completely new niche for the European market. With the rapid progress of Chinese manufacturers worldwide, we believe that their products will be quite interesting for Bulgarian customers, as well as the upcoming electrification in the automotive sector, where the Chinese market and companies are leading global trends in EV in terms of sales and production capabilities. At the beginning of 2022, the company signed a distribution agreement with Dongfeng - one of the world's leading car manufacturers and a major one for the Chinese market. From 2022 the company will start importing Dongfeng products in Bulgaria focusing on growing SUV segments cars, small trucks and electric cars.

Impact of external and internal factors on operations

In 2020, in the conditions of an unpredictable and dynamic year under the sign of the global pandemic Covid-19, the market of new cars reports an unprecedented decline - according to the Association of Automobile Manufacturers and their authorized representatives in Bulgaria (AAP), the Bulgarian market of new cars and vans decreased by 31.4% compared to the same period in 2019. For comparison, again according to (AAP), the Bulgarian market of new cars and vans for 2021 increased by 7.4% compared to the same period of 2020.

The negative trend in the sales of Auto Union is ahead of the market, as the group recorded a decrease in the number of its sales of 27.7% compared to the same period last year. As of 31 December 2021, the market share of the Auto Union Group amounts to 7.9%. (2020: 11.8%).

The decline in sales of new cars in the Auto Union group is mainly due to the following reasons:

- » The first reason is quite naturally and understandably a derivative of the Covid-19 pandemic and is related to the fact that the closure of entire businesses, industries and state borders for a longer period of time inevitably negatively affects car dealers, and this impact is reflected to a greater extent in car dealers who had a higher percentage of corporate partners in their mix of customers (as is the case with the companies in the Auto Union group).
- » The second reason is related to the structural changes made in the Auto Union Group in 2021, which logically have a negative impact on the performance of cars sold for the current year. The number of sold cars for 2021 includes the sales of Espace Auto and N Auto Sofia only for the first 7 months of the year, as the Group's investments in the companies in question were sold on 2 August 2021.

More information about Auto Union and its subsidiaries can be found on the car holding company's website www.avto-union.bg.




LEASING



**Responsible, flexible
and transparent partner**

High quality service



**Readiness for
specific
conditions or
individual
product**



EUROLEASE GROUP

Subsidiary companies

Eurolease Auto EAD, Bulgaria

Eurolease Auto DOOEL, North Macedonia

Eurolease Rent-a-Car EOOD, Bulgaria

Amigo Leasing EAD Bulgaria

Autoplaza EAD, Bulgaria

Sofia Motors EOOD, Bulgaria

Eurolease Auto S.A., Romania

Mogo Bulgaria EOOD, Bulgaria

Changes in company names after the year end (April 2022)

Mogo Bulgaria EOOD - a company for providing used cars under the terms of financial lease became **Amigo Finance EOOD**

Amigo Leasing EAD - the company for providing used cars under the terms of financial lease and lending is **Financity EAD**

Eurolease Group is a holding company uniting Eurohold's investments in the leasing business.

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Review of the group results of the leasing group

LEASING	unit	Change 2021/2020 in %	2021 BGN '000	2020 BGN '000
Interest income	<i>BGN '000</i>	▲ 9%	7 008	6 411
Interest expenses	<i>BGN '000</i>	▼ 1%	(3 769)	(3 804)
Net interest income	<i>BGN '000</i>	▲ 24%	3 239	2 607
Revenues and expenses from fees and commissions	<i>BGN '000</i>	▲ 10%	985	896
Revenues from sales and rents	<i>BGN '000</i>	▲ 10%	10 207	9 265
Other income	<i>BGN '000</i>	▲ 12%	1 876	1 672
Profit from a bargain purchase	<i>BGN '000</i>	n/a	2 006	-
Impairment losses on financial assets	<i>BGN '000</i>	▼ 26%	(1 159)	(1 572)
Administrative costs	<i>BGN '000</i>	▲ 11%	(14 870)	(13 351)
Profit / (loss) before taxes	<i>BGN '000</i>	▲ 315%	2 225	(536)
Profit / (loss), after taxes	<i>BGN '000</i>	▲ 292%	2 132	(544)
Lease receivables	<i>BGN '000</i>	▲ 8%	83 292	77 343
Fixed tangible and intangible assets	<i>BGN '000</i>	▲ 1%	26 891	26 494
Financial assets	<i>BGN '000</i>	▼ 0,1%	3 015	3 017
Total Assets	<i>BGN '000</i>	▼ 4%	126 531	119 273
Equity	<i>BGN '000</i>	▲ 18%	13 841	11 687
Bank and bond loans	<i>BGN '000</i>	▼ 3%	88 411	91 237
Total liabilities	<i>BGN '000</i>	▲ 5%	112 690	107 586

FINANCIAL INDICATORS LEASING GROUP

(BGN '000)

N:	COEFFICIENTS	2021	2020	2021/2020	
				value	percentage
1	Sales revenue profitability ratio	0.09	-0.03	0.12	-400%
2	Return on equity	0.15	-0.05	0.2	-400%
3	Profitability ratio of liabilities	0.02	-0.01	0.03	-300%
4	Return on assets	0.02	0.00	0.02	n/a
5	Cost efficiency ratio	1.01	0.97	0.04	4,0%
6	Revenue efficiency ratio	0.99	1.03	-0.04	-4%
7	Total liquidity ratio	0.96	0.94	0.02	2%
8	Financial autonomy ratio	0.12	0.11	0.01	9%
9	Leverage ratio	8.01	9.02	-1.01	-11%

Performance analysis of leasing companies

The financial result for 2021 is a profit at the amount of BGN 2 132 thousand compared to a loss at the amount of BGN 544 thousand for the previous reporting period - 2020. The financial result for 2021 is distributed as follows: for the Group a profit is reported at the amount of BGN 2 139 thousand, and for the non-controlling interest - a loss at the amount of BGN 7 thousand.

Consolidated revenues are formed by the various areas of business of the sub holding, namely: revenues from financial and operating leases, short-term car rental and sale of used cars, the distribution of which is shown in the following chart.

In 2021, there was a change in the amount of revenues from individual areas, namely:

- » During the reporting period the total revenues from the various lines of business amounted to BGN 20,076 thousand compared to BGN 18,244 thousand for 2020.
- » Financial leasing - In absolute value, the interest income from financial leasing amounts to BGN 6,300 thousand compared to BGN 5,670 thousand for 2020.
- » Operating lease - the amount of revenues from this area is growing. As of 31 December 2021, their amount is BGN 7,349 thousand (compared to BGN 6,982 thousand for the comparable reporting period), which is mainly due to the interest in the products offered by Sofia Motors EOOD - Simpl and Ready to Go.
- » Rent a car - the amount of revenues increases to BGN 1,761 thousand compared to BGN 1,408 thousand for 2020. The improved economic activity of the population favours the tourist activity of Bulgaria.

As of 31 December 2021, the assets of the Group amount to BGN 126,531 thousand compared to BGN 119,273 thousand at the end of the previous reporting period.

Lease receivables increased by 7.69% to BGN 83,292 thousand compared to BGN 77,343 thousand at the end of 2020.

The fixed assets at the consolidated level amount to BGN 81,795 thousand, compared to BGN 81,633 thousand as of 31 December 2020.

Total equity amounts to BGN 14,077 thousand as of 31 December 2021 compared to BGN 11,922 thousand as of 31 December 2020.

At the end of the reporting period total liabilities of the Group amount to BGN 112,690 thousand compared to BGN 107,586 thousand as of 31 December 2020.

The companies from the leasing group finance their activities through attracted funds in the form of bank loans from local and international financing institutions, as well as through the issuance of debt instruments.

As of the end of December 2021, the following changes in the relative share of the type of financing used are observed:

- » Liabilities to banks as of 31 December 2021 amount to BGN 81,101 thousand compared to BGN 81,244 thousand at the end of 2020;
- » Liabilities to other financial institutions amount to BGN 14 846 thousand (47% increase compared to the comparable period). The amount is mainly due from the subsidiary Eurolease Rent-a-Car to leasing companies financing its activities and Amigo Finance (with the name Mogo Bulgaria EOOD, until 15.04.2022) to a non-banking institution financing its activities;
- » At the end of December 2021, the liabilities on debt instruments decreased by 27% to BGN 7,310 thousand compared to BGN 9,993 thousand as of 31 December 2020. The decrease was due to the repaid bond issue of Eurolease Auto EAD at the end of July 2021.

EUROLEASE GROUP AD. BUSINESS OVERVIEW

The leasing sub holding Eurolease Group is a company that consolidates Eurohold's investments in the leasing business in the Balkans.

The companies, part of the Eurolease Group, offer financial and operational leasing of new and used cars, new cars and vans, trucks, and buses.

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

Eurolease Group's leasing operations focus on developing products that offer flexible repayment plans and interest rates that are tailored to the client's risk profile.

The subsidiaries of Eurolease Group take advantage of the opportunity within the Group to provide a full range of financial and operational leasing services, car rental services and the sale of used cars to individuals and legal entities and corporate clients, thus Eurolease Group manages to cover the full range of potential customers and create competitive advantages.

Important events in 2021

With a decision of 12 August 2021 of the Board of Directors of Eurolease Group AD, the capital of Sofia Motors EOOD was increased by BGN 390 thousand. The capital increase was registered in the Commercial Register on 24 August 2021.

Pursuant to a contract of dated 1 December 2021 and entry in the Commercial Register on 7 December 2021, Eurolease Group AD acquired 600,000 shares of the capital of Mogo Bulgaria OOD, together with all rights and obligations they carry, in accordance with the provisions of the Commercial Law and the Articles of Association of the Company, by which Eurolease Group AD becomes the sole owner of the capital of Mogo Bulgaria EOOD. On 15 April 2022, the name of the company was renamed to Amigo Finance EOOD. Amigo Finance EOOD is a company operating in the country related to leasing of motor vehicles.

Trends and priority goals for 2022

The strategic goal of Eurolease Group EAD is to become one of the leading lessors in the country. To this end, Eurolease Group EAD strives to build a strong and sustainable brand based on the provision of high quality and comprehensive services.

The goal is to increase its reputation as an innovative and flexible partner to a variety of customers and to offer new, specific products and services to its customers. One of the main tasks for the fulfilment of the goals before the companies part of Eurolease Group AD are:

- » providing sufficient funding for the smooth implementation of the activity - increasing the existing limits, as well as attracting funds from other institutions.
- » increasing the levels of new business while taking reasonable levels of risk;
- » digitalization of the application process and conclusion of a leasing contract
- » positioning and promotion of the brands with which the group works;
- » expanding the network of partner suppliers;
- » reaching a larger number of users through advertising on social channels;
- » current analysis of consumer attitudes and adaptation of products to them.

Impact of external and internal factors on operations

⇒ The leasing business was hit hard by the COVID-19 pandemic in 2020, and this impact has gradually begun to wane. In 2021, the impact of COVID-19 on the activities of leasing group companies can be summarized in the following areas:

Eurolease Auto EAD

» **Volume of new business** - In 2021, the company reports a growth of 4% in new business compared to 2020. The results also show a relative recovery of the economy.

» **Revenues** - The generated interest income in 2021 amounts to BGN 4.6 million and is almost unchanged compared to 2020.

» **Digitization of the process of concluding a leasing contract** - Eurolease Auto EAD introduces the possibility for electronic signing of documents related to the application, conclusion, and renegotiation of leasing transactions through the platform of Eurotrust Technologies AD.

» **Rescheduling of receivables from clients** - As a non-bank leasing company, Eurolease Auto EAD does not fall within the scope of the private moratorium announced by the Bulgarian National Bank within the meaning of the Guidelines of the European Banking Authority (EBA) on legislative and private moratoriums on loan payments COVID-19 (EBA / GL / 2020/02). However, the Company provides its customers with the opportunity to defer principal payments, following the guidelines of the Moratorium Mechanism № 2. As of 31 December 2021, less than 2% of the Company's portfolio is rescheduled.

» **Debt rescheduling** - In 2021 the company has not rescheduled liabilities with creditors.

» **Change in the credit policy of the Company** - The declared state of emergency had the greatest impact on the industries of tourism, hotels, and restaurants, renting and car rental services, construction activities, the activity of which was temporarily suspended. The company uses a different scoring model for approval of individuals and legal entities. At present, no funding is offered for companies operating in high-risk industries, as well as those with high indebtedness and relatively low equity. In addition, only customers with the highest ratings are approved according to the Company's internal rating system. The same approach applies to individuals whose employment is in the sectors concerned. When considering an application for financing, the Risk Department also focuses on the property security of the clients, if possible, a joint and several debtor is required. A significant part of the newly generated business are transactions with long-term customers who have a good credit history.

» **Recognized impairment loss on lease receivables and other financial assets in accordance with IFRS 9 Financial Instruments** - Accrued impairment for 2021 amounts to BGN 1,011 thousand. The impairment accrued for the period fairly reflects the economic uncertainty surrounding the COVID-19 pandemic, although no significant deterioration in the credit quality of counterparties was observed.

Financity EAD

» **Volume of new business** - Generated new business in 2021 increases by 20% compared to 2020, reflecting the reduced impact of Covid-19 on consumption.

» **Change in revenues** - Revenues generated in 2021 show a slight increase of 3% compared to their level in 2020.

» **Debt rescheduling** - In 2021 the Company did not reschedule liabilities with creditors.

» **Recognized impairment loss on lease receivables and other financial assets in accordance with IFRS 9 Financial Instruments** - Accrued impairment for 2021 amounts to BGN 786 thousand. The impairment accrued for the period fairly reflects the economic uncertainty surrounding the COVID-19 pandemic, although no significant deterioration in the credit quality of counterparties was observed.

» **Digitalization of the lease contract process** - Amigo Leasing EAD introduces the possibility of electronic signing of documents related to the application, conclusion, and renegotiation of lease transactions through the platform of Eurotrust Technologies AD.

» **Change in the credit policy of the Company** - In view of the situation, the management of the Company is making changes in the credit policy, as the approved customers must meet increased criteria. In addition, employees in risky industries that would be most affected by COVID-19 are not being financed. An emerging trend is also the reduction in the average term of leases (below 36 months in recent months), as the company's scoring model indicates that they are lower risk.

Eurolease Auto North Macedonia

» **Volume of new business** - Eurolease Auto North Macedonia's new business in the financial leasing segment reports an increase of 4% in 2021. The results show that the economic situation in the country is improving.

» **Revenue Change** - Interest income in 2021 increased by 42% compared to the prior period. Revenue from fees and commissions increase by 9% compared to 2020.

» **Rescheduling of receivables from clients** - There are no deferred contracts with customers at the end of 2021.

» **Debt rescheduling** - At the end of 2021, there are no rescheduled obligations to creditors.

» **Changes in the company's credit policy** - The declared state of emergency had the greatest impact on the tourism, hotel and restaurant, rental and car rental services, and construction industries, whose activities were temporarily suspended. The Company uses a different scoring model for approval of individuals and legal entities. At present, for companies operating in risky industries, as well as those with high indebtedness and relatively low equity, no financing is offered.

Sofia Motors EOOD

» **Growth rate of leased assets** - At the end of 2021, the book value of leased assets shows a growth of 11% compared to the end of 2020. This shows that the Company is still managing to achieve growth in its portfolio despite the constraints imposed by the economy.

» **Digitalization of the leasing contract process** - Sofia Motors EOOD introduces the possibility of electronic signing of documents related to the application, conclusion, and renegotiation of leasing transactions through the platform of Eurotrust Technologies AD.

» **Debt rescheduling** - In 2021, the Company has not rescheduled any obligations with creditors.

» In accordance with its **Trade Receivables Impairment Policy**, the Company recognised expected credit losses of BGN 220 thousand.

» **Changes in the Company's credit policy** - The declared state of emergency had the greatest impact on the tourism, hotel and restaurant, rental and car rental services, and construction industries, which were temporarily suspended. At present, no financing is available for companies operating in risky industries, as well as those with high indebtedness and relatively low equity. In addition, only customers with the highest ratings according to the Company's internal rating system are approved. For individuals whose employment is in the affected industries, the same approach is applied.

Eurolease Rent a Car EOOD

» **Short-term business:** In 2021 there is a positive trend towards a gradual recovery of indicators compared to 2020. The main role in the positive results is played by the third quarter, namely the summer season from July to September, where growth is 45% compared to the same period in 2020. Despite more optimistic revenues in 2021, reaching pre-epidemic levels from and before 2019 is severely hampered by the ongoing COVID pandemic for the second year in a row and the resulting travel restrictions and the need for vaccination. The crisis has affected the entire car rental industry, which relies on passenger traffic and in particular on arriving passengers at the airports of Sofia, Varna and Burgas. In 2021, trips to Bulgaria are mainly business-oriented, while tourist trips continue to be greatly reduced.

» **Long-term business:** This aspect of the activity was also negatively affected in the past year, as the main factors were the transition of employees to remote work in the home environment and the elimination of the need for company cars, as well as cost optimization in companies affected by the pandemic, including redundancies. The forecast for the next few years is towards a mass reorganization of the labor process and a change in the habits and business strategies of the companies, including those that use the "Operational Leasing" service.

» **Change in revenues** - In 2021 the revenues generated by Eurolease Rent-a-Car from operating leases (BGN 3.5 million) remain almost unchanged compared to 2020.

» **Debt rescheduling** - In 2021 the Company did not reschedule liabilities.

Autoplaza EAD

Despite the difficulties caused by the pandemic, the Company has not ceased operations during the year and no delays or interruptions in deliveries from suppliers and customers have been identified. The effect of the pandemic has not affected the structure or the number of staff.

The company has received grants provided by the state related to government funding on the basis of CMD 416 / 30.12.2020, CMD 92/2021 and CMD 213/2021, as a measure to maintain the employment of employees in a state of emergency. All necessary measures recommended by the National Staff and the RHI have been implemented to protect the health of employees and customers. The nature of the Company's activity does not presuppose the existence of significant trade receivables, therefore there is no deterioration in the credit quality of counterparties.

⇒ The military conflict between Russia and Ukraine is a particularly significant event that has and will have many political, social, and economic consequences not only for these two countries, but for the whole world. The state of emergency has unpredictable consequences, such as the escalation of the military conflict and the resulting humanitarian crisis, energy crisis, supply crisis, cumulative inflation, which are likely to affect the Group's activities in 2022 and in the foreseeable future.

⇒ On 14 March 2022, Eurolease Group AD, in its capacity as sole owner of the capital of Eurolease Rent-a-Car EOOD, signed a preliminary contract for its sale. As of the date of preparation of this consolidated activity report, the transaction is in the process of being approved by the regulatory authorities.

More information about the Eurolease Group sub-holding and its subsidiaries can be found on the company's website www.euroleasegroup.com.

CURRENT TRENDS AND LIKELY FUTURE DEVELOPMENT. STRATEGIC FOCUS

TRENDS AND FUTURE DEVELOPMENT

The development trends of Eurohold Bulgaria AD are related to the strategic objectives in the development of the insurance and energy business. Therefore, the future development of the Holding is considered at the group level and is fully related to the achievements of the subsidiaries, their opportunities for generating revenue growth and profits, maintaining a stable capital structure, creating innovative products to strengthen their competitiveness, consolidating, and expanding their market positions in the regions in which they operate.

The Eurohold Group's outlook for 2022, following the integration of the seven acquired CEZ Group energy companies (now the ELECTROHOLD energy companies), will be focused on organic growth and improving operating returns. Eurohold's focus will be on strengthening the subsidiaries' positions in the markets in which they operate and further improving their efficiency, capitalisation, and profitability, while the process of diversifying the product portfolio will continue.

The acquired energy companies and the development of Eurohold's energy business will have a significant positive effect on the future development of the Group and will contribute to improving the Group's results as well as realising higher volumes of newly generated business and operating income, respectively.

The acquisition of the energy companies ELECTROHOLD is a good market opportunity for the implementation of Eurohold Bulgaria AD's medium- and long-term plan, namely the diversification of the portfolio, the reduction of market risk and the increase of the share of regulated markets, which will lead to higher precision in cash flow forecasting and more stable profitability. The acquired energy companies ELECTROHOLD are the largest electricity distributor in the country, covering an area of approximately 40,000 square kilometers, serving over 3 million consumers. Given the significant customer base of the acquired companies, this transaction is important for the strategic positioning of Eurohold as well as its subsidiaries. In addition, the acquisition will also have a positive effect on Eurohold Bulgaria's long-term credit rating, leading to an improvement in the financial position and risk profile of the Eurohold Group.

Impact of COVID-19 on development trends

After a challenging 2020 marked by the COVID-19 pandemic, the Eurohold Group returned to its growth path in 2021 and achieved a record high level of business generated. The insurance group recorded its highest premium volume since its founding 26 years ago and the acquired energy companies were integrated into the Eurohold structure and contributed to the record high group financial result.

It should be borne in mind that the results of the energy companies acquired at the end of July 2021 were only partially consolidated (for the period from their acquisition on 1 August to 31 December 2021). However, they had a positive effect on the Group's financial position, including materially improved consolidated financial ratios and indicators of total liquidity, return on revenue, return on equity, and higher financial autonomy. The positive effect will become even stronger from 2022, when the results of the energy companies will be consolidated in full.

In general, the insurance and energy businesses have so far not been significantly affected by the measures imposed by the government to limit the spread of the Covid-19 pandemic, so fast and flexible measures, professional solutions, good organisation, and digitalisation of processes have contributed, and Eurohold's management believes that they will remain unaffected in the coming periods.

Eurohold Group's good performance in 2021 gives us confidence that we can meet any new waves of Covid-19 in future periods as well as new challenges in the region as a result of events in Ukraine.

In addition, insurance and energy activities are highly regulated and their future development is highly dependent on applicable legislation, changes in the regulatory framework and decisions of regulatory authorities.

EUROHOLD'S STRATEGIC DIRECTION FOR THE FUTURE DEVELOPMENT OF THE GROUP

Insurance

Regarding the insurance business, Eurohold's strategy envisages organic growth and improved returns from operations in Romania and Bulgaria. The focus will be on product development; distribution with a focus on online sales channels; and international expansion with a focus on organically growing business in the current regions and expanding into other markets under the Free Provision of Services Act.

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

Energy

The energy business development strategy envisages the implementation of the investment programme of the energy companies focused on the following areas: customer service and satisfaction; grid renewal and maintenance; renewables and energy efficiency; innovation and technology.

Eurohold Bulgaria AD's intention is to make Eastern European Electric Company B.V. the regional utility company in the country in terms of sustainability and customer satisfaction. The Issuer is clearly committed to investing in technology and process digitalization to improve the efficiency of utilities while maintaining financial stability and regulatory compliance, and by ensuring continuity in the operational management of the assets being acquired.

With respect to the established operating strategy of the energy companies, Eurohold intends to be guided by and follow their existing business plans, maintaining the focus and investment program approved by the Energy and Water Regulatory Commission (EWRC). The investment programme is aimed at building a more efficient electricity distribution network, which will lead to a reduction in technical losses on the transmission network, better customer service and potentially lower electricity prices for end users.

Finance

The investment intermediary Euro-finance AD is expected to continue its sustainable development by expanding its market positions and generating revenue growth. The impact of Covid-19 on this segment is negligible.

Euro-Finance has fully digitalised its operations, upgraded and modernised its corporate website. Special attention is being paid to expanding Euro-Finance's presence on the Internet and reaching a wider range of potential clients by promoting the investment firm's products and services.

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

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

Automotive and Leasing

Trends for the currently existing businesses in the automotive and leasing segments are dependent on the impact of COVID-19 manifested in 2020, and this impact on their operations is currently becoming weaker. For 2022, it is expected to have a significantly more limited impact on the operations of these businesses.

At the same time, given the entry into a new sector market - energy, and the need for significant resources, both human and financial, to integrate it in order to implement the investment programme of the acquired companies, the automotive and leasing divisions of the Group do not represent a targeted priority in the Eurohold Group's development strategy. This circumstance implies that, in the event of a good investor proposal, a transaction for the sale of the business unit(s) of these divisions is possible. In this regard, the automotive sub holding of Eurohold Bulgaria AD, Auto Union AD, sold its subsidiary N Auto Sofia EAD. N Auto Sofia EAD is the main dealer in Bulgaria of the Nissan brand and controls 51% of the capital of Espace Auto OOD, the largest distributor in Bulgaria of Renault and Dacia cars. The company also owns 51% of EA Properties Ltd, which owns the Nissan, Renault and Dacia site and showroom in Sofia. The transaction has been finalized after approval by the Commission for Protection of Competition and was registered in the Commercial Register on 20 August 2021. At a later stage - mid-November 2021, Auto Union AD signed a preliminary agreement for the sale of its subsidiary Star Motors Ltd - the official importer of Mazda brand vehicles for Bulgaria and the Republic of North Macedonia. In March 2022, the company will sell its shares in Mazda Motor Ltd. Auto Union also negotiated the sale of Daru Car EAD. The leasing sub holding entered into an agreement for the sale of the rental car company Eurolease Rent-a-Car EOOD, the representative of Avis and Budget for Bulgaria.

In addition, in a short period of time it is possible that Eurohold Bulgaria AD will dispose of other companies from its automotive and leasing division, which will enable it to focus on its insurance and energy businesses.

There are no other trends, fluctuations, requirements, commitments or events that are reasonably likely to have a material effect on the operations and financial position of the Eurohold Group for at least the next financial year in the segments in which it operates.

THE MAIN RISKS

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

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

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

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

The order of listing the risks in each of the categories below is according to their materiality 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.

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

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

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

Deteriorated results of one or more subsidiaries could lead to a deterioration of the results on a consolidated basis. This in turn is related to the company's share price, as a result of investors' expectations for the prospects of the company and 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.

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

Risks, related to the activity of the subsidiaries

► 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;
- local legislation for the subsidiary and requirements for application of the Solvency II regime;
- Other factors, approved by the Risk Management Committee.

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

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

Market Risk

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

Market risk includes the following sub-risks:

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

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

Credit risk

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

Operational risk

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

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

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

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

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

Insurance risk management

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

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

The property is subject to a number of risks, including theft, fire, business disruption and weather conditions. Compensation for phenomena such as storms, floods, landslides, fires, explosions, and rising crime rates occur on a regional scale, which means that each company manages the distribution of its geographical risk very carefully. In the event of an earthquake, each company expects the real estate portfolio to include high claims for structural real estate claims and large claims due to business disruptions, while transportation links are down and the property is closed due to renovations. Each company accepts the total risk exposure, which is ready to take in certain areas for a number of events such as natural disasters.

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

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

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

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

Reinsurance risk management

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

➤ Energy business

Regulatory risk

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

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

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

Market risk

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

- Risks related to competition and switching suppliers on the free market;
- Risks related to the changes in the prices of electricity on the wholesale market and their impact on the energy position and the expected trade margin of the Company;
- Risks due to the expressed volatility and unpredictability of the wholesale market and the fundamentals influencing (prices of natural gas, fuels, CO2 emissions, RES, EU policy, market mergers, climate change, etc.);
- Risks related to liquidity and adequate supply of long-term energy products on the wholesale market, corresponding to the consumption profile of end customers;
- Risks due to seasonality, climate change, repair programs of producers, transmission capacities, emergency shutdowns of producers, and other unforeseen events that may affect the wholesale electricity market;
- Risks related to incorrect forecasting and / or abrupt change of the wholesale market and inability of the Company to adapt the portfolio of end customers to the changes;
- Risks related to market infrastructure, data exchange systems, security and information protection;
- Risks related to the behaviour of trade participants, experience and code of ethics;
- Risks arising from leaving open positions of other participants in the balancing group of the Company;
- Risk of non-renewal of contracts with end customers due to internal and external factors;
- Risk of changes in the regulatory framework, respectively impossibility to fully or partially transfer the purchase costs on the selling prices to end customers.

Operational risks

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

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

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

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

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

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

➤ **Automotive business**

The automobile sub-holding Auto 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 revocation 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 Auto 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 Auto 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 Auto 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 business**

Risk of lack of attracted external debt financing at reasonable prices

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

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

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

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

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

➤ **Investment intermediation and asset management**

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

Market and credit risk

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

Risk in settlement and clearing of transactions

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

Risk of change in the regulatory framework

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

Risks in the transmission and processing of information

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

⇒ Risks related to Eurohold's development strategy

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

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

⇒ Risks associated with future acquisitions and their integration in the structure

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

⇒ Risks related to the management of Eurohold. Operating risk

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

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

- making wrong decisions for the current investment management and liquidity of the Company and the Group as a whole, both by the senior management and the operative employees of Eurohold;
- the inability of the management to start the implementation of planned projects or lack of suitable employees for the specific projects;
- possible technical errors in the unified management information system;

- possible errors in the internal control system;
- key employees leaving the Company and inability to employ personnel with the necessary qualities;
- risk of excessive increase in the expenses for management and administration, which leads to a decrease in the total profitability of the Company.

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

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

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

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

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.

⇒ **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 structural 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 that may affect economic growth, household income, supply and demand, the realization of profits from 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.

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

The outcome of some of the risks associated with the international environment will largely depend on the plans and preventive measures of individual countries and international institutions, as evidenced by the recent global economic crisis and the Covid-19 pandemic. The risk of the influence of the international environment on companies cannot be diversified and affects all players, but on the other hand it can become an engine for development and implementation of innovations and digitalization that will drastically change and increase business efficiency globally.

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, budget deficit and external debt, unemployment rates and income structure.

Macroeconomic trends such as: the global economic crisis; the impact of the force majeure of the Covid-19 pandemic worldwide in early 2020 and the action taken by the governments of the countries concerned; slowing economic growth; the risk of systematic global financial fluctuations; periodic fiscal imbalances; changes in exchange rates to certain currencies; instability in energy prices; 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 position, profit and profitability or expected growth.

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

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 could 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 each such jurisdiction may increase the Group's operating costs and capital requirements. Any future periods of slowdown or slow 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.

Manifested macroeconomic risks in 2021 and as of the date of this Report

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. The Covid-19 pandemic slowed much of the global economy at the end of the first and throughout the second quarter of 2020, and activity in some sectors was almost completely halted. As a result of the measures imposed by governments to tackle the pandemic, a significant part of international trade has been hampered. This greatly hampers the production process as a result of disrupted supply chains and reduces domestic and external demand. The tightening of restrictive measures in response to the significant increase in the number of people infected with coronavirus (Covid-19) in various countries has led to a decline in economic activity. Globally, the subsequent results for businesses of the economic disruption caused by the pandemic were: deteriorating economic prospects, a significant increase in expected credit losses and other impairments, as well as lower revenues from lower volumes and reduced customer activity.

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

The European Commission's winter economic forecast for 2022 predicts that after a significant expansion of 5.3% in 2021, the EU economy will grow by 4.0% in 2022 and 2.8% in 2023. In the euro area, growth is also expected to be 4.0% in 2022, and in 2023 will slow to 2.7%. At the same time, the European Commission's Forecast for Economic Growth in Bulgaria for 2022 has been adjusted downwards compared to the autumn forecast - from 4.1% to 3.7%.

Despite these expectations, the European Commission believes that uncertainty and risks to the economy remain high. The latest wave of Omicron coronavirus, which was active in early 2022, has again led to a slowdown in economic recovery in Europe, accompanied by high inflation, absenteeism and online work, increasing shortages of materials, equipment and labor. Record energy prices have made life even more expensive and reduced Europe's purchasing power, especially in low-income households. In general, the impact of the pandemic on economic activity as a whole has weakened over time, including the slowdown in recovery caused by Omicron will not last long, given the slowdown and the lifting of restrictive measures. But possible new outbreaks, anti-epidemic measures and persistent staff shortages could hamper economic recovery. They could also slow down the supply of critical supply chains longer than expected. On the other hand, weaker demand growth in the short term may help to overcome supply difficulties a little earlier than expected.

However, these expectations may also develop negatively as a result of the military conflict between Russia and Ukraine that began on February 24, 2022. This conflict began at a time when the world economy, including Bulgaria, was gaining momentum after the peak of the Covid-19 crisis and called into question the current forecasts for economic growth in Europe and Bulgaria in particular. In their macroeconomic forecast, European Central Bank experts say that the prospects for economic activity and inflation in the euro area are becoming very uncertain and depend crucially on the development of the military conflict, the impact of current sanctions and possible further measures. They also forecast real GDP to increase by 3.7% in 2022, 2.8% in 2023 and 1.6% in 2024, revising the growth outlook by 0.5 percentage points. 2022, according to Eurosystem experts' December 2021 forecasts, mainly due to the impact of the crisis in Ukraine on energy prices, confidence and trade.

The hostilities have received widespread international condemnation, and many countries have imposed sanctions on assets and operations owned by the Russian state and certain individuals. The IMF notes that sanctions imposed on Russia by a number of countries are having an impact on the global economy and financial markets, and will have significant side effects in other countries. With the development of hostilities and sanctions, more and more economists are warning that inflation will not slow in the second half of the year, and economic growth could be twice as low. Account must also be taken of the looming humanitarian crisis that may be brewing in connection with the wave of refugees from Ukraine, with more than 3.5 million people leaving their homeland in just one month. In the current situation and due to concerns about gas supplies, which are mainly from Russia, there is a jump in prices for trade in electricity, fuels and other petroleum products in Bulgaria and Europe, and growth in these prices is expected to remain for a long time. Stock markets also reacted and registered strong volatility under the pressure of fluctuations in fuel and other basic resources markets. In many countries, the crisis has created adverse shocks to both inflation and activity amid rising price pressures. Central banks are closely monitoring the impact of rising international prices on domestic inflation, in order to monitor and, if necessary, take appropriate, carefully assessed responses. Fiscal policy will need to support the most vulnerable households to offset rising living costs.

However, the development of all these expectations depends on the outcome of the war and how long it will last. The economic consequences of the military conflict in Ukraine cannot be assessed at this stage of development, but they are already indicating extremely serious price effects on the overall global economy. They could exacerbate the already strong uncertainty created by Covid-19, further complicating the supply chain due to restrictive and logistical problems and further exacerbating inflationary pressures. If the conflict continues to develop, the economic damage will be significant and is expected to affect all sectors of the economy, both Bulgaria and the EU, including the sectors and regions in which the Eurohold Group operates.

In connection with the above and in view of the uncertainties regarding the effect of the imposed sanctions and restrictions, the Company has reviewed activities, contractors and economic relationships that could be put at risk. As the situation is extremely dynamic, the Company's management is not able to reliably assess the impact of the war on the future financial situation and the results of its activities in 2022 in terms of overall effects on the national economy, energy and food prices, the chain of supplies and other factors, but considers that it may have a negative impact on the company's activities and the sectors in which it operates.

„Eurohold Bulgaria“ AD owns, through its subsidiary Euroins Insurance Group AD, investments in two insurance companies in Ukraine. Eurohold's management is following the development of the military conflict with concern and is assessing its impact on the Group's business, focusing on assisting and supporting personnel in Ukraine and their families. In the first half of March, Euroins Insurance Group successfully evacuated 80 of its employees, their relatives and friends from Ukraine to Bulgaria. The Ukrainian citizens are accommodated in a holiday village on the Bulgarian Black Sea coast, where they are provided with shelter, food and medical care. Some of the evacuated employees continue to perform their official duties remotely in a hall specially equipped with the necessary equipment.

The holdings in the two Ukrainian companies owned by the Eurohold insurance group are insignificant as their assets amount to BGN 49,195 thousand and represent less than 1.3% of the assets of „Eurohold Bulgaria“ AD and about 2.4% of the assets of Euroins Insurance Group, which in itself does not pose a significant risk at Eurohold level. The companies themselves have stable financial results and capital security. For 2021, their total profit amounts to BGN 4,750 thousand (representing 4.48% of the total profit of the EIG), and their total income represents only 3% of all insurance income.

Euroins Insurance Group AD has a minority stake in a Russian insurance company, which is not subject to full consolidation, but is reported in the asset using the equity method and amounts to BGN 7,985 million (0.2%) of Eurohold's assets. Bulgaria as of December 31, 2021. The management of Eurohold is assessing the impact of sanctions on its minority stake in the Russian insurance company, and so far has not identified a significant risk, as the insurer operates only locally.

Euroins Insurance Group AD also has a stake in an insurance company in Belarus, which also has stable financial results and capital, but is insignificant in terms of business size. Its assets account for 0.6% of Eurohold's assets and 1% of EIG's assets. For 2021 the insurer has generated a profit of BGN 0.2 thousand (representing 0.2% of the total profit of EIG), and the total income of the company represents only 0.8% of all insurance revenues.

In general, the current military situation is a non-corrective event, at the same time it is extremely dynamic and the management at this stage can not make a qualitative and quantitative assessment of its impact on the Group, but actively monitors the situation and is ready to take action. and measures depending on its development and duration. In the presence of an indication of significant impacts caused by hostilities and subsequent macroeconomic shocks that would affect the activities of companies holding Eurohold, they will be analysed and evaluated and disclosed in the annual consolidated financial statements for 2021.

"Eurohold Bulgaria" AD seeks to monitor the likelihood of macroeconomic risk and develops group measures to mitigate as much as possible the impact of the effects that may have the presence of this risk. However, the 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 force majeure events

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

Force majeure circumstances may also arise which could have a severe impact on the overall macroeconomic and international environment. An example of such a risk is the "Pandemic" declared by the World Health Organization from an outbreak of acute respiratory syndrome associated with a new coronavirus (COVID-19) developing in early 2020.

⇒ Risk associated with COVID-19

The outbreak of Covid-19 has had and continues to have a significant impact on global business and the economy in which Eurohold Group companies operate, leaving significant uncertainties in estimating the duration of the spread of new coronavirus variants and its impact. The pandemic has forced governments to take unprecedented levels to protect public health and support local economies and livelihoods. The measures and restrictions taken have created additional challenges, given the rapid pace of change and significant operational requirements.

Vaccine approval and vaccination in 2021 have helped reduce the social and economic impact of the Covid-19 pandemic, despite the significant difference in the number of people vaccinated in different countries around the world due to lack of vaccine supplies or lack of conviction. in their effectiveness by the population. Bulgaria is one of the countries with a small percentage of people vaccinated.

By the end of 2021, in countries with high levels of vaccination, many of the measures introduced for Covid-19 have been abolished or eased. However, the emergence of the Omicron variant (which is considered lighter but much more contagious) in late 2021 - early 2022 highlighted the continuing threat of new Covid-19 variants and the possibility of the introduction of new restrictions. Future pandemic waves could prolong or exacerbate supply chain disruptions, lead to restrictions on social distancing and international travel, affect the ability to attract and retain staff, and affect the overall economy.

In response to the Covid-19 pandemic, governments and regulators around the world have introduced a number of measures to support local people and businesses. Timely fiscal and monetary stimulus to some extent offset the negative effects on the economies caused by the pandemic by reversing the downtrend and putting the world economy back on the path to growth. This state support is expected to start declining in 2022. Central banks are also projected to raise interest rates, but such increases are expected to be introduced gradually. Private sector growth is projected to accelerate, providing a strong market recovery.

Despite the ongoing economic recovery and the positive trend, significant uncertainty remains over the assessment of the duration and impact of the Covid-19 pandemic. There is a high degree of uncertainty associated with economic forecasts in the current environment and significant risks still exist. The degree of uncertainty varies depending on the market, the country-specific trends in the pandemic and the related policy responses to the measures taken. There is a risk that possible subsequent outbreaks will lead to a new imposition of government restrictions and economic activity will remain below pre-pandemic levels for a longer period, increasing market inequality.

Maintaining significant incentives for economies globally was a prerequisite for good performance in financial markets in 2021. As most of the world's leading indices rose in double digits.

The operational and business impact of Covid-19

The outbreak of the pandemic in 2020 and its impact on the global economy has affected our customers and our performance. In 2021, Covid-19 continued to influence our customers and the companies in our group, but there was a significant reduction in the severity of its impact, as for the different segments and regions in which we operate, this reduction was different.

In many of our markets, we have initiated market-specific measures to support our individual and business clients and partners in finding solutions to support them and limit the negative effects of the crisis by deferring lease and rent payments and taking other solutions according to specific needs. Throughout 2021, we continued to respond to changing needs and support our customers and partners through market-specific measures taken by the management of subsidiaries at the beginning of the pandemic.

Business continuity and the maintenance of our business operations remained a priority for the group. All offices remained open throughout 2021 as services in offices, branches, showrooms and repair shops were provided without problems and interruptions. At the same time, where necessary, we continued to improve digital capabilities to serve more customers remotely, with faster access and improved security.

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, we take action to increase capital, transform short-term liabilities into long-term ones, raise borrowed capital through bank loans or issue debt securities.

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 according to IFRS 9 will continue to be reviewed and updated, taking into account the effects of COVID-19 on our businesses until the normalization of economic conditions.

Despite the constant efforts to cope with the unprecedented situation, there are factors that the management of the companies in the group can not influence. Confirmation of this are some of our businesses that have been severely affected by the epidemiological emergency and have suffered losses. The most affected business in the group since the start of the pandemic was Automotive, which is still unable to restore sales to pre-pandemic levels, despite high growth in car sales and revenue compared to its 2020 performance.

In 2021, the factors affecting the Group were mainly related to the relatively partial impacts of Covid-19 mainly on the Eurohold Group's automotive business, due to supply chain disruptions, production delays and not fully restored consumer activity. The automotive division is the only one in the Eurohold group that failed to restore sales to pre-pandemic levels, but despite all the companies' recorded growth compared to 2020. It should also be borne in mind that three of the companies with the largest contribution to revenue and the profits were sold and have not been part of the Eurohold group since the beginning of August.

The leasing business was less affected as a significantly smaller number of customers wished to use deferred payments under leases. With the resumption of business and tourist travel, the activity of the car rental company offering short-term ("rent a car") and long-term (operating lease) rent was restored.

The investment firm also recorded significant revenue growth, with Covid-19's impact on its business negligible.

For 2021, the Eurohold Group has achieved a record level of revenue and profit since its inception. This is due on the one hand to overcoming the impacts of Covid-19 and recovery to and above the level in all segments and regions in which we operate without the automotive direction. Insurance companies have achieved strong growth from registered new business, even our insurance company in Ukraine, specializing in offering tourism-related insurance, has also fully resumed operations and made a profit.

On the other hand, the acquired energy companies also contributed significantly to the strong performance of the Group in 2021, provided that the results of their activities are partially consolidated only for the period after their acquisition (from 1 August to 31 December). To date, no areas have been identified in the energy companies where the pandemic will have a direct and significant impact and effects, which is why management believes that the energy business is not significantly affected by Covid-19.

Over the years, in parallel with the growth of business and regional expansion, we have built good financial stability in the Eurohold Group, our group performance for 2021 strengthens our expectations, calm 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 activities even in new business segments for us such as energy.

This was assessed by the investors of "Eurohold Bulgaria" AD as a public company, as the stock exchange price of the shares traded on the Bulgarian Stock Exchange (BSE) and Warsaw Stock Exchange (WSE) not only regained its level before the pandemic, but also achieved significant growth.

The extent of the impact of the coronary crisis on the Eurohold Group depends on many factors, the most significant of which are the measures taken by the governments of the countries in which we operate, as well as our supplier countries (mainly car companies). It also depends on the purchasing power of our customers, these are factors we cannot influence. With the 2021 development strategy of the Eurohold Group, namely to reduce the share of or exit from the automotive and leasing business and focus on insurance and energy, Eurohold's management believes that the future impact of Covid-19 on the group would be negligible.

Although the outlook for the group is significantly more secure than it was at the end of 2020, there is still some uncertainty in a number of key areas. Continued volatility in the pace of economic recovery in the regions in which we operate, possible prolongation of reduced economic activity due to the effects of coronavirus, continued volatility in stock markets, disrupted supply chains and restrictions on movement across Europe may affect capital position and liquidity of the group, which means that the level of uncertainty continues.

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

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

⇒ Political risk

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

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

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

In spite of the stable policy pursued so far, there is no certainty that factors will not emerge in the country that would create social and political tensions, lead to a significant and abrupt change in political and economic conditions, which could have a significant adverse effect on business. At present, the political environment in Bulgaria is not particularly stable. This instability is caused by the regular and two early parliamentary elections held in 2021 to form a government, in the latter of which the party that won the most votes, which is newly formed, managed to form a coalition government, which is not very stable at these stages. In this context, there may be political and public disagreements on possible legislative changes, in particular those concerning the economic and investment climate in the country. There is also no political consensus in the country at this point in time on the complicated geopolitical situation in the region as a result of the development of the Russian-Ukrainian crisis.

A potential political instability in the country and in Europe could have a material adverse effect on the Company's and its Group's business, operating results and financial condition. The Company, through its subsidiaries, operates in the regions affected by the military conflict and is therefore also vulnerable to foreign political risks and their effects on the economy of the country, the regions affected by the conflict and Europe as a whole.

Given the uncertainty of the outcome of the dynamic political and economic environment created, users of this Report should consider the existence of political risk according to their own understanding and expectations.

⇒ Country credit risk

Credit risk is the probability that a country's international credit ratings will deteriorate. The country's low credit ratings could lead to higher interest rates, tougher financing conditions for economic entities, including Eurohold.

Credit ratings serve as a basis for measuring and determining a country's credit risk. The latest credit ratings assigned to Bulgaria are the following:

On 28.05.2022 the international rating agency S&P Global Ratings confirmed the long-term and short-term credit rating of Bulgaria in foreign and local currency 'BBB / A-2'. The outlook for the rating remains stable.

The rating agency expects that the Russia-Ukraine military conflict will shock the Bulgarian economy and, as a result, real GDP growth in 2022 will slow to 1.6% from 4.3% (in their November forecast), and the budget deficit will double to 5% of GDP. S&P notes that Bulgaria's strong external and fiscal balances will help mitigate this shock, and a steady inflow of transfers from the EU will support growth in the medium term.

The stable outlook reflects S&P's expectations that the Bulgarian economy will not suffer major external or fiscal imbalances. Rather, the shock to the economy, due to the military conflict, will be temporary and economic growth will intensify from 2023, supported by the inflow of transfers from the EU. S&P expects this to limit the growth of consolidated government debt, which will remain low internationally.

According to S&P, the Bulgarian economy will be affected by the conflict in Ukraine due to high inflation, which will lead to lower disposable income, lower confidence of businesses and consumers in the country, as well as side effects resulting from lower economic activity, the country's most important trading partners in the EU. The rating agency estimates that the situation related to the interrupted gas supplies from Russia to Bulgaria remains manageable due to the ongoing efforts to diversify supplies and the remaining gas reserves, which are low, but still sufficient. However, S&P believes that high and rising inflation is a challenge for the government. Pressure on public finances is increasing, but net government debt remains below 20% of GDP and provides ample room for policy.

S&P also notes that external risks are manageable, despite growing current account deficits amid rising food and energy prices and a slow recovery in the tourism sector. The rating agency expects that in the period up to 2025 the inflow of funds from the previous and current EU Multiannual Financial Framework, as well as additional funds under the new instrument "Next Generation EU", will provide a solid basis for strengthening economic growth.

Source: www.minfin.bg

On January 22, 2022, the international rating agency Fitch Ratings confirmed the long-term credit rating of Bulgaria in foreign and local currency 'BBB' with a positive outlook.

The country's rating reflects the balance between a stable external and fiscal position, a sound political framework for EU membership and the long-standing functioning of the currency board arrangement, on one hand, and relatively weaker potential growth compared to countries with similar ratings due to partly to adverse demographic developments that could aggravate public finances in the long run. Fitch Ratings analysts also report a decline in median governance indicators for countries with similar ratings, as a result of deteriorating government efficiency and control of corruption before 2021.

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

Fitch Ratings' expectations for Bulgaria's economic growth remain favorable in the coming years, supported by significant EU funds (which in the period 2022-2027 are estimated at 36% of GDP in 2021). Real GDP growth is projected to reach 3.7% in 2022 and accelerate to 4.5% in 2023.

The National Recovery and Sustainability Plan (NRSP) is expected to be approved in the coming months, and the first funds are expected to be received by mid-2022. Fitch Ratings notes the challenge for the country in implementing the Plan effectively, but in any case, estimate that the NRSP funds, in combination with other government investment programs, will contribute to increasing the long-term growth prospects and the potential slowdown in population decline.

The agency predicts that average annual inflation will rise to 5.2% in 2022, the highest rate since 2008 driven by higher commodity prices and to a lesser extent due to pressure from domestic demand.

Source: www.minfin.bg

Undertaking a consistent and long-term economic policy in Bulgaria would be a good reason for the potential upgrade of the country's credit rating, which in turn would have a positive impact on the Eurohold Economic Group in terms of financing opportunities for the Group. In the event of a downgrade of Bulgaria's credit rating due to unstable governance of the country, it may have a negative impact on the Group and the cost of financing, unless its loan agreements have fixed interest rates.

⇒ Inflation risk

Inflation risk is associated with the likelihood that inflation will affect the real return on investment. The main risks associated with the inflation forecast relate to the dynamics of international prices and the rate of economic growth in Bulgaria. International commodity and food prices may rise more significantly as a result of current political crises or rising demand. The limited supply of some agricultural commodities, especially cereals, internationally due to adverse climatic events or force majeure, could further cause higher inflation in the country.

According to NSI data, the consumer price index in April 2022 compared to March 2022 was 102.5%, ie monthly inflation is 2.5%. Inflation since the beginning of the year (April 2022 compared to December 2021) is 7.8%, and annual inflation for April 2022 compared to April 2021 is 14.4%. The average annual inflation for the period May 2021 - April 2022 compared to the period May 2020 - April 2021 was 7.0%.

The harmonized index of consumer prices for April 2022 compared to March 2022 is 102.1%, ie monthly inflation is 2.1%. Inflation since the beginning of the year (April 2022 compared to December 2021) is 6.8%, and annual inflation for April 2022 compared to April 2021 is 12.1%. The average annual inflation for the period May 2021 - April 2022 compared to the period May 2020 - April 2021 is 5.9%.

The price index for the small basket for April 2022 compared to March 2022 is 102.9%, and since the beginning of the year (April 2022 compared to December 2021) is 109.1%.

Source: www.nsi.bg

Inflation may affect the Group's expenses, as some of the group's liabilities are interest-bearing. Their service is related to the current interest rates, which also reflect the levels of inflation 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.

However, the current geopolitical situation in Europe creates the preconditions for inflation prospects in the euro area to become very uncertain and depend crucially on the development of the military conflict, the impact of current sanctions and possible further measures. Experts predict high inflation rates in 2022

With this in mind, users of this Report should be well aware of and take into account both current levels of inflation risk and future opportunities for its manifestation.

⇒ Currency risk

This risk is related to the possibility of local currency depreciation. For Bulgaria specifically, this is the risk of premature abandonment of the currency board under a fixed exchange rate. On 10 July 2020, the European Central Bank announced that Bulgaria was officially accepted into the ERM II currency mechanism. The central rate of the Bulgarian lev is fixed at 1 euro = 1.95583 leva, It was assumed that Bulgaria joins the ERM with its existing currency board arrangement, as a unilateral commitment and without additional requirements to the ECB.

Any significant depreciation of the Leva could have a material adverse effect on businesses in the country, including the Company. A risk also exists when a business entity's revenues and expenses are generated in different currencies. The exposure of businesses operating in Bulgaria is particularly pronounced against the US dollar, which is the main currency in a significant part of the world markets for raw materials and products.

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

Changes in various exchange rates did not materially affect the Company's operations until controlling interests were acquired in the countries of Romania, North Macedonia, Ukraine, Georgia, Belarus. The financial results of these companies are presented in the local currencies, respectively, Romanian Leu (RON), Macedonian Denar (MKD), Ukrainian Hryvnia (UAH) and Georgian Lari (GEL), Belarusian Ruble (BYR), whose exchange rate is almost freely determined in the local currency market. "Eurohold Bulgaria" AD's consolidated earnings will be exposed to currency risk depending on the movement of these currencies against the euro.

⇒ Interest rate risk

Interest rate risk is related to the possibility of a change in the prevailing interest rates in the country. Its impact is expressed by the possibility that the net income of companies may decrease due to an increase in the interest rates at which the Issuer finances its operations. Interest rate risk is included in the category of macroeconomic risks due to the fact that the main prerequisite for a change in interest rates is the occurrence of instability in the financial system as a whole. This risk can be managed through the balanced use of different sources of financial resources.

An increase in interest rates would, all other things being equal, affect the cost of the financial resources used by the Company in implementing various business projects. It may also affect the Company's cost base as a significant portion of the Company's liabilities are interest bearing and their servicing is linked to current interest rates.

⇒ Risk of high levels of unemployment

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

High levels of unemployment can seriously jeopardize economic growth in the country, which in turn can lead to shrinking consumption and reduce revenues generated by businesses in the country, including revenues generated by the Company and its subsidiaries.

According to the latest NSI data, the unemployment rate for the first quarter of 2022 is 4.9%. Compared to the same period of 2021, the coefficient decreased by 1.4 percentage points, the number of unemployed persons is 158.7 thousand, of which 84.3 thousand (53.1%) are men and 74.4 thousand (46.9%) are women. In the first quarter of 2022 the share of persons with unemployment of less than one year and that of long-term unemployed (unemployed for one year or more) is almost the same - 49.7% (78.8 thousand) and 50.3%, respectively (79.9 thousand). The long-term unemployment rate decreased by 0.2 percentage points compared to the first quarter of 2021 and reached 2.5%, remaining higher for men (2.7%) than for women (2.2%).

Source: www.nsi.bg

⇒ Risks associated with regulatory changes. Regulatory risk

The Company's results may be impacted by regulatory changes. The Eurohold Group operates in a highly regulated environment in various European countries. The possibility of more radical changes in the regulatory framework, in the interpretation or practice of implementing legislation, and in the divergence of legislation and regulations in Bulgaria and in the countries in which the Company operates, could have an adverse effect on its business as a whole, its operating results, and its financial condition.

Financial risk

Financial risk is the additional uncertainty for the investor about the receipt of income in cases where the company uses borrowed funds. This additional financial uncertainty complements business risk. When part of the funds with which the company finances its activities are in the form of loans or debt securities, the payments for these funds are a fixed obligation.

Some of Eurohold's subsidiaries, in particular leasing and automotive companies, due to the nature of their activities, use significant attracted resources. 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 Eurohold Group subsidiaries operate are characterised by a highly competitive environment. The future success of the Group will depend on the ability of Eurohold and its subsidiaries to remain competitive compared to other companies operating in a given market segment.

C. RISK MANAGEMENT AND MINIMISATION MECHANISMS

The elements outlining the framework for the management of individual risks are directly related to specific procedures for the timely prevention and resolution of potential difficulties in the operations of "Eurohold Bulgaria" AD. They include ongoing analysis in the following areas:

- market share, pricing policy, market research and market development and market share studies;
- active investment management in different sectors and industries;
- a comprehensive asset and liability management policy for the Company and the Group to optimise the structure, quality and return on assets;
- optimising the structure of funds raised with a view to ensuring liquidity and reducing financial costs across the Group;
- effective cash flow management at group level;
- optimising administration, management and external service costs;
- human resources management

Overall risk management is focused on minimising potential negative effects that could impact the Group's financial performance. Financial risks are identified, measured and monitored on an ongoing basis using various controls to determine appropriate pricing for the services and products offered by Eurohold Group companies and for the borrowed capital raised by them. Adequate assessment is made of market circumstances, the investments made in the Group and the forms in which available liquidity is maintained, without undue concentration of risk.

The occurrence of unforeseen events, incorrect assessment of current trends, as well as a host of other micro- and macroeconomic factors, may affect the judgement of the Company's management team.

Financial risk management related to "Currency risk", "Interest rate risk", "Price risk", "Credit risk", "Liquidity risk", "Operational risk", "Insurance risk", "Reinsurance risk", "Capital risk management" ", Can be found in "Notes to the Consolidated Financial Statements for 2021", "Note 2.25. "Financial risk management"".

Information on the management of other risks, such as Covid-19 (Coronavirus) and Military Operations in Ukraine, is available in the Notes to the Consolidated Financial Statements for 2021, Note 2.25.10. "Other risks".

ADDITIONAL INFORMATION ABOUT THE PARENT COMPANY

I. INFORMATION PURSUANT TO ART. 187E OF THE COMMERCIAL LAW

- 1 /** *Number and nominal value of treasury shares acquired and transferred during the year, the part of the capital they represent, as well as the price at which the acquisition or transfer took place*

In 2021 the Parent Company "Eurohold Bulgaria" AD did not repurchase its own shares, nor were any of them transferred, respectively at the end of the period the Company does not hold its own shares.

- 2 /** *The basis for the acquisitions made during the year*

The parent company did not acquire its own shares in 2021.

- 3 /** *The number and nominal value of own shares held and the share of capital they represent*

In 2021 and as of the date of preparation of this activity report the Parent Company "Eurohold Bulgaria" AD has not purchased, respectively does not hold own shares.

As of 31.12.2021, 77,227 Shares of "Eurohold Bulgaria" AD are held by companies in the Eurohold Group (respectively as of December 31, 2020 - 97,227 shares).

II. Information according to art. 247 of the Commercial Code

- 1 /** *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 2021 the members of the management and supervisory 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 and the Procurators for 2021	from Eurohold Bulgaria AD	from subsidiaries	TOTAL
Supervisory Board	163 140	247 469	410 609
Asen Hristov	14 640	13 591	28 231
Dimitar Dimitrov	7 200	169 608	176 808
Radi Georgiev	<i>there is no agreed and paid remuneration for 2021.</i>	64 270	64 270
Kustaa Aima	<i>there is no agreed and paid remuneration for 2021.</i>	<i>there is no agreed and paid remuneration for 2021.</i>	<i>there is no agreed and paid remuneration for 2021.</i>
Lyubomir Stoev (Until 30.06.2021)	51 563	<i>there is no agreed and paid remuneration for 2021.</i>	51 563
Luis Gabriel Roman	66 282	<i>there is no agreed and paid remuneration for 2021.</i>	66 282
Ivaylo Angarski (From 01.07.2021)	23 455		
Management Board	130 540	1 160 804	1 291 344

Kiril Boshov	24 000	550 973	574 973
Asen Minchev	94 540	74 050	168 590
Velislav Hristov	<i>there is no agreed and paid remuneration for 2021.</i>	160 956	160 956
Asen Asenov	12 000	374 825	386 825
Razvan Lefter	<i>there is no agreed and paid remuneration for 2021.</i>	<i>there is no agreed and paid remuneration for 2021.</i>	<i>there is no agreed and paid remuneration for 2021.</i>
Procurators	18 617	147 775	166 392
Hristo Stoev (Until 30.06.2021)	7 517	<i>there is no agreed and paid remuneration for 2021.</i>	7 517
Milena Guencheva	11 100	147 775	158 875

Source: Eurohold Bulgaria AD

Custaa Lauri Aima and Razvan Lefter do not have an agreement with Eurohold to pay a monthly remuneration for their work as Members of the Supervisory Board and the Management Board, therefore it was not voted on by the GMS and was not paid in any form during the historical periods.

Lyubomir Stoev in his capacity as a member of the Supervisory Board has received remuneration until the date of termination of his contract for control - 20.07.2021.

Ivaylo Angarski as a member of the Supervisory Board has received remuneration as of the date of concluding his contract for control - 20.07.2021.

Procurator Hristo Stoev has received remuneration until the date of termination of his contract for prosecutor's office - 26.07.2021.

Remuneration and/or benefits in kind were not paid to the members of the Management Board and the Supervisory Board during the specified period.

Eurohold Bulgaria, as well as its subsidiaries, do not set aside amounts for the 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 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 Board and the Management Board. This policy regulates the basic rules for determining the remuneration of persons who hold office as members of the supervisory and management boards 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 was developed on the basis of the requirements of the Public Offering of Securities Act and Ordinance № 48 of the Financial Supervision Commission of 20 March 2013 (amended and supplemented, SG No. 61 of 10.07.2020.) on the requirements to the remuneration with a view to creating a transparent and fair internal framework for the 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.

The Report on Remuneration for 2021 with detailed information on compliance with the Remuneration Policy and information on the amount of remuneration received by each of the members of the management and supervisory bodies for the reporting financial year paid by Eurohold Bulgaria AD and its subsidiaries is available on the website of Eurohold Bulgaria AD at the following link:

<https://www.eurohold.bg/files/documents/articles/de975d297ec40ef65719196d504d9e4a.pdf>

2 / Acquired, owned and transferred by the members of the Management and Supervisory Boards and the Procurators shares and bonds of the Company

As of December 31, 2021 the members of the Management and Supervisory Boards and the Procurators of the Company hold shares in the capital of Eurohold Bulgaria, as follows:

Member of the Supervisory Board and the Management Board	Number of shares held
Supervisory Board	200
Asen Hristov	does not own
Dimitar Dimitrov	200
Radi Georgiev	does not own
Kustaa Aima	does not own
Lyubomir Stoev	does not own
Luis Gabriel Roman	does not own
Management Board	34 130
Kiril Boshov	does not own
Asen Minchev	does not own
Velislav Hristov	200
Asen Asenov	33 930
Razvan Lefter	does not own
Procurators	-
Hristo Stoev	does not own
Milena Guentcheva	does not own

Source: Eurohold Bulgaria AD

3 / 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, the Supervisory Board and the Procurator 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 and Applicable European Regulations. and the Public Offering of Securities Act.

As of 31.12.2021 and as of the date of this report, the members of the Management Board, the Supervisory Board and the Procurator do not hold bonds issued by the Company.

No options for acquisition of shares by the Company have been issued in favour of the management and control bodies, employees or third parties.

4 / Information on the participation of the members of the management and control bodies of the Company and 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 management system, as follows - a Management Board, which consists of five individuals, and a Supervisory Board, which consists of six individuals.

The Management Board of the company is composed of the following members: Kiril Ivanov Boshov, Asen Minchev Minchev, Velislav Milkov Hristov, Asen Emanuilov Asenov and Razvan Stefan Lefter.

The Supervisory Board consists of the following members: Asen Milkov Hristov, Dimitar Stoyanov Dimitrov, Kustaa Lauri Aima, Radi Georgiev Georgiev, Ivaylo Angarski and Luis Gabriel Roman.

Procurators of Eurohold Bulgaria AD are Hristo Lyubomirov Stoev and Milena Milchova Guentcheva.

The company is represented jointly by one executive member of the management board and procurator of the company.

There are family ties between the members of the Management and Supervisory Boards. Asen Hristov and Velislav Hristov are relatives of the second degree in the collateral line (brothers). There are also established kinship relations between the member of the Supervisory Board Lyubomir Stoev and the procurator Hristo Stoev, between whom there is a first-degree kinship in direct line (father and son).

Eurohold's activities do not depend on the individual professional experience or qualifications of other employees.

SUPERVISORY BOARD

Name	Asen Milkov Hristov
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; ◆ CEZ Distribution Bulgaria AD - Chairman of the Supervisory Board; ◆ 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"> ◆ First Investment Bank AD, 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"> ◆ "Alfa Assets" EOOD (with the old name "Alfa Euroactive" EOOD) - Sole owner of the capital and Manager of 20.07.2021 ◆ 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; ◆ Auto 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.
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 of the date of the report, there are no data on insolvency or liquidation, with which the person as a member of an administrative, management or supervisory body and / or partner has been associated in the last 5 years.
Relevant professional experience	<p>Asen Hristov holds a master's degree in Physics from Sofia University "St. Kliment Ohridski" and has specialized in the Institute for Nuclear Research in Dubna, Russia. He has completed a specialization in Management in Open University - London. Speaks Russian and English.</p> <p>Asen Hristov 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>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the last 5 years the person has not been imposed coercive administrative measures or administrative penalties in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.

Name	Dimitar Stoyanov Dimitrov
Title	Deputy 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"> ◆ IC Euroins AD – 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"> ◆ Eurologistic Technologies EOOD – Manager; ◆ Cable Network AD – member of the Board of Directors and Executive Director; ◆ 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"> ◆ CEZ Bulgaria EAD - Deputy Chairman of the Supervisory Board until 05.01.2022. The company has been transformed by changing the legal form from a sole proprietorship (EAD) to a sole proprietorship with limited liability (EOOD), therefore as of the date of the report the person is not Deputy Chairman of the Supervisory Board; ◆ Lozari EOOD (under the old name Creative Software Solutions EOOD) - Manager and Sole owner of the capital until 22.07.2021, as at the date of the report the person is not a Manager and Sole owner of the capital; ◆ Alcommerce 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 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	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.
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the last 5 years the person has not been imposed coercive administrative measures or administrative penalties in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.

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	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"> ◆ 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;

	<ul style="list-style-type: none"> ◆ 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; ◆ 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; ◆ Managetrad Oü – member of the Supervisory Board; ◆ AB Baltic Mill – member of the Board of Directors; ◆ UAB Malsena Plus – member of the Board of Directors; ◆ JSC Rigas Dzirnavnieks – Chairman of the Supervisory Board; ◆ Bostads AB Blåklinten – member of the Board of Directors. <p>Previous:</p> <ul style="list-style-type: none"> ◆ "Oreiarvi Varenoito Oi" - member of the Board of Directors until 25.03.2020, as at the date of the report the person is not a member of the Board of Directors; ◆ 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>

Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the last 5 years the person has not been imposed coercive administrative measures or administrative penalties in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.
Name	Radi Georgiev Georgiev
Title	Member of the Supervisory Board
Business address	Sofia, 84, Aleksandar Stamboliyski 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"> ◆ IC EIG Re EAD – member of the Supervisory Board; ◆ Euroins Osiguruvanje AD, Skopje, North Macedonia – 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"> ◆ 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; <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"> ◆ Corporate Advisors EOOD - Sole owner of the capital until 11.11.2021, as at the date of the report the person is not the Sole owner of the capital; ◆ 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.
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	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 last 5 years the person has not been imposed coercive administrative measures or administrative penalties in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.
Name	Ivaylo Krasimirov Angarski
Title	Independent member of the Supervisory Board
Business address	Vazrazhdane district, 19 George Washington Street
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"> ◆ Compass Capital AD - Member of the Board of Directors, Executive Director and shareholder holding 81% of the shares; ◆ Compass Invest AD - Member of the Board of Directors and Executive Director; ◆ Harvest Capital EOOD - Manager and Sole owner of the capital; ◆ Mutual Fund "Strategy" - Manager; ◆ Eurostability Mutual Fund - Managing Director; ◆ Compass Global Trends Mutual Fund - Managing Director; ◆ Progress Mutual Fund - Managing Director; ◆ Mutual Fund "Plus" - Manager;

	<ul style="list-style-type: none"> ◆ Compass Euroselect Mutual Fund - Managing; ◆ Compass Funds Select - 21 Mutual Fund - Managing;
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	<p>Education: Bachelor's degree in Accounting and Finance from Warwick Business School, Certificate in General Business Sciences with Investment Concentration from UCLA (University of California, Los Angeles).</p> <p>Professional experience: Since 2011 Since then Executive Director of Compass Invest. More than 17 years of experience in the field of finance and management expertise, began his career in the department of Dresdner-Kleinwort in Global Debt, Forex and Local Markets, laid the foundation for successful business operations of foreign investors in Bulgaria, was in the consulting teams of some of the largest investment projects in Bulgaria, owns a financial consulting company since 2008.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the last 5 years the person has not been imposed coercive administrative measures or administrative penalties in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain 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.
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	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.
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</i> and <i>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	During the last 5 years the person has not been imposed coercive administrative measures or administrative penalties in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.
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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"> ◆ Euroins Insurance Group AD – Executive Director; ◆ Euroins Romania Asigurare-Reasigurare S.A. – Chairman of the Board of Directors; ◆ CEZ Electro Bulgaria AD - Chairman of the Supervisory Board; ◆ 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; ◆ 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"> ◆ Eurolease Auto EAD, Romania - Member of the Board of Directors until 21.10.2021, as of the date of the report the person is not a member of the Board of Directors; ◆ Auto Union AD - Deputy Chairman of the Board of Directors until June 28, 2021, as at the date of the report the person is not Deputy Chairman of the Board of Directors; ◆ 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	During the last 5 years and as of the date of the report the person has been imposed an administrative penalty (fine) on the grounds of art. 221, para. 1, item 4 of the Public Offering of Securities Act, as the penal decree imposing the mentioned administrative penalty is subject to court appeal and accordingly has not entered into force.

	During the last 5 years the person has not been imposed other administrative penalties and / or coercive administrative measures in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.
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 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"> ◆ Auto Italia EAD – Member of the Board of Directors; ◆ Star Motors EOOD - Procurator; ◆ • CEZ Distribution Bulgaria AD - Deputy 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>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>Current in other legal entities:</p> <ul style="list-style-type: none"> ◆ Swimming Sports Club Association "St. George" - Member of the Board <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	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.
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>During the last 5 years and as of the date of the report the person has been imposed an administrative penalty (fine) on the grounds of art. 221, para. 1, item 4 of the Public Offering of Securities Act. On the same grounds, the same administrative penalty (fine) has been imposed, as the penal decree is subject to judicial appeal and, accordingly, has not entered into force.</p> <p>During the last 5 years the person has not been imposed other administrative penalties and / or coercive administrative measures in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain 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; ◆ CEZ Electro Bulgaria AD - Member of the Supervisory Board.
Information on any other activities as a member of a management or supervisory	<p>Current:</p> <ul style="list-style-type: none"> ◆ Wonder Group AD – Chairman of the Supervisory Board; ◆ Sovereign Real Estate Limited, Malta - Sole owner of the capital.

body and/or partner at any time in the previous 5 years	<p>Current in other legal entities:</p> <ul style="list-style-type: none"> ◆ Green Bulgaria Movement Association - member of the Management Board; ◆ Euphoria for supporting the Bulgarian monastery "St. George Zograf" and the hermitage "Worthy to eat" in St. Gora, Aton "- member of the Management Board. <p>Previous:</p> <ul style="list-style-type: none"> ◆ CEZ Bulgaria EAD - Chairman of the Supervisory Board until 05.01.2022. The company has been transformed by changing the legal form from a sole proprietorship (EAD) to a sole proprietorship with limited liability (EOOD), therefore as of the date of the report the person is not Deputy Chairman of the Supervisory Board; ◆ 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>During the last 5 years the person has not been imposed other administrative penalties or coercive administrative measures in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.</p>
Name	Asen Emanouilov Asenov
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"> ◆ Auto Union AD - Member of the Board of Directors and Executive Director; ◆ Amigo Leasing EAD - Chairman of the Board of Directors; ◆ Auto Italy EAD - Chairman and Executive Member of the Board of Directors; ◆ Autoplaza EAD - Chairman of the Board of Directors and representative; ◆ Auto Union Service EOOD - Manager; ◆ Bulvaria EOOD (under the old name 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 representative; ◆ Eurolease Group AD - Chairman of the Board of Directors and representative; ◆ Eurolease Rent A Car EOOD - Manager; ◆ Motohub OOD - Manager; ◆ Sofia Motors EOOD - Manager; ◆ Star Motors EOOD - Manager; ◆ Motobul EAD - Chairman of the Board of Directors; ◆ Petrol Finance EAD - member of the Board of Directors; ◆ Mogo Bulgaria EOOD - Manager.
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"> ◆ Petrol EOOD - Manager; ◆ Eurolease Auto SA, Romania - Chairman of the Board of Directors; ◆ Eurotruk EOOD - Manager; ◆ Izgrev 5 EOOD - Manager and sole owner of the capital; ◆ Motobul Express EOOD - Manager; ◆ Rentronics Ltd. - a partner holding 40% of the capital; ◆ Forest Park 4 OOD - Manager and partner, owning 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"> ◆ Espas Auto OOD - Manager until 03.09.2021, as at the date of the report the person is not a Manager; ◆ N Auto Sofia EAD - Chairman of the Board of Directors and representative until 20.08.2021, as at the date of the report the person is not Chairman of the Board of Directors and representative;

	<ul style="list-style-type: none"> ◆ Daru Car EAD - Member of the Board of Directors and Executive Director until 22.04.2020, member of the Board of Directors since 21.01.2021. until 12.03.2021, as at the date of the 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 the report the person is not Chairman of the Board of Directors and Executive Director; ◆ Motobul EAD - Executive Director until 15.09.2018, as of the date of the report the person is not an Executive Director, but remains a member and Chairman of the Board of Directors; ◆ Motobul EOOD - Manager until 26.12.2017. as, due to the transformation of Motobul EOOD by changing the legal form from a sole proprietorship with limited liability to a sole proprietorship joint stock company, as of the date of the 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.
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	<p>Asen Asenov holds a Master's degree in Accounting and Control and a Bachelor's degree in International Economic Relations from the University of National and World Economy in Sofia. Mr. Asenov also holds an MBA (Master of Business Administration) in International Accounting Standards and International Business from the University of Economics in Vienna.</p> <p>Asen Asenov started his professional career at Eurohold AD 11 years ago as an accountant. In the period 2002-2004 he was the chief accountant of Eurohold AD. Since the end of 2004, Mr. Asenov has been elected Executive Director of Eurolease Auto EAD - the leasing company in the structure of Eurohold at that time.</p> <p>Currently, Mr. Asenov is responsible for the leasing and automotive business in the group of Eurohold Bulgaria. Mr. Asenov is the CEO of Auto Union AD and heads the leasing companies of the group in Romania and Macedonia, in addition he manages the car dealers of Nissan, Renault, Dacia, Saab, Opel, Chevrolet, Fiat, Lancia, Alfa Romeo, MaICa, Maserati and the lubricants Castrol and BP (Motobul), all also part of the subsidiary of the Company sub-holding "Auto Union" AD.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the last 5 years the person has not been imposed other administrative penalties or coercive administrative measures in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.
Name	Razvan Stefan Lefter
Title	Independent member of the Management Board
Business address	Romania, Bucharest, 30, Alexandru Serbanescu Str.
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"> ◆ 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	<p>◆ 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.</p> <p>As at the date of this activity report the company is undergoing reorganization 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	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.
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	<p>During the last 5 years and as of the date of the report the person has been imposed an administrative penalty (fine) on the grounds of art. 221, para. 1, item 4 of the Public Offering of Securities Act, as the penal decree imposing the mentioned administrative penalty is subject to court appeal and accordingly has not entered into force.</p> <p>During the last 5 years the person has not been imposed other administrative penalties and / or coercive administrative measures in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.</p>

PROCURATORS

Name	Milena Milchova Guencheva
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	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.
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 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.
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 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.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the last 5 years the person has not been imposed coercive administrative measures or administrative penalties in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.

The Supervisory Board and the Management Board of Eurohold Bulgaria AD, according to the Articles of Association of the Company, are elected for a term of 5 (five) years. In case the contracts of the members of the Management and Supervisory Boards are not explicitly terminated before the expiration of the term of office, they shall be considered automatically renewed with a new 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 current contracts of the members of the Management and Supervisory Boards are valid until the termination of the position.

None of the management contracts concluded with Eurohold Bulgaria AD or its subsidiary provides for compensation or indemnities that individuals would receive upon their early termination.

5 / *Information about the contracts under art. 240b of the CA concluded in 2021.*

No contracts have been concluded with the company by the members of the Management Board and the Supervisory Board or persons related to them who go beyond the usual activities of the Company or significantly deviate from market conditions.

6 / *Planned economic policy for the next year, incl. expected investments and development of the personnel, expected income from investments and development of the Company, as well as forthcoming transactions of essential importance for the activity of the Company*

⇒ Planned economic policy

Information regarding the planned economic policy, including forthcoming transactions essential to the company's activities is presented in the section "Current trends and probable future developments".

⇒ Number of employees

In 2021, no new employees were hired at Eurohold Bulgaria AD and no temporary employees were hired.

As of December 31, 2021, Eurohold Bulgaria AD employs 14 employees on an employment contract. In 2021, 1 employee was appointed to the Company, and two left. There was also a temporary employee during the period.

In connection with the nature of the activity of the holding company, as well as the fact that as such, Eurohold does not perform regular commercial and/or production or other activities 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 until now there are no trade unions of employees.

III. Presence of branches of the Company

Eurohold Bulgaria AD has not opened branches within the meaning of Art. 17 of the Commercial Code.

IV. Research and development

Eurohold Bulgaria AD did not directly incur expenditures for research and development.

ADDITIONAL INFORMATION UNDER ANNEX №2 OF FSC ORDINANCE №2

- 1 / Information, given in value and quantitative terms regarding the main categories of goods, products and/or provided services, indicating their share in the sales revenues of the Company, as a whole and the changes that occurred during the reporting financial year.

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

- ✓ Profits from investment operations;
- ✓ Profits from operations with financial instruments and subsequent valuations;
- ✓ Dividend income;
- ✓ Interest income on loans granted to subsidiaries and third parties;
- ✓ Revenues from services of subsidiaries
- ✓ Other financial income.

The main revenues from the operating activity of Eurohold Bulgaria AD are formed mainly from operations with financial instruments and subsequent valuations, as well as from other financial revenues representing positive differences from changes in exchange rates.

Revenues from operating activities	Change in %	2021 BGN '000	2020 BGN '000
- Dividend income	(59.2)%	223	547
- Profit from operations with financial instruments and subsequent valuations	(66.5)%	819	2 443
- Interest income	n/a	35	-
- Other financial income	(46.8)%	846	1 590
Total operating income	(58)%	1 923	4 580

During the current reporting period the holding company reports at the individual level revenues in the amount of BGN 1,923 thousand, of which dividend income in the amount of BGN 223 thousand (distributed by the subsidiary Euro-Finance), profits from operations with financial instruments and subsequent estimates in the total amount of BGN 819 thousand, other financial income (positive differences from changes in exchange rates) in the amount of BGN 846 thousand and interest income of BGN 35 thousand.

At the group level, the realized consolidated revenues from operating activities for 2021 and the comparable period of 2020 are presented by segments as follows:

Revenues from operating activities by business segments	2021 BGN '000	2020 BGN '000
Revenues from the insurance segment	2 364 754	1 357 717
Revenues from the energy segment	1 211 069	-
Revenues from the automotive segment	46 419	32 702
Revenues from the leasing segment	26 653	21 628
Revenues from the financial and investment activity segment	10 278	7 935
Revenues from the activity of the parent company	1 392	3 028
	3 660 565	1 423 010

Detailed information, given in value and quantity, on the main categories of products and services by segments is shown in this report in the section "Review of group results" and in the section "Review of results and business development of the Eurohold Group".

- 2 /** *Information on the revenue broken down by category of activity, internal and external markets, as well as information on the sources of supplies of materials needed for the production of goods or the provision of services, reflecting the degree of dependence on each individual seller or buyer/consumer, as in case the relative share of any of them exceeds 10 percent of the expenses or revenues from sales, information is provided for each person individually, for his share in sales or purchases and his relations with the Company.*

The revenues of Eurohold Bulgaria AD are formed from financial activities related to the creation and management of participations and financing of related companies. The company does not carry out independent trade and production activities in this sense, it does not carry out activities on domestic and foreign markets, such activity is carried out by the subsidiary sub-holding structures.

Detailed information on the consolidated revenues, broken down by separate categories of activities of the Eurohold Bulgaria AD Group by segments and distribution on domestic and foreign markets, is presented in this report in the section "Review of group results" and in the section "Review of results and development of the Eurohold Group's businesses".

- 3 /** *Information on concluded significant transactions*

In 2021 Eurohold Bulgaria AD has concluded the following significant transactions:

- ⇒ ***Eurohold attracted over BGN 157 million (EUR 80.5 million) through a public offering of new shares***

July 7, 2021 was the deadline for subscription of shares from the capital increase of Eurohold Bulgaria AD, as the company attracted over BGN 157 million (EUR 80.5 million) through public offering of new shares on the Bulgarian Stock Exchange, with nearly 63 million new shares subscribed and paid. The majority owner of the holding - Starcom Holding AD, has subscribed and paid nearly 47 million new shares, retaining control of the company with over 50% stake.

- ⇒ ***Eurohold increased the capital of its subsidiary Eastern European Electric Company II BV as follows:***

- Capital increase of the Eastern European Electric Company II BV in accordance with the applicable provisions of Dutch law through a cash contribution of EUR 65 600 thousand through the issuance of 1 000 new shares with a nominal value of EUR 1, the difference being placed in the premium reserve.

-

- Capital increase of the Eastern European Electric Company II BV in accordance with the applicable provisions of Dutch law by means of a cash contribution of EUR 7 000 thousand without the issue of shares, the contribution being placed in the premium reserve.

- ⇒ ***Eurohold finalizes the agreement signed in 2018 for the purchase of the minority share held by Basildon Holding S.a.r.l. in the capital of Euroins Insurance Group AD***

- In 2018, Eurohold Bulgaria AD signed an agreement to acquire the minority share of the other shareholder in Euroins Insurance Group AD - Basildon Holding S.a.r.l., the special investment company of the South Eastern Europe Fund L.P. (SEEF), managed by the Greek investment company Global Finance. The company agreed to repurchase the fund's shares in the amount of 10.64% of the capital as of the date of concluding the repurchase agreement. On 03.11.2021 the deal was finalized and Eurohold acquires the entire minority share, as the investments made in 2021 in its purchase amount to BGN 15,710 thousand.

⇒ ***Eurohold participates in the simultaneous increase and decrease of the capital of its subsidiary Euroins Insurance Group AD and signed a package deal with the European Bank for Reconstruction and Development (EBRD) for the acquisition by the bank of a minority share in the capital of Euroins Insurance Group AD***

- On 14.10.2021, the Commercial Register enters together for reduction and increase of the capital by the order of art. 203 in connection with Art. 252, para. 1, item 5 of the Commercial Law of Euroins Insurance Group AD, according to the Decision of the General Meeting of the Company dated 20.09.2021. As a result:

The subsidiary issued 52 026 000 shares, of which Eurohold Bulgaria AD subscribed and paid 15 060 813 shares at an issue value of BGN 1 each.

The capital of the Company has been reduced by invalidating 19 229 057 ordinary, registered, available, non-preferred shares with a par value of BGN 1 each.

After the procedures, the capital of EIG in the amount of BGN 576 242 734 was divided into 576 242 734 shares with a par value of BGN 1 each.

- On 05.10.2021 the European Bank for Reconstruction and Development (EBRD) signed an agreement for a package deal with Eurohold Bulgaria AD with the subject of acquiring a minority share in the subsidiary of the holding - Euroins Insurance Group AD (EIG). As a result of this package deal:
- On October 7, 2021, Eurohold Bulgaria AD transferred to the EBRD 20 082 844 shares with a par value of BGN 1 each. The reported one-time effect of Eurohold Bulgaria AD is a loss from operations with investments in the amount of BGN 20 360 thousand. The EBRD records and pays the remaining amount of BGN 36 965 187. shares with a par value of BGN 1 each of the increase in the capital of EIG, totaling EUR 18,900 thousand.

⇒ ***Concluded corporate guarantee in favor of the Subsidiary "Eastern European Electric Company II" BV.***

- In connection with a decision of the General Meeting of Shareholders of April 10, 2021, in order to finance the CEZ deal, Eurohold Bulgaria concluded a corporate guarantee in favor of its subsidiary Eastern European Electric Company II BV, in his capacity as a corporate guarantor for the payment of all liabilities that are related to and / or would arise from the conclusion of financing transactions by the subsidiary with a maximum value of EUR 150,000,000 and a term of 3 to 10 years. The transaction is carried out in favor of the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company BV and indirectly, in favor of the parent company Eurohold Bulgaria AD.
- By a decision of the GMS of 18.10.2021 the amount of the corporate guarantee of Eurohold Bulgaria was increased as follows: increase of the limit of liability of Eurohold Bulgaria AD, in its capacity as a corporate guarantor from EUR 150 000 000 to EUR 240 000 000 , on the payment of all liabilities (including, but not limited to, principal, penalties, fees, commissions, other expenses) of its subsidiary Eastern European Electric Company II B.V. as a borrower, under a loan agreement of up to EUR 133 990 000, concluded on July 21, 2021 with the lending financial institutions. The warranty period is 66 months, the purpose of the guarantee transaction is to provide financing of part of the price and costs of acquiring the assets of CEZ Group in Bulgaria, as well as subsequent investments in the companies subject to the acquisition transaction. As of the date of this report, the liability limit of Eurohold Bulgaria under the corporate guarantee has been increased to EUR 220 000 000.

⇒ ***Issued and repurchased one issue of Euro Trade Papers***

- In 2021 the Company issued and repurchased one issue of Euro Trade Papers (ECP), with a total face value of EUR 2 500 000, a fixed interest rate of 8.0% (eight percent) on an annual basis and the frequency of interest payments once a year in arrears.

⇒ ***Restructured bond loan***

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

⇒ **In 2021 the following bond transactions were made:**

- The ownership of 10 500 pcs. repurchased own bonds under EMTN Program in EUR with ISIN XS1731768302 has been transferred and a profit on transactions of investments and financial instruments in the amount of BGN 206 thousand was reported. Liabilities for repurchased own bonds are settled as of 31.12.2021 (as of 31.12.2020 they have not been settled).
- 5 900 pcs. repurchased own bonds with ISIN BG2100013205 were bought back and a profit on transactions of investments and financial instruments in the amount of BGN 256 thousand was reported. Liabilities for repurchased own bonds are not settled as of 31.12.2021.
- The ownership of 5 900 pcs. repurchased own bonds with ISIN BG2100013205 was transferred and a loss on transactions of investments in the amount of BGN 129 thousand was reported.
- Bond buyback of 1 118 pcs. with ISIN BG2100013205 and reported loss from operations with investments and financial instruments in the amount of BGN 8 thousand.
- 1 118 pcs. repurchased own bonds with ISIN BG2100013205 were sold and a loss from operations with investments in the amount of BGN 18 thousand was reported.
- The ownership of 2 800 pcs. repurchased own bonds with ISIN BG2100013205 was transferred and a profit from operations with investments and financial instruments in the amount of BGN 3 thousand was reported (Note 4). The obligation for the repurchased own bonds is settled as of 31.12.2021.
- 2 800 pcs. repurchased own bonds with ISIN BG2100013205 were sold with an option to purchase back from a company outside the group and a loss from operations with investments in the amount of BGN 3 thousand was reported.
- 2 800 pcs. repurchased own bonds with ISIN BG2100013205 under a contract with an option to purchase back from a company outside the group and a loss from operations with investments and financial instruments in the amount of BGN 30 thousand were reported.
- The ownership of 2 800 pcs. repurchased own bonds with ISIN BG2100013205 was transferred and a loss from operations with investments in the amount of BGN 6 thousand was reported. The receivables for the repurchased own bonds are settled as of 31.12.2021.
- The ownership of 3 000 pcs. repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 has been transferred. The liabilities for repurchased own bonds are not settled as of 31.12.2021.
- 3 000 pcs. repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 were sold with an option to purchase back from a company outside the group and a loss from operations with investments in the amount of BGN 25 thousand was reported.
- 3 000 pcs. repurchased own bonds with ISIN XS1731768302 were repurchased under a contract with an option to purchase back from a company outside the group and a loss from operations with investments and financial instruments in the amount of BGN 6 thousand was reported.
- The ownership of 2 500 pcs. repurchased own bonds with ISIN XS1731768302 has been transferred and a loss from operations with investments in the amount of BGN 1 thousand was reported. The receivables for the repurchased own bonds are settled as of 31.12.2021.
- 200 pcs. repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 were sold and a loss from operations with investments in the amount of BGN 32 thousand was reported. The receivables for the repurchased own bonds are settled as of 31.12.2021.
- 300 pcs. repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 were sold and a profit from operations with investments and financial instruments in the amount of BGN 2 thousand was reported. The receivables for the repurchased own bonds are settled as of 31.12.2021.

⇒ **Auto Union depreciation at the end of 2021 by BGN 64,772 thousand.**

As of 31.12.2021 by independent licensed appraisers' the recoverable amount is BGN 11,882 thousand. The company's management has reviewed the appraisers' report, reported the sale of key operating companies in 2021, the expected revenues of companies in 2022., the disrupted synergy, the military actions in Ukraine and the expected effects on the activities of the Auto Union group and has decided to further depreciate up to 97% of the net book value of the investment. As a result, in 2021 an impairment loss on investments in subsidiaries was reported in the amount of BGN 64,772 thousand (Note 8), and the net value of the investment as of 31 December 2021 was BGN 2,003 thousand.

⇒ **In 2021, two interest payments were made on the bond loan issued by Eurohold Bulgaria AD, as follows:**

Status and date of interest payment:	Date of interest payment:	Amount of interest payment	Status and date of interest payment:
First	26.05.2021	483 493,15 €	paid to the bondholders in full according to the repayment schedule of the bond issue on 26.05.2021.
Second	26.11.2021	33 805,35 €	paid to the bondholders in full according to the repayment schedule of the bond issue on 25.11.2021.

⇒ **On 14 July 2021, a partial repayment in the amount of BGN 25,932 thousand of subordinated debt, representing unissued tier 1 capital, was made.**

⇒ **A new contract for subordinated debt to Starcom Holding AD has been concluded, with a limit of BGN 50,000 thousand. As of December 31, 2021, BGN 450,000 have been utilized.**

⇒ **EMTN Program bond loan extended in Polish zlotys and converted into euros - EUR / XS1542984288**

▪ As of 31.12.2021 the bond issue with ISIN: XS1542984288 represents a restructured bond loan (EMTN Program) with extended maturity until 29.12.2026, changed currency from PLN to EUR and changed frequency of interest payments from six-month to one-year. The loan matures on December 29, 2026, and has a fixed interest rate of 8.0% on an annual basis and a frequency of interest payments once a year in arrears. As a result of the restructuring, losses from operations with investments in the amount of BGN 440 thousand were reported.

⇒ **A dividend was received from Euro-Finance AD in the amount of BGN 223 thousand in June 2021.**

In 2021 the subsidiaries of Eurohold Bulgaria AD have concluded significant transactions relevant to the activities of the Holding, the most significant of which are mentioned in this report in the section "Important events for the activities of Eurohold Bulgaria, occurred for the period January - December 2021 d. ", including for the acquired by the subsidiary" Eastern European Electric Company "B.V. the seven energy companies of CEZ Group, and the sale by Auto Union of the automobile companies N Auto Sofia EAD, Espace Auto OOD and EA Properties OOD and the agreement for the sale of Star Motors EOOD. In the same section are available any other important events that occurred during the reporting year. All significant transactions concluded by the group will be disclosed in the Annual Consolidated Activity Report for 2021.

⇒ **Significant transactions regarding Eurohold Group:**

- Acquisition of seven companies in the Energy sector:
 - CEZ Distribution Bulgaria AD;
 - CEZ Electro Bulgaria AD;
 - CEZ Trade Bulgaria EAD;
 - CEZ Bulgaria EAD;
 - CEZ Information and Communication Technologies Bulgaria EAD;
 - Free Energy Project Oreshets EAD;
 - Bara Group EOOD
- Detailed information on the performed business combination and the subsequent increase of the participation in two of the companies is described in Note 51.1.1. Energy business from the consolidated financial statements for 2021*

- Acquisition of 100% of the capital of Mogo Bulgaria EOOD - a company operating in the country related to leasing of motor vehicles - Note 51.1.2. Leasing business from the consolidated financial statements for 2021.
- On August 2, 2021, Auto Union AD, which consolidates the investments of Eurohold Bulgaria AD in the automotive sector, finalized the sale of N Auto Sofia EAD, a major dealer of Nissan, together with its subsidiaries Espas Auto OOD and EA Properties OOD. Auto Sofia EAD controlled 51% of the capital of Espas Auto OOD, a distributor of Renault and Dacia cars, and 51% of EA Properties OOD, which owns the terrain and showroom of Nissan, Renault and Dacia in Sofia.
- On 27.10.2021 Auto Union AD, in its capacity as sole owner of the capital of Star Motors EOOD signed a preliminary contract for the sale of the company in question, which is the official importer of cars with the Mazda brand for Bulgaria, and through its subsidiary Star Motors DOOEL and for the Republic of Northern Macedonia. The buyer is M Trux Bulgaria EOOD. The documents for the forthcoming concentration have been submitted to the Commission for Protection of Competition, as the approval of the CPC is with Decision of 09.12.2021, the same was published on 14.01.2022. The final contract for sale of the company is dated 11.05.2022. At the date of preparation of the interim consolidated report, the contract has not yet been registered. The new owner was registered in the Trade Register at the Registry Agency on 17.05.2022.
- On March 17, 2022, Auto Union AD signed a preliminary contract for the sale of Daru Car EAD. As of the date of preparation of these consolidated financial statements, the transaction is in the process of fulfilling the conditions set out in the contract for concluding a final contract and transferring the company's shares. As at the date of the current consolidated financial statements, the final agreements for the transfer of the shares have not been signed.

4 / Information on the transactions concluded between the Company and related parties during the reporting period, proposals for concluding such transactions, as well as transactions that are outside its normal activity or significantly deviate from the market conditions to which the issuer or its subsidiary is a party, indicating the value of the transactions, the nature of the connection and any information necessary to assess the impact on the financial condition of the Company.

As of the date of preparation of the Activity Report, there are no transactions or proposals for related party transactions that are material to Eurohold or its subsidiary and are unusual in nature and terms. Within the Holding, transactions are constantly carried out between the Parent Company and the subsidiaries, arising from the nature of their main activity.

All transactions are concluded on the principle of fair value. The transactions between the holding and the subsidiaries are typical, in which the liquidity of the individual companies is managed and the investment policy is conducted through intragroup loans. The company lends to its subsidiaries for working capital financing.

Information on all transactions concluded by Eurohold Bulgaria with related parties as of 31.12.2021 and as of the comparable period 31.12.2020 is available in the Activity Report to the Annual Individual Report for 2021.

At the group level, related party transactions and balances according to the consolidated financial statements are as follows:

Related party balances	31.12.2021 BGN '000	31.12.2020 BGN '000
Receivables on loans from Starcom Holding AD	39 830	32 130
Receivables from repo transactions from Starcom Holding AD	4 935	2 206
Other receivables from Starcom Holding AD	1 234	1 193
Other receivables from Hanson Asset Management Ltd, UK	81	194
Loan liabilities to Starcom Holding AD	99 003	3 255
Subordinated debt payables to Starcom Holding AD	22 080	57 427
Other liabilities to Starcom Holding AD	5 895	20 536
Other liabilities to First Investment Bank, Russia	606	-
Trade liabilities originating from purchase of investments in debt instruments from Starcom Holding AD	1 536	3 898
Dividend liabilities to Starcom Holding AD	101	101

Related party transactions

	2021	2020
	BGN '000	BGN '000
Commission fee income from Starcom Holding AD	429	186
Commission fee income from First Investment Bank, Russia	1	-
Rental income from Hanson Asset Management Ltd, UK	410	358
Revenue from services rendered to Starcom Holding AD	30	11
Interest income Starcom Holding AD	1 784	874
Interest expenses on loans received from Starcom Holding AD	3 816	1 323
Other expenses from Hanson Asset Management Ltd, UK	1	-

During the reporting period, Eurohold Group did not receive any proposals for concluding transactions that are outside the normal activity of the companies or significantly deviate from the market conditions to which the issuer or its subsidiary is a party.

5 / *Information on events and indicators of an unusual nature for the Company, having a significant impact on its activities, and the revenues and expenses incurred by it; assessment of their impact on the results in the current year.*

During the reporting period there were no events of an unusual nature for the Company and its group outside their usual activities.

However, events have taken place that have had a significant impact on the activities of the Eurohold Group. These events are disclosed in detail in Note 51. "Acquisitions and Disposals of Companies" and Note 55. "Accounting for Changes in Accounting Policies" of the Notes to the Annual Consolidated Financial Statements for 2021"

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 and its subsidiaries have no off-balance sheet transactions.

↳ **GUARANTEES AND GUARANTEES PROVIDED**

➤ **For Eurohold Bulgaria AD**

Eurohold Bulgaria is a co-debtor of received bank loans to related parties, as follows:

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

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

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

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

Company from:	Contractual limit in EUR'000 as of 31.12.2021	Contractual limit in BGN'000 as of 31.12.2021	MATURITY (EUR'000) 2022
Automotive sub-holding	3 750	7 334	3 750
Automotive sub-holding	1 050	2 054	1 050
Automotive sub-holding	6 150	12 028	6 150
TOTAL :	10 950	21 416	10 950

Guaranteed liabilities of the Company by related parties, as follows:

Company / Guarantor	Currency	Guaranteed obligation	Amount of the guaranteed amount as of 31.12.2021 in original currency	Maturity
Euroins Insurance Group AD	EUR	Bond issue (EMTN programme)	70 000 000	12/2022
Euroins Insurance Group AD	EUR	Bond issue (EMTN programme)	10 000 000	12/2026
Euroins Insurance Group AD	EUR	A bank loan	15 000 000	07/2022

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

Business direction	Amount in EUR'000 as of 31.12.2021	Amount in BGN'000 as of 31.12.2021	MATURITY (EUR'000)		
Bank loans for working capital	6 000	11 735	6 000	-	-
Bank loans for investment purposes	5 000	9 779	-	-	5 000

Established guarantees in favor of the Company:

Company / Guarantor	Currency	Guaranteed obligation	Amount of the guaranteed amount as of 31.12.2021 in original currency	Maturity
Milena Milchova Guencheva, Procurator	BGN	Management guarantee	3 330	03/2022

► For the subsidiary companies

Leasing

- » On 21.04.2020 Eurolease Auto EAD provided a guarantee in the amount of BGN 10 thousand in favor of the National Social Security Institute due on 30.05.2023.
- » On 27.08.2021 Eurolease Rent a Car EOOD issued a guarantee in the amount of EUR 10,922.40 in favor of Sofia Airport AD due on 01.11.2021.

- » On February 4, 2019, Eurolease Rent a Car EOOD provided a guarantee in the amount of EUR 11,806.50 in favor of Fraport Twin Star Airport Management AD, due on January 1, 2021.

Insurance business

- » Insurers that offer compulsory motor third party liability insurance present a bank guarantee in accordance with the Statute of the National Bureau of Bulgarian Motor Insurers (NBBAZ). As of December 31, 2020 and 2019, two of the Companies in the Group (Euroins AD and EIG Re EAD) are separate ordering parties for bank guarantees, each amounting to EUR 600,000 in favor of NBBAZ, as the funds securing the bank guarantees in question are blocked on the deposit accounts of the Group companies.
- » In connection with the participation of ZK Euroins AD through its branch in the Hellenic Republic in the so-called friendly settlement agreement between the insurers that offer compulsory motor third party liability insurance in the territory of the Hellenic Republic, a bank guarantee has been established in favor of the Association of Greek Insurers. As of December 31, 2020, the Company through its branch in the Hellenic Republic is an ordering party under a bank guarantee in the amount of EUR 243 thousand in favor of the Association of Greek Insurers, as the funds are blocked on one deposit account of the Branch.
- » On February 20, 2020, an agreement was concluded between Euroins Insurance Group AD and the Municipal Bank for financial collateral with the provision of a pledge in the amount of EUR 2,500 million under a bank loan agreement with a related company. In its role of insurer Euroins Insurance Group AD retains its ownership of the financial collateral.

As of the date of the consolidated financial statements for 2020, the companies of the Eurohold Group have not issued guarantees and provided guarantees from third parties..

7 / Information on the Company's shareholdings, 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 enterprises within the meaning of the Accounting and Sources Act / 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 Economic Group section.

8 / Information on the loan agreements concluded by the Company, its subsidiary or the parent company, in their capacity as borrowers, indicating the terms of them, including the deadlines for repayment, as well as information on guarantees provided and commitments.

↳ For Eurohold Bulgaria AD

Funds raised from related parties:

Company	Type	Currency	Permitted limit under the last annex	Date of temporary contract	Maturity date under last annex	Interest conditions	Balance on the principal as of 31.12.2021 in BGN	Interest balance as of 31.12.2021 in BGN	Information for loan renegotiation
Subordinated debts - Related parties									
Starcom Holding AD - subordinated debt	SubDebt	BGN	32,783,598	31-12-20	31-12-25	6.50%	6,851,598	1,372,423	Contract, Annex 1, 2, 3, 4
Starcom Holding AD - subordinated debt	SubDebt	BGN	50,000,000	09-08-21	09-08-26	5.00%	348,899	8,399	Contract

Loans and Assignments - Related Parties

Auto Union AD	cession	BGN	695,000	16-07-21	30-06-22	3.00%	695,000	29,838	Notification
Eurolease Auto AD	loan	BGN	7,600,000	22-12-08	23-12-23	7.00%	1,400,000	164,421	Contract Annex 1, 2, 3, 4, 5, 6 и 7.
Eurolease Auto AD	cession	BGN	2,000,000	30-11-18	25-10-22	7.50%	1,900,000	799,416	Contract, Annex 1, 2, 3.
Euroins Insurance Group AD	loan	BGN	20,000,000	08-02-19	08-02-22	6.00%	14,072,548	1,716,160	Contract, Annex 1, 2, 3.
Euroins Insurance Group AD	loan	EUR	50,000 €	01-07-21	01-07-22	6.00%	97,792	2,933	Contract
Starcom Holding AD	loan	BGN	70,000,000	29-01-21	29-01-23	5.50%	59,460,472	628,180	Contract Annex 1, 2, 3.
Starcom Holding AD	loan	EUR	4,500,000 €	28-09-21	03-08-22	5.20%	8,801,235	118,230	Contract
Auto Union Service AD	cession	BGN	362,000	18-12-18	30-06-22	3.00%	243,816	20,380	Contract Annex 1, 2, Agreement

Loans and Assignments - Unrelated persons

Bonds Advisors EOOD	loan	BGN	2,000,000	01-12-20	30-11-23	5.50%	-	22,006	Contract
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Transmitters - Related parties

IC EIG Re EAD	MiFID	EUR	16,500 €	13-03-19	31-12-22	-	32,271	-	Contract, Annex 1, 2, 3 и 4
IC EIG Re EAD	MiFID	EUR	11,400 €	10-03-20	31-12-22	-	22,296	-	Contract, Annex 1, 2, 3.
Starcom Holding AD	MiFID	EUR	3,014,104 €	27-08-21	27-08-22	-	5,895,075	-	Contract, Annex 1.

Transfers - Unrelated persons

Asterion Bulgaria AD	MiFID	EUR	6,933 €	16-02-21	31-12-22	-	13,560	-	Contract, Annex 1, 2, 3.
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Funds raised from financial institutions:

Bank	Type of loan	Currency	Contractual limit	Principal due 31.12.2021	Principal due 31.12.2020	Interest rate	Date of repayment	Collateral
International Investment Bank	Loan - Principal	EUR	15 000 000	-	5 400 000	6.0%+ EURIBOR	12.2021	Pledge of shares of a subsidiary
International Investment Bank	Loan - Principal	EUR	10 000 000	6 160 000	7 700 000	6.0%+ EURIBOR	03.2025	Pledge of shares of a subsidiary
International Bank for Economic Cooperation*	Loan - Principal	EUR	20 000 000	15 000 000	15 000 000	6.5%	07.2022	Pledge of shares of a subsidiary

* The unused amount of the loan from the International Bank for Economic Cooperation as of 31.12.2021 amounts to EUR 5 million (31.12.2020 - EUR 5 million).

Liabilities for borrowings from financial and non-financial institutions according to their maturity, as follows:

Non-current liabilities to financial and non-financial institutions	31.12.2021	31.12.2020
	BGN thousand	BGN thousand
International Investment Bank	9 006	11 993
International Bank for Economic Cooperation	-	29 304
Other *	-	1 450
Total	9 006	42 747

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;

Current liabilities to financial and non-financial institutions	31.12.2021 <i>BGN thousand</i>	31.12.2020 <i>BGN thousand</i>
International Investment Bank	3 152	13 887
International Bank for Economic Cooperation	29 623	206
Others **	4 855	4 852
Total	37 630	18 945

As of 31.12.2021 the other loans are in the form of:

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

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

** Euro Trading Securities ECP, with maturity 5.2021, annual interest rate - 2.0% and face value EUR 2,500,000.

In the period 2020, the Company issued and repurchased three issues of Euro Trade Papers (ECP), with a total face value of EUR 20,200,000. 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

Debt loan liabilities according to their maturity, as follows:

Non-current liabilities on debenture loans	31.12.2021 <i>BGN thousand</i>	31.12.2020 <i>BGN thousand</i>
EMTN Programme in EUR - ISIN: XS1731768302	-	115 856
EMTN Programme in PLN/EUR - ISIN: XS1542984288*	19 558	-
Debenture loan in EUR - ISIN: BG2100013205 **	58 675	58 675
Total	78 233	174 531

Current liabilities on debenture loans	31.12.2021 <i>BGN thousand</i>	31.12.2020 <i>BGN thousand</i>
EMTN Program in EUR - ISIN: XS1731768302	136 185	-
EMTN Program in EUR - ISIN: XS1731768302, interest	610	15
EMTN Program in PLN / EUR - ISIN: XS1542984288	-	19 302
EMTN Program in PLN / EUR - ISIN: XS1542984288, interest	9	688
Debenture loan - ISIN: BG2100013205, interest	183	183
Total	136 987	20 188

Debt 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.

Information on the terms of the EMTN programs is publicly available and available on the Irish Stock Exchange website, Bonds section. The EMTN program with ISIN: XS1542984288 matures on December 29, 2026, has a fixed interest rate of 8.0% (eight percent) on an annual basis and a frequency of interest payments once a year in arrears. The EMTN program with ISIN XS1731768302 matures on December 7, 2022, has a fixed interest rate of 6.5% (six and a half percent) on an annual basis and a frequency of interest payments once a year in arrears.

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

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

Liabilities of subsidiaries on loans received, including to related parties

Insurance group

Lender company	Recipient of the loan	Type	Currency	Allowed limit in thousands	Date of temporary contract	Maturity date	Interest conditions	Balance on the principal as of 31.12.2021 in BGN '000
LIABILITIES:								
Subordinated debts - Related parties								
Starkom Holding AD	EIG AD	Subordinated debt	EUR	12,600	25.8.2020	31.8.2025	6,00%	5 139
Starkom Holding AD	EIG AD	Subordinated debt	EUR	4,980	19.2.2021	19.2.2026	6,00%	9 740
Liabilities under bonded loan								
	EIG AD	bond	EUR	10,000	18.12.2014	18.12.2021	9,75%	19 558
Liabilities under Loans and Assignments - Related parties								
Auto Union AD	EIG AD	loan	BGN	17,200	01.07.2021	1.1.2023	2,7%	14 197
Starkom Holding AD	EIG AD	loan	EUR	6,000€	30.9.2021	15.7.2022	6,00%	11 735
Liabilities under Loans and Assignments - Unrelated parties								
AMC IV Alpha B.V	EIG AD	loan	EUR	10,000	13.3.2019	31.3.2025	8,00%	14 587

Energy group

Lender company	Recipient of the loan	Type	Currency	Allowed limit in thousands	Date of temporary contract	Maturity date	Interest conditions	Balance on the principal as of 31.12.2021 in thousands
LIABILITIES:								
Liabilities under bank loans								
EBRD	CEZ Distribution Bulgaria AD	A bank loan	EUR	98,000€	2.11.2016	30.4.2027	1.80% + 6m EURIBOR	42,993
Loan Syndicate	Eastern European Electric Company B.V.	loan	EUR	360,000€	21.07.2021	21.07.2026	EURIBOR +3.5%	317,510€
MCP Investments IV S.a.r.L	Eastern European Electric Company II B.V..	loan	EUR	110,000€	21.07.2021	21.01.2027	13%	106,651€
Liabilities under Loans and Assignments - Related parties								

Eastern European Electric Company B.V.	CEZ Distribution Bulgaria AD	loan	EUR	30,000€	3.12.2018	31.10.2027	3.5% + 6m Euribor	59,985
Eastern European Electric Company B.V.	CEZ Distribution Bulgaria AD	loan	EUR	16,073€	28.7.2021	31.10.2027	3.20%	28,299
Eastern European Electric Company B.V.	CEZ Distribution Bulgaria AD	loan	EUR	14,000€	25.11.2021	15.11.2022	3.15% + 6m Euribor	27,382
Eastern European Electric Company B.V.	Bara Group EOOD	loan	EUR	14,998€	14.5.2014	30.6.2022	4.00% + 1M Euribor	28,652
Eastern European Electric Company B.V.	CEZ Trade Bulgaria EAD	loan	EUR	3,835€	27.06.2018	31.12.2022	EURIBOR 6M + 0.8%	7,500€

Automotive group

Lender company	Recipient of the loan	Type	Currency	Allowed limit in thousands BGN	Date of temporary contract	Maturity date	Interest conditions	Balance on the principal as of 31.12.2021 in thousands BGN
LIABILITIES:								
Liabilities under bank loans								
UniCredit Bulbank AD	Bulvaria EOOD	loan	EUR	911,517 €	21-12-09	31-03-22	1M EURIBOR + 3.5%	1 782 772
UniCredit Bulbank AD	Auto Italia EAD	loan	EUR	400,000 €	09-12-09	31-03-22	1M EURIBOR + 3.5%	782 332
UniCredit Bulbank AD	Auto Italia EAD	loan	EUR	536,680 €	21-12-09	31-03-22	1M EURIBOR + 3.5%	1 049 655
UniCredit Bulbank AD	Bulvaria Sofia EAD	loan	EUR	500,000 €	07-02-20	30-04-22	1M EURIBOR + 3.5%	963 771
First Investment Bank	Auto Union AD	loan	EUR	2 400 000€	28-05-20	30-11-22	SIR in euro of FIB+3.7641%	4 338 412
First Investment Bank	Motobul EAD	loan	EUR	664,680 €	08-10-21	15-06-27	SIR in euro of FIB+2.8871%	1 300 001
Central Cooperative Bank	Auto Union AD	loan	EUR	9 203 254€	05-07-21	10-02-22	2.60%	18 000 511
Bulgarian Bank for Development EAD	for Motobul EAD	loan	EUR	240 000€	18-12-15	20-09-22	3M EURIBOR+4%	175 812
Bulgarian Bank for Development EAD	for Auto Union AD	loan	EUR	1 000 000€	15-12-20	15-12-22	3M EURIBOR+3%	1 955 830
Liabilities under bond loan								
ISIN BG2100025126 /first/	Auto Union AD		EUR	3 476 785€	06-12-12	10-12-22	4.50%	5 045 130
ISIN BG2100006183	Motobul EAD		EUR	4 499 300€	13-06-18	13-06-28	3.85%	8 799 866
Liabilities under Loans and Assignments - Related parties								
Eurohold Bulgaria AD	Auto Union AD	loan	BGN			31-12-21	4.20%	
Autoplaza EAD	Auto Italia EAD	loan	BGN	150,000	01-12-21	01-12-23	3.95%	150,000
Eurohold Bulgaria AD	Motobul EAD	loan	BGN	170,000	13-01-21	13-01-24	6.50%	170,000
Daru Car EAD	Auto Union AD	loan	BGN	9 500 000	19-06-12	19-06-22	5.50%	2 349 617
Motobul EOOD	Auto Union AD	loan	BGN	7 000 000	31-07-18	31-07-24	5.00%	4 786 364
Auto Union Service EOOD	Auto Union AD	loan	BGN	2 000 000	27-06-16	27-06-22	5.00%	784 200
Benzin Finance EAD	Auto Union AD	loan	BGN	1 500 000	08-08-19	31-12-21	5.00%	1 035 824
Auto Italia EAD	Auto Union AD	loan	BGN	2 000 000	27-12-19	27-12-22	5.00%	2 333 716
Motobul EOOD	Auto Union AD	cession	BGN	2 222 807	18-12-18	31-12-22	3.00%	1 596 460

Bulvaria EOOD	Auto Union AD	loan	BGN	200 000	18-06-18	31-12-22	5.00%	79 817
Auto Italia EAD	Auto Union AD	loan	BGN		30-06-19	31-12-22	2.00%	2 597 822
Bulvaria Varna EOOD	Auto Union AD	loan	BGN		19-12-18	31-12-22	2.00%	255 675
Daru Car EAD	Auto Union AD	loan	BGN		20-06-19	31-12-21	2.00%	868 872
Bulvaria Sofia EAD	Auto Union AD	loan	BGN	2 500 000	01-04-21	01-04-24	5.00%	2 116 161
Motobul EAD	Auto Union AD	loan	BGN	1 300 000	10-10-21	14-06-27	3.10%	1 000 000
Star Motors EOOD	Auto Union AD	loan	BGN	22000	03-01-21	31-12-21	5.00%	22 000
Auto Union AD	Motohub OOD	loan	BGN	50,000	19-10-18	19-10-22	5.50%	251 821
Auto Union AD	Daru Car EAD	loan	BGN		28-05-20	30-04-30	3.95%	744 125
Auto Union AD	Bulvaria EOOD	loan	BGN		18-01-21	14-12-22	3.00%	245 574
Bulvaria Sofia EAD	Bulvaria EOOD	loan	BGN		01-10-21	01-10-22	3.00%	468 000
Auto Union AD	Auto Italia EAD	loan	BGN	1,000,000.00	10-10-21	14-06-27	3.20%	1,000,000.00
Auto Union AD	Auto Italia EAD	loan	BGN		16-12-20	14-12-22	3.00%	1,710,255.99
Auto Union AD	Auto Italia EAD	loan	BGN		28-05-20	14-12-22	3.95%	3,954,291.45

Liabilities under Loans and Assignments - Unrelated parties

Eurotruck EOOD	Auto Union AD	loan	BGN	10 000	19-03-12	19-03-22	5.50%	6 638
G.T.A. Petroleum OOD	Auto Union AD	loan	BGN	200 000	31-12-21	31-12-22	3.00%	200 000
Auto Italia-Sofia EOOD	Auto Union AD	loan	BGN	300 000	01-03-20	01-03-23	5.00%	51 100
SLS AD	Auto Italia EAD	loan	BGN	2 030 000	28-12-18	31-03-22	3.20%	621 347
Profonika EOOD	Auto Italia EAD	loan	BGN	300,000	30-09-19	31-12-24	4.20%	147 600
UBB - factoring	Motobul EAD	factoring	BGN	1 567 500	20-04-18	18-04-22	1M SOFIBOR + 1.8%	557 687
Allianz - factoring	Motobul EAD	factoring	BGN	1 700 000	22-02-19	unlimited	BDILE + 1.80%	98 071
SLS AD	Auto Union Service EOOD	loan	BGN	446 385	05-02-20	28-02-22		446 385

Guarantees

UniCredit Bulbank AD	Star Motors EOOD	Bank guarantee	EUR	3 750 000€	17-09-13	31-01-22	1.00%	3 750 000€
First Investment Bank	Motobul EAD	Bank guarantee	EUR	1 050 000€	30-04-20	30-04-22	1.60%	1 050 000€
Varengold AG	Auto Italia EAD	Bank guarantee	EUR	50,000 €	22-02-21	22-02-22	2.00%	50,000 €
UniCredit Bulbank AD	Auto Italia EAD	Bank guarantee	EUR	5 150 000€	21-12-09	15-03-22	1.00%	2 000 000€

Leasing group

Lender company	Recipient of the loan	Type	Currency	Allowed limit in thousands BGN	Date of temporary contract	Maturity date	Interest conditions	Balance on the principal as of 31.12.2021 in thousands BGN
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LIABILITIES:**Bank loans payable**

Bank Piraeus AD	Eurolease Auto EAD	Bank loan	EUR	3 500	07.02.2018	30.11.2023	3M EURIBOR + 2.8%	1 938
UniCredit Bulbank AD	Eurolease Auto EAD	Bank loan	BGN	9 779	22.11.2018	29.02.2024	ADI +2.2%/min. 2.30%	4 553
Eurobank Bulgaria AD	Eurolease Auto EAD	Bank loan	BGN	13 691	28.12.2016	15.09.2022	PRIME + 2.72%/min.2.85%	1 713

Eurobank Bulgaria AD	Eurolease Auto EAD	Bank loan	BGN	978	16.06.2017	16.05.2023	PRIME + 2.85% /min.2.85%	266
Eurobank Bulgaria AD	Eurolease Auto EAD	Bank loan	BGN	3 912	09.02.2018	09.09.2023	PRIME + 2.72% /min.2.72%	1 505
Eurobank Bulgaria AD	Eurolease Auto EAD	Bank loan	BGN	9 779	24.09.2019	24.09.2027	PRIME + 1.72% /min.2.72%	8 714
Bulgarian Development Bank AD	Eurolease Auto EAD	Bank loan	EUR	4 150	15.07.2016	20.12.2022	3M EURIBOR + 2.50%/min. 2.5%	1 534
Bulgarian Development Bank AD	Eurolease Auto EAD	Bank loan	EUR	10 244	23.05.2018	20.02.2027	3M EURIBOR + 3.50%/min. 3.5%	12 926
Bulgarian Development Bank AD	Eurolease Auto EAD	Bank loan	EUR	850	21.01.2019	30.01.2025	3M EURIBOR + 2.50%/min. 2.5%	1 541
Commercial Bank D AD	Eurolease Auto EAD	Bank loan	BGN	446	27.03.2019	05.05.2022	3M EURIBOR + 3%/min. 3%	62
Commercial Bank D AD	Eurolease Auto EAD	Bank loan	EUR	2 600	30.07.2015	05.09.2022	3M EURIBOR + 3.5%/min 3.5%	105
Commercial Bank D AD	Eurolease Auto EAD	Bank loan	EUR	5 000	27.11.2019	27.11.2026	3M EURIBOR + 2.95%-3.5%/min. 2.95%-3.5% (according to the deals)	7 112
Commercial Bank D AD	Eurolease Auto EAD	Bank loan	EUR	2 000	18.10.2021	18.10.2027	3M EURIBOR + 2.95%-3.5%/min. 2.95%-3.5% (according to the deals)	2 577
Bulgarian-American Credit Bank AD	Eurolease Auto EAD	Bank loan	EUR	5 000	31.10.2019	20.04.2026	3M EURIBOR + 2.75%/min. 2.75%	7 323
Eurobank Bulgaria AD	Eurolease Rent A Car EOOD	Bank loan	BGN	2 413	10.08.2017	21.10.2022	PRIME + 2.32% /min.2.32%	1 179
Eurobank Bulgaria AD	Eurolease Rent A Car EOOD	Bank loan	BGN	2 468	15.06.2018	21.05.2024	PRIME + 2.32% /min.2.32%	1 246
First Investment Bank	Eurolease Rent A Car EOOD	Bank loan	BGN	700	21.05.2021	15.02.2024	SIR + 3.8051%/min.3.95% %	551
Eurobank Bulgaria AD	Sofia Motors EOOD	Bank loan	BGN	1 456	15.12.2017	15.10.2022	PRIME + 2.32% /min.2.32%	264
Eurobank Bulgaria AD	Sofia Motors EOOD	Bank loan	BGN	1 956	19.02.2018	19.02.2024	PRIME + 2.85% /min.2.85%	841
Eurobank Bulgaria AD	Sofia Motors EOOD	Bank loan	BGN	1 956	24.09.2019	24.03.2026	PRIME + 1.85% /min.2.85%	1 308
Bank Piraeus AD	Sofia Motors EOOD	Bank loan	EUR	550	07.02.2018	30.09.2023	PRIME + 2.8% /min.2.8%	292
Bulgarian Development Bank AD	Sofia Motors EOOD	Bank loan	EUR	3 000	08.06.2020	08.06.2030	3M Euribor + 3%/min. 3%	645
Bulgarian-American Credit Bank AD	Autoplaza EAD	Bank loan	EUR	700	10.06.2016	20.09.2023	6M EURIBOR + 4.75%/min.4.75%	1 108
Bulgarian-American Credit Bank AD	Amigo Leasing EAD	Bank loan	EUR	1 500	27.06.2018	20.09.2027	3M EURIBOR+ 5.25%/min. 5.25%	2 267
Municipal Bank AD	Amigo Leasing EAD	Bank loan	EUR	2 850	03.05.2019	20.04.2026	6M EURIBOR+ 5.25%/min. 5.25%	4 473
First Investment Bank	Mogo Bulgaria EOOD	Bank loan	BGN	6 000	17.12.2021	30.11.2026	SIR + 4.8927% /min. 5%	5 000
UNIbanka	Eurolease Auto Macedonia	Bank loan	EUR	4 500	24.12.2008	31.12.2029	4.50%	8 730
Stopanska banka AD Skopje	Eurolease Auto Macedonia	Bank loan	EUR	1 000	11.06.2019	28.02.2025	1M EURIBOR + 4.25%/min. 3.5%	1 328

Liabilities under bond loan

Eurolease Group AD	ISIN BG2100012173	loan	EUR	1 250	06.07.2017	01.07.2023	3,75%	978
Eurolease Group AD	ISIN BG2100004188	loan	BGN	1 500	09.03.2018	01.03.2022	4,25%	250
Eurolease Group AD	ISIN BG2100001200	loan	BGN	6 000	05.02.2020	01.05.2025	4%	6 000
Liabilities under Loans and Assignments - Related parties								
Eurolease Group AD Eurolease Auto EAD		loan	BGN	10 000	12.12.2013	31.12.2023	5.00%	8 619
Eurolease Group AD Eurolease Auto EAD		loan	BGN	7 000	25.02.2013	31.12.2023	5.00%	228
Eurolease Group AD Amigo Leasing EAD		loan	BGN	1 500	27.07.2017	27.07.2023	3.95%	
Eurolease Group AD Mogo Bulgaria EOOD		loan	EUR	318	01.12.2021	01.12.2022	5.00%	621
Eurolease Rent A Car EOOD	Eurolease Group AD	loan	BGN	1 000	06.01.2021	06.01.2024	5.50%	214
Eurolease Auto DOOEL, Skopje	Eurolease Group AD	loan	EUR	1 000	19.07.2017	19.07.2023	4.25%	978
Eurolease Auto IFN AD	Eurolease Group AD	loan	EUR	1 000	28.07.2010	31.07.2022	1m Euribor+5%	1 163
Eurolease Auto IFN AD	Starcom Holding AD	loan	EUR			31.12.2021	6%	156
Liabilities under Loans and Assignments - Unrelated parties								
Eurolease Group AD Delta Credit REIT		cession	BGN	235	23.12.2021	30.11.2022	5.50%	235
Eurolease Rent A Car EOOD	Delta Credit REIT	cession	BGN	83	23.12.2021	31.12.2022	5.00%	83

Summary information at Group level on bond issues issued by subsidiaries

	Coupon	Original currency	Maturity	31.12.2021 Nominal in thousands.	31.12.2020 Nominal in thousands.
Automotive business					
Corporate bonds *	4.50%	BGN	12.2022	5 058	6 800
Corporate bonds	3.85%	BGN	06.2028	8 800	8 800
Leasing **					
Corporate bonds	4.75%	BGN	03.2022	1 500	1 500
Corporate bonds	4.00%	BGN	05.2025	6 000	6 000
Corporate bonds	3.75%	EUR	07.2023	1 250	1 250
Corporate bonds	3m. Euribor + 3.95%	EUR	07.2021	-	5 800

* The company Auto Union AD is an issuer of bonds issued on the Bulgarian Stock Exchange with ISIN: BG2100025126. The issue was put on the market on November 7, 2013 and matures on December 10, 2022. The issue has 2 principal and interest payments per year with an interest rate of 4.5% calculated on the basis of ACT / 365 L. As of December 31, 2020. Auto Union AD reports a maturing principal and interest payment due on 10 December. According to the terms of the issue, the issuer has the opportunity to delay payment within 30 days. The company pays all amounts due within these deadlines. The amount of the matured principal and interest payments as of December 31, 2020 are: principal in the amount of BGN 250 thousand interest in the amount of BGN 131 thousand The maturities in question were repaid in full on 08.01.2021.

** The bond maturing on 05.2025 has insurance collateral to cover the principal and interest due. The bond maturing on 7.2021 is secured by a pledge on receivables under leasing contracts and leasing assets. The bonds maturing in 7.2023 and 03.2022 are unsecured.

Information on guarantees provided and commitments is set out in item 6 / above.

9 / Information on loan agreements concluded by the Company, its subsidiary or the parent company, in their 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.

↳ **Loans from Eurohold Bulgaria AD, including related parties.**

Company	Type	Currency	Permitted limit under the last annex	Date of the Asteroid contract	Maturity date under last annex	Interest conditions	Balance on the principal as of 31.12.2021 in BGN	Interest balance as of 31.12.2021 in BGN	Information for loan renegotiation
Loans and Assignments - Related Parties									
Auto Union AD	loan	BGN	3,250,000.00	14-07-21	03-08-22	4.20%	-	1,831	Contract, Annex 1.
Motobul EAD	loan	BGN	500000	13-01-21	13-01-24	6.50%	170,000	10,680	Contract
Loans and Assignments - Related parties - (Receivables for financial instrument)									
IC Euroins AD	MIFID	EUR	30,582	17-12-21	31-01-22	-	59,814	-	

↳ **Information on receivables of subsidiaries on loans granted, including to related parties**

Insurance group

Lender company	Recipient of the loan	Type	Currency	Allowed limit in thousands	Date of temporary contract	Maturity date	Interest conditions	Balance on the principal as of 31.12.2021 in BGN '000
RECEIVABLES:								
Loan and Assignment Receivables - Related Parties								
EIG AD	Eurohold Bulgaria AD	loan	BGN	20,000	08-02-19	08-02-22	6.00%	14 026
EIG AD	Eurohold Bulgaria AD	loan	EUR	50€	01-07-21	01-07-22	6.00%	97
EIG AD	Euroins Romania	Subordinated debt	EUR	8,000	14.07.2021	14.7.2026	9,75%	15 595
EIG AD	Euroins Romania	Subordinated debt	EUR	1,062	28.9.2021	28.9.2026	7%	2 070
EIG AD	Starcom Holding AD	loan	BGN	30,000	28.12.2017	28.12.2024	6%	8 668
Loan and Assignment Receivables - Unrelated								
EIG AD	LLC Manufactura	loan	EUR	675	17.9.2021	17.9.2022	6%	1 304

Energy group - none

Automotive Group

Lender company	Recipient of the loan	Type	Currency	Allowed limit in thousands	Date of temporary contract	Maturity date	Interest conditions	Balance on the principal as of 31.12.2021 in BGN '000
RECEIVABLES:								
Loans and Assignments Receivable - Related parties								
Starcom Holding AD	Auto Union AD	loan	BGN	1,789,930.79	01-12-21	30-10-22	4.20%	39,930.79
Starcom Holding AD	Auto Union AD	loan	BGN	990,498.22	27-05-20	27-05-23	4.20%	3,763,805.52
Starcom Holding AD	Auto Union AD	cession	BGN	20,166,563.13	02-08-21	31-12-23	4.20%	20,166,563.13
Eurohold Bulgaria AD	Auto Union AD	cession	BGN	695,000.00	01-12-21	31-12-22	3.00%	695,000.00
Euroins Insurance Group AD	Auto Union AD	loan	BGN	14,196,673.19	01-07-21	10-12-22	2.70%	14,196,673.19
Starcom Holding AD	Motobul EAD	loan	BGN	2,570,000.00	31-12-20	31-12-21	5.00%	2,570,000.00
Starcom Holding AD	Motobul EAD	cession	BGN	1,960,000.00	31-12-20	31-12-21	6.50%	1,960,000.00
Eurohold Bulgaria AD	Auto Union Service EOOD	loan	BGN	243,816.15	31-05-21	31-12-21	3.00%	243,816.15
Auto Union AD	Auto Union Service EOOD	loan	BGN	814,200	27-06-16	16-12-21	5.00%	784,200.00
Auto Union AD	Auto Italia EAD	loan	BGN	2 000 000	27-12-19	27-12-22	5.00%	2 333 716
Auto Union AD	Benzin Finance EAD	loan	BGN	1 500 000	08-08-19	31-12-21	5.00%	1,035,823.57
Auto Union AD	Bulvaria Sofia EAD	loan	BGN	2 500 000	01-04-21	01-04-24	5.00%	2,116,161.20
Bulvaria EOOD	Bulvaria Sofia EAD	loan	BGN		01-10-21	01-10-22	3.00%	468,000.00
Auto Union AD	Bulvaria EOOD	loan	BGN	200 000	18-06-18	31-12-21	5.00%	79,817.49
Auto Union AD	Daru Car EAD	loan	BGN	9,500,000	19-06-12	19-06-22	5.50%	2,349,616.91
Auto Union AD	Motobul EAD	loan	BGN	1 300 000	10-10-21	14-06-27	3.10%	1 000 000
Auto Union AD	Motobul EAD	cession	BGN	2 222 807	18-12-18	31-12-22	3.00%	1596460.3
Auto Union AD	Motobul EAD	loan	BGN	7 000 000	31-07-18	31-07-24	5.00%	4,786,364.39
Auto Union AD	Star Motors EOOD	loan	BGN	22000	03-01-21	31-12-21	5.00%	22,000.00
Auto Italia EAD	Auto Union AD	loan	BGN	1,000,000.00	10-10-21	14-06-27	3.20%	1,000,000.00
Motohub EOOD	Auto Union AD	loan	BGN	50,000	19-10-18	19-10-22	5.50%	251,822.62
Auto Italia EAD	Auto Union AD	loan	BGN		16-12-20	14-12-22	3.00%	1,710,255.99
Auto Italia EAD	Auto Union AD	loan	BGN		28-05-20	14-12-22	3.95%	3,594,291.45
Bulvaria EOOD	Auto Union AD	loan	BGN		18-01-21	14-12-22	3.00%	245,574.00
Daru Car EAD	Auto Union AD	loan	BGN		28-05-20	30-04-30	3.95%	744,124.53
Loan and Assignment Receivables - Unrelated								
V I Lyulin EAD	Auto Union AD	loan	BGN			30-09-23	6.00%	
ETROPAL TRADE OOD	Auto Italia EAD	loan	BGN	75,000	26-11-21	11-01-22	5.50%	75,000

Leasing Group

Lender company	Recipient of the loan	Type	Currency	Allowed limit in thousands	Date of temporary contract	Maturity date	Interest conditions	Balance on the principal as of 31.12.2021 in BGN '000
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RECEIVABLES:**Loans and Assignments Receivables - Related parties**

Eurolease Auto EAD	Eurohold Bulgaria AD	loan	BGN	7 600	22.12.2008	31.12.2023	7.00%	1,390
Eurolease Auto EAD	Eurohold Bulgaria AD	cession	BGN	2 000	30.11.2018	25.10.2022	7.50%	1,883
Eurolease Auto EAD	Eurolease Group AD	loan	BGN	10 000	12.12.2013	31.12.2023	5.00%	8,556
Eurolease Auto EAD	Eurolease Group AD	loan	BGN	7 000	25.02.2013	31.12.2023	5.00%	226
Eurolease Auto EAD	Starcom Holding AD	loan	BGN	300	21.10.2019	21.10.2021	5.00%	-
Autoplaza EAD	Starcom Holding AD	loan	BGN	100	11.08.2011	11.08.2022	7.00%	5
Autoplaza EAD	Auto Italia EAD	loan	BGN	150	01.12.2021	01.12.2023	3.95%	149
Mogo Bulgaria EOOD	Eurolease Group AD	loan	EUR	318	01.12.2021	01.12.2022	5.00%	621
Amigo Leasing EAD	Eurolease Group AD	loan	BGN	1 500	27.07.2017	27.07.2023	3.95%	-
Eurolease Group AD	Eurolease Rent A Car EOOD	loan	BGN	1 000	06.01.2021	06.01.2024	5.50%	213
Eurolease Group AD	Eurolease Auto DOOEL, Skopje	loan	EUR	1 000	19.07.2017	19.07.2023	4.25%	972
Loans and Assignments Receivable - Unrelated parties								
Amigo Leasing EAD	Individuals	loan	BGN					87
Eurolease Auto EAD	Lada Taxi EOOD	loan	BGN	200	18.10.2019	31.12.2022	5.95%	160
Eurolease Auto EAD	Other	loan	BGN			2024		34

10 / Information on the use of funds from new issue of securities during the reporting period.

Within 2021, a procedure was carried out to increase the share capital of the Company. July 7, 2021 was the deadline for subscription of shares from the capital increase of Eurohold Bulgaria AD, as the company raised over BGN 157 million (EUR 80.5 million) through a public offering of new shares on the Bulgarian Stock Exchange (BSE).

The new issue of shares from the capital increase of Eurohold Bulgaria AD in the amount of 62,974,400 shares with a nominal value of BGN 1, was entered in the Commercial Register at the Registry Agency on 13.07.2021, as they were admitted to trading on regulated on the Bulgarian Stock Exchange, and actions were taken to admission of newly issued shares to trading on the Warsaw Stock Exchange (WSE).

The funds raised from the increase were used for a contribution to the capital increase of the subsidiary Euroins Insurance Group AD and to the capital increase of the Eastern European Electric Company II BV in order to finance the acquisition of the seven energy companies of CEZ Group in Bulgaria.

11 / Analysis of the ratio between the achieved financial results, reflected in the financial report for the financial year, and previously published forecasts for these results.

Eurohold Bulgaria AD has not published and submitted profit forecasts.

12 / Analysis and evaluation of the policy on the management of financial resources, indicating the possibilities for servicing the obligations, possible threats and measures that the issuer has taken or is about to take in order to eliminate them.

The main activity of Eurohold Bulgaria AD, as a holding company, is to effectively manage the monetary resources accumulated in the whole structure and to allocate them accordingly to the needs of the individual subsidiaries. The Company's policy in this field is to provide financing only in direction "parent - subsidiaries" instead of "subsidiary - subsidiary". The management of the free financial resources of the subsidiaries is carried out in accordance with the regulatory requirements and in order to achieve a good return with reasonable risk-taking.

The investment program of Eurohold Bulgaria AD in 2021 was realized through own and borrowed funds.

13 / *Assessment of the possibilities for realization of the investment intentions with indication of the amount of the available funds and reflection of the possible changes in the structure of 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".

14 / *Information on changes during the reporting period in the key management principles of the Company and its subsidiaries within the meaning of the Accounting 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.

15 / *Information on the main features of the internal control system and risk management system applied by Eurohold in the process of preparing the financial statements.*

In Eurohold Bulgaria AD and the companies from the economic group have a well-established and functioning system for risk management and internal control, which ensures the effective functioning of the systems for accounting and financial reporting and disclosure of information. 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 the following:

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 consistent with the nature of the business and ensures the division of responsibilities;
- the levels of competence are tailored to the specific positions;
- hierarchy and clear rules, rights, obligations and levels of reporting;
- the policy of delegation of powers and responsibilities;
- human resources policies and practices are addressed to the recruitment of competent and reliable 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 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 permission in decision making (authorization);
- preliminary control of legality, executed by the Executive Director immediately before signing a decision;
- complete, accurate and timely accounting of all operations (information processing);
- 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 responsibilities.

- ◆ **Information and communication** - availability of effective and reliable information and communication systems, ensuring the collection and dissemination of complete and reliable information, horizontal and vertical communication from and to all levels, as well as a timely reporting system.
- ◆ **Monitoring** - there is a system for current monitoring and evaluation of controls, and in case of deviations, corrective measures are taken.

16 / Information on changes in the management and supervisory bodies during the reporting financial year.

In 2021 there were changes in the Supervisory Board of the Company, as the GMS held on 30.06.2021 terminated the term of Lubomir Stoev - Member of the Supervisory Board, and elected a new member of the Supervisory Board, namely Ivaylo Angarski. At the same GMS, the contract for the prosecutor's office of the Procurator Hristo Stoev was terminated.

17 / Information on the amount of remuneration, rewards and / or benefits of each of the members of the management and supervisory bodies for the reporting financial year and its subsidiaries, regardless of whether they were included in the Company's expenses or result from the distribution of profits, including:

- 1) amounts received and non-monetary remuneration;
- 2) contingent or deferred remuneration incurred during the year, even if the remuneration is due at a later date;
- 3) amount due from the Company or its subsidiaries for the payment of pensions, retirement benefits or other similar benefits.

Information on this item is provided in this report in the section "Additional information about the company", item II. "Information according to Art. 247 of the Commercial Code "

The prepared Report on Remuneration for 2021 with detailed information on compliance with the Remuneration Policy and information on the amount of remuneration received by each of the members of the management and supervisory bodies for the reporting financial year paid by Eurohold Bulgaria and its subsidiaries is available at the website of Eurohold Bulgaria AD

www.eurohold.bg on the following link:

<https://www.eurohold.bg/files/documents/articles/de975d297ec40ef65719196d504d9e4a.pdf>

18 / For public companies – information about Company's shares held by the members of the managing and supervisory bodies, procurators and senior management, including shares held by each of them separately and 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 on this item is provided in this report in the section "Additional information about the company", item II. "Information according to Art. 247 of the Commercial Code "

The members of the Management and Supervisory Boards do not have options on the issued securities of the Company.

19 / Information on the arrangements known to the company (including after the end of the financial year), as a result of which in the future there may be changes in the relative share of shares or bonds held by current shareholders or bondholders.

As of the reporting period and after the end of the financial year of the Company, no agreements are known from which changes in the relative share of shares and bonds held by the current shareholders or bondholders may occur.

20 / *Information on pending court, administrative or arbitration proceedings concerning liabilities or receivables of the Company in the amount of 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 percent of its equity, information is provided for each proceeding separately.*

The parent company

As of December 31, 2021, no significant lawsuits have been filed against the Company.

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

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 transferred. The transferred amount was completely blocked on the 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 case. A final decision on the case is expected within the next 12 months, but the deadline may be extended depending on the workload of the court hearing the case.

Financial and investment activity

In 2019, on the basis of Order N° Z-137 of 23.04.2019 of the Deputy Chairman of the FSC, head of the Investment Supervision Department, an inspection of EURO-FINANCE AD was opened. The inspection was terminated on September 16, 2021. with a Statement of Findings for the results of an inspection for compliance with the provisions of the legislation related to the activity of the investment intermediary Euro-Finance AD N° P-04-261.

The property sanctions under the effective penal decrees issued within the framework of the inspection have been paid by the investment intermediary, and the rest of them are being appealed in court in order to verify their legality.

As of the date of preparation of these annual financial statements, EURO-FINANCE AD has 8 unfinished administrative penal cases on appeal of issued penal decrees. In connection with the appealed penal decrees, it cannot be predicted with certainty whether EURO-FINANCE AD will incur significant costs for court costs and payment of administrative sanctions. Nevertheless, and given the fact that some of the penal decrees were confirmed at first instance, the sanctions imposed on the penal decrees were provided by EURO-FINANCE AD in order to comply with the precautionary principle and accrued liabilities amounting to BGN 439 thousand, because if they are confirmed by the court and come into force, there will be a serious cost of paying administrative sanctions.

Energy segment

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

Electrodistribution Grid West AD (formerly CEZ RAZPREDELENIE BULGARIA AD)

The Company is a party to a number of significant litigations and proceedings on the basis of which provisions have been recognized or contingent liabilities have been disclosed.

Significant judgments and assumptions are required from management, with the assistance of in-house legal experts and outsourced lawyers, in assessing their potential effects (ie whether the obligation should be recognized or a contingent liability disclosed and whether potential outflows can be reliably assessed) due to the inherent uncertainty about the final outcome of these disputes and proceedings and their complexity. As of December 31, 2021, the total amount of provisions for liabilities amounts to BGN 9,101 thousand (December 31, 2020: BGN 10,922 thousand), of which:

- a) on lawsuits against the Company, amounting to BGN 6,730 thousand (31.12.2020 BGN 7,469 thousand) are assessed on the basis of the amount of the counterclaim against the Company, the stage of the lawsuit and the expert assessment of the probabilities of the outcome of the respective case;
- b) on issued penal decrees in the process of appeal by the Company in the amount of BGN 40 thousand (31.12.2020 BGN 220 thousand) are assessed on the basis of the obligations specified in the issued penal decrees;
- c) on sanctions under administrative acts against the Company in the amount of BGN 1,305 thousand (31.12.2020: 1 140) are assessed on the basis of the amounts from the 19 acts of the EWRC on fulfillment of the conditions under the issued license N° L135 07 / 13.08.2004 d. and the expert opinion of technical and legal specialists on the subject of the sanction and past experience and practices of the court in such cases; and
- d) on probable additional government receivables in connection with insurance costs and corporate tax on the provision of food vouchers for the period 2014-2015-2016 in the amount of BGN 1 027 thousand

(31.12.2020: BGN 1 027 thousand) are estimated on the basis of calculations applied by the NRA bodies in the last tax audit, which began in 2019 and ended in 2020. For 2021 the amount was updated and the component of sanctioning interest was added, based on historical experience of repetitive is the outcome of inspections of a similar nature.

e) on imposed property sanctions for committed violation on the grounds of art. 37a, para. 1 of the LPC with subject: prohibition for abuse of a stronger position when negotiating on a complaint of Fast Pay HD AD in the amount of BGN 9 thousand and allegations of abuse of a dominant position pursuant to Art. 21 of the LPC, amounting to BGN 1,057 thousand, confirmed and paid in 2021.

Determining the final outcome of these litigations and penal decrees contains a high inherent uncertainty and the actual resources required to settle the obligations may differ from the amounts recognized.

These provisions are due to short-term in nature liabilities, subject to litigation with great dynamics and fluctuations in their due date and term of completion.

Therefore, management has agreed to include them entirely in current liabilities. The net effect of accrued / (reimbursed) provisions on lawsuits in 2021 amounts to BGN 749 thousand reimbursed net, and respectively BGN 15 thousand reimbursed net provision for penal decrees (2020: accrued provision on lawsuits, net BGN 117 thousand and accrued provisions for penal decrees, net BGN 1 692 thousand).

The most significant cases are lawsuits and proceedings from RES for access to the electricity distribution network.

In 2012, a number of lawsuits were filed on complaints from producers of electricity from renewable energy sources, asking the court to annul Decision № C-33 / 14.09.2012 of the Energy and Water Regulatory Commission as illegal.

The company has been advised by its legal advisers that there is a possibility of unfavourable outcome of these cases. In June 2013, the SAC made several decisions of last resort, abolishing the temporary prices for access to the electricity distribution network in several groups for solar, wind renewable sources. On March 13, 2014, EWRC issued Decision C6 / 13.03.2014. for determination of constant access prices for producers of electricity from renewable sources using preferential prices and Decision KM1 / 13.03.2014 for the old period. The compensatory mechanism provided for in Decision KM1 / 13.03.2014 covers RES producers who have not appealed against the decision to set provisional prices C-33 / 14.09.2012 and those who, despite appealing the decision, for them it is not has entered into force.

Pursuant to these two decisions, in 2014 the Company reimbursed the difference in the prices of RES producers in the amount of BGN 384 thousand and adjusted the provision for the expected liabilities of the Company on claims and lawsuits with a request for reimbursement of paid access prices in connection with the repeal of parts of Decision № TS-33 of 14.09.2012 of the Energy and Water Regulatory Commission / EWRC / for setting temporary prices for access to the electricity transmission and distribution networks for producers of electricity from renewable sources / RS / selling energy at preferential prices. In order to avoid costs for interest, court costs and attorney's fees in favour of RES producers in case of possible positive and condemnatory court decisions for them, in 2017 6 agreements were concluded with RES producers who have not filed lawsuits. and have paid the entire invoiced price for access to the electricity distribution network. According to the concluded agreements, the Company has retained 10% of the invoiced access price.

In December 2017, an interpretative case № 7/2017 was initiated on the list of the Supreme Court of Cassation, for the adoption of an interpretative decision on issues of price "access" to the electricity distribution network. On October 4, 2018, the Supreme Court of Cassation issued a decision rejecting the proposal for an interpretative decision and accepting that the case law established so far in favour of RES producers is correct and lawful. Based on the above-cited decision of the Supreme Court of Cassation, the Company accrued in 2018 a provision in CEZ Distribution Bulgaria AD amounting to BGN 1,964 thousand. Based on completed court proceedings in 2019 a provision amounting to BGN 5,110 thousand was utilized, and in 2020 in the amount of BGN 363 thousand. Provision in the amount of BGN 3 thousand has been accrued on newly filed cases.

In 2020, the receivables of producers of electricity from renewable sources against CEZ Distribution, amounting to BGN 2,106 thousand based on the annulment by the court of any point of Decision C-33, were written off after a five-year statute of limitations. In the financial statements as of December 31, 2021, the amount of this provision amounts to BGN 149 thousand (December 31, 2020: BGN 249 thousand). The remaining value of the recognized provisions for lawsuits and proceedings includes various cases in which the Company participates as a plaintiff or defendant, in the total amount of BGN 6,581

Sanctions imposed

As of December 31, 2021, the Company has a provision for sanctions from state administration bodies in the amount of BGN 2,371 thousand (2020: BGN 3,453 thousand). The company has considered the risk of an unfavourable outcome in connection with the imposed sanctions. The Company does not disclose additional information under paragraph 92 of IAS 37. Provisions are as follows:

1) Proceedings in connection with a decision of the Commission for Protection of Competition

- Proceedings № 305/2013 for establishing possible violations under Art. 15 and Art. 21 of the LPC and Art. 101 and 102 of the TFEU (Prohibited agreements, decisions and concerted practices; abuse of monopoly or dominant position) by CEZ companies in Bulgaria, EVN and Energo-Pro regarding actions taken to prevent the opening of the electricity market. By Order № 1008 of 23 July 2014, the CPC submitted to CEZ Distribution Bulgaria AD, CEZ Electro Bulgaria AD and CEZ Trade Bulgaria EAD allegations of abuse of a dominant position. The company has submitted a detailed response-objection to the Order, accompanied by the relevant evidence.

An open session in the Proceedings was held on 22 October 2014, after which the CPC did not take any action or issue another act. In July 2015, the CPC sent a letter requesting additional information from CEZ Distribution Bulgaria AD. The answers were provided in a timely manner. With decision № 726 of 29.06.2017 of CEZ Distribution Bulgaria AD an allegation was made for violations of Art. 21 of the LPC, which violations are expressed in the abuse of a dominant position on the market of electricity distribution services to medium and low voltage business customers through the distribution network of the Company in its capacity as an electricity distribution network operator, which can prevent, limit or distort competition and affect the interests of consumers by implementing a common strategy that discriminates against independent traders outside the CEZ economic group and restricts trade in electricity at freely negotiated prices by:

1. exchange of essential information between enterprises from the economic group of CEZ for customers who switch from delivery at regulated prices to delivery at freely negotiated prices;
2. obstruction of the process of initial change of the final supplier with a supplier at freely negotiated prices by: delay in issuing an access certificate, refusal to prepare standardized cargo profiles, refusal to sign framework contracts with independent traders. With a decision of 14.12.2017, the CPC imposed on the Company a sanction in the amount of BGN 1,057 thousand, for which a provision was charged. The company appealed the imposed sanction. The first hearing in the case was on September 17, 2018. With Decision № 15629 of December 13, 2018 under Adm. case № 1262/2018, Supreme Administrative Court, IV Division, 3-member panel rejects the appeal of CEZ Distribution Bulgaria AD against Decision № 1475 of 14.12.2017 of the Commission for Protection of Competition ruled on file № CPC - 305/554/2013, the Company filed an appeal against the first instance decision within the time limit.

With a decision of 22.05.2019, the five-member panel of the SAC revoked the first instance decision and returned the case for consideration by a new panel of the Sofia District Administrative Court. Before CEZ Distribution Bulgaria AD Annual Individual Financial Statements December 31, 2021. 60 Administrative Court Sofia - District, a case 797/2019 was initiated, on which an expert was appointed. With the final decision of the SAC of 26.01.2021 the appeal against the decision of the CPC was rejected and from 26.01.2021 Decision №1475 of 14.12.2017 entered into force on file №KZK305 / 554/2013 of the CPC. The violation under Art. 21 of the LPC was confirmed and a property sanction in the amount of BGN 1,057 thousand was imposed. The sanction was paid in 2021.

- On 16 December 2019 in the public register of proceedings under the Law on Protection of Competition, kept by the CPC, was registered proceedings № CPC / 1033/2019 at the request of Fast Pay HD AD against CEZ Distribution Bulgaria AD, CEZ Electro Bulgaria AD and CEZ Bulgaria EOOD on the grounds of Art. 37a, para. 1 of the LPC with subject: prohibition for abuse of a stronger position when negotiating. On 05.03.2020 a request was received from the CPC for providing information and opinion on the complaint of Fast Pay HD AD within 14 days. Within the specified term, CEZ Distribution Bulgaria AD has submitted the requested information and opinion. With Decision № 466 of 11.06.2020 the CPC established that there was a violation under Art. 37a, para. 1 of the LPC by CEZ Distribution Bulgaria AD, imposes a property sanction for the committed violation in the amount of BGN 9 thousand, for which a provision was charged and orders immediate termination of the violation. The company appealed the decision of the CPC within the statutory period and took the necessary actions to stop the violation. Adm. case № 788/2020 according to the inventory

of the Administrative Court - Sofia region, and a court hearing was scheduled for 23.11.2020. The court hearing was rescheduled and held on an earlier date - 09.11.2020. By decision № 1281 of 03.12.2020 the Administrative Court - Sofia District rejected the appeal of the company. CEZ Distribution Bulgaria AD appealed the decision to the Supreme Administrative Court within the statutory time limit. Adm. d. 54 1354/2021 and a court hearing was held on 16.03.2021. With Decision № 3855 of 25.03.2021 the SAC finally confirmed Decision № 466 of 11.06.2020 of the CPC. The property sanction imposed on the Company in the amount of BGN 10,000 has been paid.

2) Proceedings in connection with penal-administrative decrees of the regulatory body (EWRC)

- As a result of a regulatory audit of the activities of CEZ Distribution Bulgaria AD conducted in 2014, in early 2015 EWRC handed over to CEZ Distribution Bulgaria AD 206 pcs. Penal decrees / NP / for violations committed by the Company of the provisions of the Energy Act, the License issued to the Company for the activity of "electricity distribution", as well as the General Terms and Conditions of contracts for the use of distribution networks of CEZ Distribution Bulgaria AD. The amount of each of the imposed property sanctions with the served NP is BGN 20 thousand or the total amount of the property sanctions for all 206. NP is BGN 4 120 thousand.

All 206 pcs. NPs were appealed by CEZ Distribution Bulgaria AD through the administrative sanctioning body to the tribal and locally competent district court. 206 were formed. court proceedings of a criminal-administrative nature. At the moment there are: 204 pcs. final court decisions issued - entered into force, of which 96 penal decrees were confirmed and paid and 108 entered into force decisions by which the penal decrees were revoked. As a result, as of 31.12.2021 the Company reports a provision in the amount of BGN 40 thousand.

- By order № Z-E-131 / 30.07.2020 of the Chairman of the Energy and Water Regulatory Commission, an inspection of CEZ Distribution Bulgaria AD was appointed to fulfill the requirements of the license. In the course of the inspection, devices for measuring the quality of the supplied electricity for a period of seven days were installed at 69 connection points located in different regions of the licensed territory. The ascertainment protocols with the results of the measurements have been sent to the EWRC. At 19 (nineteen) connection points, the supply voltage values do not meet the applicable standard. With this finding, a Statement of Findings № E-5 dated 20.11.2020 was served, and on 14.01.2021 EWRC handed over to CEZ Distribution Bulgaria AD Annual individual financial report 31 December 2021 61 AD 19 acts to establish administrative violations. The violations are that for the period of measuring the quality of the supplied electricity CEZ Distribution Bulgaria AD has supplied for 19 sites electricity with quality that does not meet the indicators specified in the Methodology for reporting on the implementation of target indicators and control of quality indicators. the electricity and the quality of the service of the network operators, the public suppliers and the final suppliers, with which the electricity distribution company has violated the provision of art. 3.3.1 of License № L135-07 / 13.08.2004 and carried out the composition of Art. 206, para. 3 of the Energy Act. The acts state that the violations were committed in a regime of repetition, due to the entry into force of the penal decree № 7 of 2020 for the same violation for another period and with another client. On this basis, the Company has been advised by its lawyers to charge a provision in the amount of BGN 1,140,000. BGN 1,140,000. The company appealed all penal decrees within the statutory period before the competent court. On the same date - 19.05.2021, EWRC handed over 4 separate penal decrees, which were issued on complaints from customers for the supply of electricity that does not meet the established quality indicators. The imposed property sanction on each of them amounts to BGN 60,000 or a total amount of BGN 240,000. The company also appeals against these penal decrees within the statutory period before the competent court.

The total amount of provisions for property sanctions imposed by the EWRC as of 31.12.2021 is BGN 1,345 thousand.

3) Proceedings for tax liabilities related to audit by the NRA

With a request for submission of documents and written explanations from an obligor, the National Revenue Agency made a cross-check of the Company for the food vouchers provided in 2013. The inspection established the existence of an enforceable public obligation, for which CEZ Distribution Bulgaria AD did not have information, due to the lack of a unified system in which it is possible to check for obligations to third parties and to be legally informed clearly. and which the inspection considers to be required throughout the inspection period. After the completion of the inspection, on 03.07.2017, an invitation was sent under Article 103 of the TSSPC, with which the inspectors invite us to adjust the GTD №294351400384248 / 31.03.2014, Part VII - tax on costs and to charge and pay 10% tax.

As the value of the violation is incomparable with the value of the public debt, the Management of the Company decided not to make an adjustment to the annual tax return.

As a result, with the Audit Order № P-29002917006121-020-001 / 13.09.2017 of the TD of the NRA Large Taxpayers and Insurers, the Company started a tax audit of all taxes under the Corporate Income Tax Act for the period 01.01.2013 to 31.12.2013, which was modified several times and the scope was narrowed to a tax on social expenditures under CITA, provided in kind. As a result, the Company has reported a provision as of 31.12.2017 in the amount of BGN 1,300 thousand.

The inspection ended with a Tax Audit Act № P-29002917006121-091-001 / 15.10.2018, which found a violation of the condition that there are no enforceable public obligations at the time of use of reliefs and discounts under CITA, and namely at the time of providing food vouchers. According to Art. 213, para. 1 and Art. 214 of CITA, the tax base for determining the tax on expenses is the sum of the tax bases for the months of the calendar year, and as an effect of tax due, according to the tax audit act:

- Tax under Art. 204, item 2 of CITA - BGN 263,108.28.
- Interest Tax under Article 204, item 2 of CITA - BGN 121,362.33.

The company has appealed the Tax Audit Act on the grounds of Art. 152 of the Tax and Social Insurance Procedure Code ("TSPC") in time. Within the framework of the concluded agreement for extension of the term for ruling up to 3 months from the date of expiration of the statutory term CEZ Distribution Bulgaria AD Annual individual financial report 31 December 2021 62 under Art. 155 para 1 of TSSPC practice" confirmed the audit act. The amount under the TAA was paid together with the interest due. On April 23, 2019, the Company filed a complaint with the Sofia City Administrative Court, pursuant to Article 156 para. 1 of the TSSPC against the Tax Audit Act. Adm. d. № 6480/2019 3 composition of the SCAC. In September 2021, the SCAC revoked the Revision Act № P-29002917006121-091-001 of 15.10.2018. The decision was not appealed by the NRA before the Supreme Administrative Court and the amount was reimbursed to the Company in full, together with interest due.

With an order for assignment of revision № P-29002918007944-020-001 / 18.12.2018 in CEZ Distribution Bulgaria AD started an inspection of the obligations for Social Security - insurers, health insurance contributions - for insurers, universal pension fund - for insurers, professional pension fund. The period under review is 2013.

The tax audit ended with the issuance of Audit Act № P-29002918007944-091- 001 / 02.07.2019 in the amount of BGN 574 thousand for established liabilities and accrued interest for social security insurers, health insurance, Supplementary compulsory pension insurance UPF and Supplementary compulsory pension insurance PPF. The revision act was confirmed by Decision № 1599 / 20.09.2019 of the Director of the Directorate "Appeal and Tax and Insurance Practice" - Sofia, as a result of which the Company filed a complaint to the Administrative Court Sofia-city, pursuant to Article 156 para. 1 of the TSSPC. Adm. d. № 12811/2019 of the SCAC. The amount under the DRA was paid together with the due interest. With decision № 6131 of 28.10.2021 ACCG revoked the Revision Act №P-29002918007944-091- 001 / 02.07.2019, the decision was not appealed by the NRA before the Supreme Administrative Court and the amount was reimbursed to the Company in full, together with interest due.

With an order for assignment of revision № P-29002919008217-020-002 / 17.12.2019 in CEZ Distribution Bulgaria AD started an inspection of the obligations for Social Security - insurers, health insurance contributions - for insurers, universal pension fund - for insurers, professional pension fund and Tax on social expenses under CITA, provided in kind. The period under review is 2014 and 2015.

The audit ended with DRA № P-29002919008217-091-001 / 17.11.2020, which found a violation of the condition that there are no enforceable public obligations at the time of use of benefits and discounts under the CITA, namely to the moment of providing food vouchers, as a result of which obligations for Tax on social expenses under CITA, provided in kind, have been established; Professional pension fund; Universal pension fund - for insurers; Health insurance contributions - for insurers; Social Security - for insurers, for the period 01.01.2014 - 31.12.2015 in the amount of BGN 1,506 thousand and the respective interest in the amount of BGN 857 thousand

The company has appealed the Tax Audit Act on the grounds of Art. 152 para 1 of the TSSPC to the Appeal and Tax and Insurance Practice Directorate in Sofia and was confirmed by Decision №713 of 05.05.2021. The revision act was appealed before the Sofia City Administrative Court. Adm. Case № 5874/2021. The amount under the DRA was paid together with the interest due.

Given the specifics of the case and the lack of unambiguous and consistent case law, despite the two decisions to repeal the acts of 2013, the Company's lawyers are not able to reliably determine the final outcome of the case, in the direction of a favorable court decision. Additional arguments in favor of the need for this provision

of BGN 1,027 thousand to remain as of 31.12.2021 is that it refers to the accrual of potential tax liabilities for 2016, which expire in 2022.

Electrohold Sales AD (formerly CEZ Electro Bulgaria AD)

In 2021 the Company has a provision for lawsuits in the amount of BGN 3,833 thousand based on the probable outcome of several lawsuits that are at different stages, but are unresolved to date.

Based on a claim filed by "Receiver ChB" EOOD, a creditor in the bankruptcy proceedings of "Future Energy" OOD (in bankruptcy), proceedings were instituted against the Company in commercial case 1375/2019 according to the inventory of the Sofia City Court. "Receiver ChB" EOOD has filed a claim for invalidation with respect to the creditors of the bankruptcy of "Future Energy" OOD (in bankruptcy) of the set-off of counterclaims and use of a bank guarantee, confirmed by a settlement agreement concluded on 12.03. 2018 between "CEZ Electro Bulgaria" AD, "Future Energy" OOD (in bankruptcy) and "Carpleon Bulgaria" EOOD. With a decision of 30.06.2020 the court rejected the claims filed by "Receiver CB" EOOD for declaring invalid repayment of a monetary obligation in the amount of BGN 3 350 thousand. BGN, absorbed by "CEZ Electro Bulgaria" AD, ordering "CEZ Electro Bulgaria" AD to pay "Future Energy" OOD the amount of BGN 500,000 to fill in the insolvency estate. "CEZ Electro Bulgaria" AD appealed against the decision in the part by which the Company was ordered to return the used bank guarantee in the amount of BGN 500,000. "CEZ Electro Bulgaria" AD and Receiver CB EOOD appealed against the decision. "CEZ Electro Bulgaria" AD filed a response to the appeal with a request for the court to confirm decision № 914 of 30.06.2020 in the part appealed by "Receiver ChB" EOOD. By order of 07.10.2020 the court amended the decision in the part of the costs. Receiver CB EOOD submitted a request for correction of a manifest factual error in "CEZ Electro Bulgaria" AD Annual Financial Statements December 31, 2021 79 decision - the bank guarantee was not used as a penalty, but as compensation for damages.

On January 27, 2021, proceeding № 80/2021 was initiated before the Court of Appeal - Sofia. During the public hearing on the case held on November 26, 2021, the court granted the parties 7 days to submit written notes and declared the case to be decided. "CEZ Electro Bulgaria" AD submitted its written notes within the given deadline. With decision № 79 of 04.02.2022 of the Court of Appeal - Sofia the court confirmed decision № 914 of 30.06.2020 of the previous instance in the part by which "CEZ Electro Bulgaria" AD was ordered to pay to "Future Energy" OOD (in bankruptcy) BGN 500 thousand for invalid set-off of a bank guarantee. The court declared the set-off invalid with the agreement. With the decision "CEZ Electro Bulgaria" AD was sentenced to pay to "Future Energy" OOD (in bankruptcy) BGN 3,350,000 together with interest, as well as to pay a state fee for first and appellate instance. "Receiver ChB" EOOD submitted an application for the issuance of a writ of execution. "CEZ Electro Bulgaria" AD filed a cassation appeal with the Supreme Court of Cassation (SCC), as well as a request to suspend the preliminary execution of the decision. On 09.02.2022 under item № 249 according to the inventory of the Supreme Court of Cassation for 2022, on the grounds of Art. 282, para. 2 of the Civil Procedure Code, a ruling was issued suspending the execution of the appellate decision № 79 / 04.02.2022 on item № 80/2021 on the list of the Court of Appeal - Sofia in the parts with which "CEZ Electro Bulgaria" AD was sentenced to pay to "Future Energy" OOD (in bankruptcy) amounts in the amount of BGN 500 thousand and BGN 3 350 thousand together with the due legal interest. According to the legal forecast for the probable outcome of the case, the total amount of the accrued provision for the lawsuit amounts to BGN 703 thousand, incl. claim of BGN 500 thousand and penalties in the amount of BGN 203 thousand

On September 29, 2021, a claim was received on etc. №20211100901536 of the Sofia City Court, VI-13 panel, filed by "Fast Pay HD" AD. The statement of claim claims the amount of BGN 100 thousand, as a partial claim of BGN 1,688 thousand principal and BGN 10 thousand, as a partial claim of BGN 641 thousand - moratorium interest for the period from November 1, 2017 to July 29, 2021. An opinion and ruling are requested in the second possible main action concerning the nullity of the Customer Collection Agreement dated 01.11.2017 between the parties.

The claims for the principal have been filed on three possible grounds (according to the petitum), and it is the duty of the court to give a final qualification:

- Art. 105, para. 1 of the Law on Protection of Competition ("LPC"), claiming that "CEZ Electro Bulgaria" AD is guilty within the meaning of the provision of a person who owes compensation for violation of the LPC, as a special tort claim. It is submitted that the compensation should cover the "normal prices" due for this type of activity, which also determines the causal link between the infringement and the damage suffered;
- A request was made for an incidental ruling of the court regarding the nullity of the Contract for collection of amounts from clients from 01.11.2017 between the parties (in the text specifically referred to as null and void Article 9, Article 21 and Article 22) and awarding compensation of the same amount on the grounds of unjust enrichment (Art. 55, para. 1, item 1 of the CPA).

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

To each of the first two claims, the above-mentioned moral and statutory interest is also claimed. Requests for evidence are formulated. A large volume of documentary evidence has been submitted. The company has filed a reply to the application contesting the claims in due time. On January 21 2022, The Company, through its legal representative, received a supplementary statement of claim filed by the opposite party. A reply to the supplementary statement of claim has been filed with the Sofia City Court.

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

Proceedings for imposed sanctions

1) Decision № 1475 of 14.12.2017 of the CPC

By decision № 1475 of 14.12.2017 in connection with proceedings under CPC file № 305/553/2013, a fine of BGN 1,136,400 was imposed on "CEZ Electro Bulgaria" AD by the CPC. At first instance, the court confirmed the fine imposed by the CPC. The decision was appealed and proceedings were instituted before the SAC. A public hearing was held on March 7, 2019, at which the court announced that it would issue a decision. With a decision of 22.05.2019 of the SAC, the first instance decision was revoked with the arguments that the allegation of a violation of the competition rules is unfounded. The case was therefore returned to the Court of First Instance for reconsideration. A procedure has been initiated in case № 797/2019 before the Administrative Court - Sofia District. By Decision № 423 of 30.04.2020, the Administrative Court of Sofia - District annulled Decision № 1475 / 14.12.2017 in case № CPC-305/554/2013 of the Commission for Protection of Competition in the part in which it was carried out violation of Art. 21 of the LPC by "CEZ Distribution Bulgaria" AD and "CEZ Electro Bulgaria" AD and by which a property sanction was imposed on each of the two companies. The decision stipulates that "CEZ Electro Bulgaria" AD has not abused its dominant position on the market. The decision was appealed by the CPC with a cassation appeal to the Supreme Administrative Court. With its decision, the SAC rejected the joint appeal of "CEZ Distribution Bulgaria" AD and "CEZ Electro Bulgaria" AD against Decision № 1475 / 14.12.2017 of the Commission for Protection of Competition, ruled on file № CPC-305/554/2013, ordering "CEZ Electro Bulgaria" AD to pay a pecuniary sanction in the amount of BGN 1,136,000 and court costs in the amount of BGN 200 in favor of the CPC. The decision is final and not subject to appeal. The pecuniary sanction and the expenses were paid by the Company on 12.02.2021 to the account of the CPC.

2) Decision № 466 of 11.06.2020 of the CPC

On 11.06.2020 the CPC issued Decision № 466 / 11.06.2020 on file № CPC / 1033/2019, which established that "CEZ Electro Bulgaria" AD, "CEZ Distribution Bulgaria" AD and "CEZ Bulgaria" EAD have committed a violation under Art. 37a, para. 1 of the LPC and imposed pecuniary sanctions on the three companies for the violations committed by them, as the pecuniary sanction of CEZ Electro Bulgaria AD amounts to 0.5% of the net revenues realized by counterparties through cash payments of amounts due, subject to the violation for 2019, which amounts to BGN 4,194 thousand. The decision of the CPC was appealed before the Administrative Court of Sofia District. Sofia Administrative Court - District ruled Decision № 1281 / 03.12.2020, rejecting as unfounded the appeal filed by CEZ Bulgaria EAD, CEZ Distribution Bulgaria AD and CEZ Electro Bulgaria AD against CPC Decision № 466 On June 11, 2020, according to the file CPC / 1033/2019, by the same decision, the three companies were ordered to pay the costs of BGN 3 thousand incurred in the course of the proceedings. The decision was appealed by "CEZ Elektro Bulgaria" AD before the Supreme Administrative Court, at the open hearing held on 16.03.2021 the case was declared resolved. Decision No 3855/25.03.2021. The Supreme Administrative Court upheld Decision No. 1281 of 03.12.2020 of the Administrative Court Sofia - Region and dismissed as unfounded the appeal filed by CEZ Bulgaria EAD, CEZ Distribution Bulgaria AD and CEZ Elektro Bulgaria AD against CPC Decision No. 466 of 11.06.2020 in Case No. CPC/1033/2019. A provision has been made for the fine imposed. The fine and the costs were paid by the Company on 12.04.2021 to the CPC account.

21 / Non-financial declaration, under Article 41 of the Accounting Act, for financial statements on individual basis.

Eurohold Bulgaria AD prepares a Non-Financial Declaration on a consolidated basis and it is presented and disclosed together with the annual consolidated financial statements of the Group for 2021.

22 / Changes in the share price of Eurohold Bulgaria AD

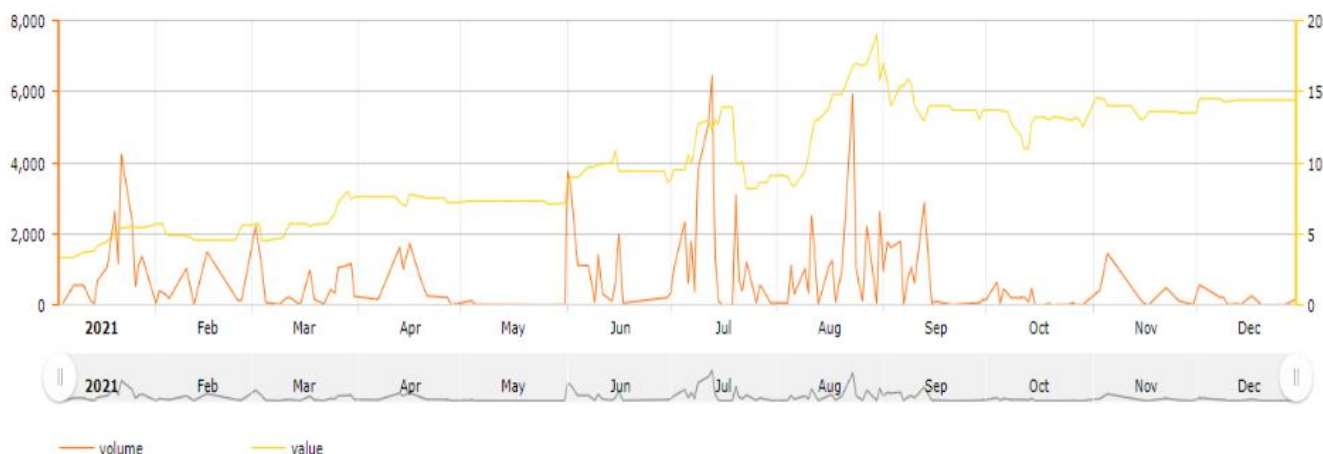
All shares of Eurohold Bulgaria AD are registered for trading on the Main Market of BSE AD, Standard Segment, with stock exchange code - **EUBG**.



The chart shows the movement of the prices of the shares of Eurohold Bulgaria AD on the BSE for the period 04.01.2021 - 30.12.2021 (respectively the first and last stock exchange quotation for the reporting year 2021).

- Initial price: BGN 1.74 (01.01.2021)
- Last price: BGN 2.46 (30.12.2020)
- Maximum price: BGN 2.74 (21.01.2021)
- Minimum rate: BGN 1.72 (06.01.2021)
- Value change: BGN +0.72
- Relative change: + 29.27%
- Average price: BGN 2.25

After the double listing in 2011, the shares of Eurohold Bulgaria AD are also traded on the Warsaw Stock Exchange, Main Stock Market, with stock exchange code - **EHG**.



The chart shows the movement of the prices of the shares of Eurohold Bulgaria AD on the Warsaw Stock Exchange for the period 04.01.2021 - 30.12.2021.

- Initial price: 3.32 PLN (04.01.2021)
- Last price: 14.40 PLN (30.12.2021)
- Maximum price: 19.00 PLN (30.08.2021)
- Minimum rate: 3.32 PLN (04.01.2021)
- Value change: PLN 11.08
- Relative change: 333.73%
- Average price: 8.86 PLN

EVENTS AFTER THE END OF THE REPORTING PERIOD

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

⇒ COVID-19 (Coronavirus)

In connection with the coronavirus pandemic, announced in March 2020 and currently ongoing, the Group takes all necessary measures to preserve the health of employees and minimize the impact of the crisis at this stage of its occurrence. The actions are in accordance with the instructions of the the Bulgarian health authorities and strictly follow the orders of all national institutions.

Management is closely monitoring the situation and looking for ways to reduce its impact on the Group, but fluctuations in stock prices on global stock exchanges could affect the fair value of the Company's investments if the negative trend continues. The economic environment in Bulgaria, which has so far relied on government support measures, may slow or deteriorate due to inflation, shortages of raw materials, disrupted supply channels, demand for goods and financial services or volatility in financial markets, which could long-term indirectly affect the Company or its subsidiaries.

⇒ Military conflict between Russia and Ukraine

There are force majeure circumstances that may affect business activities in all areas worldwide. This is due to the military actions taken by Russia and its invasion of Ukraine.

As a result of the war, a number of countries around the world, including the European Union, have imposed drastic sanctions on Russia, and in part on Belarus, which supports it.

Eurohold Bulgaria owns, through its subsidiary Euroins Insurance Group AD, investments in insurance companies in Ukraine, Russia and Belarus. Eurohold Bulgaria has liabilities under bank loans to the International Economic Bank, Russia and the International Bank for Economic Cooperation, Russia.

Management of the Group is concerned about the development of the military conflict between Russia and Ukraine and assesses its impact on the Group's business by analysing the impact on both sides of the conflict.

Currently, the current military situation is a non-corrective event, at the same time it is extremely dynamic and the leadership at this stage cannot make a qualitative and quantitative assessment of the impact of the war on the Group, and will be assessed over time depending on its development, as well as from: the effects of the imposed sanctions on the Russian and Belarusian states and the effects of the reverse sanctions that Russia will impose on the states that do not support it. As the situation is extremely dynamic, the Group's management is not able to fully assess all future indirect effects, but the impact may be negative. This, in turn, could lead to a change in the carrying amounts of the Company's assets, which are determined in the separate financial statements when performing a number of judgments and assumptions by management and reporting the most reliable information available at the date of estimates.

Management will continue to monitor the potential impact and will take all possible steps to mitigate the potential effects.

⇒ Capital increase of Euroins Georgia AD

On January 28, 2022 a meeting of the Board of Directors of EIG AD was held, at which a decision was made for the Company to participate in increasing the capital of Euroins Georgia AD by purchasing 329,939 shares with a total value of 1,501,222.45 Georgian lari from the unsubscribed 1,261,716 shares of ZD Euroins Georgia AD. Based on this, EIG AD will become the owner of 1,950,291 shares.

⇒ Debt substitution agreement

On January 28, 2022 a Debt Substitution Agreement was concluded between Auto Union AD, in its capacity of creditor, Eurohold Bulgaria AD, in its capacity of underwriter and EIG AD, in its capacity of initial debtor. Eurohold AD replaces EIG AD as a debtor, and in turn becomes a creditor of EIG AD.

⇒ Repayable bond loan

The bond loan issued on 18 December 2014 in the form of 100 bonds available, subordinated, unsecured as of the date of issue with a face value of EUR 100 thousand each in the amount of EUR 10,000 thousand (BGN 19,558 thousand) and maturity 18 December 2021 was repaid in full on 05 January 2022 together with the last interest payment.

⇒ NEW BOND LOAN ISSUED

Bond loan in the amount of EUR 40 000 000 with ISIN: BG2100002224 was registered by Central Depository AD on March 8, 2022. The issue is the third in a row of ordinary, commemorative, dematerialized, interest-bearing, secured, non-convertible, freely transferable bonds under the terms of primary private (non-public) placement within the meaning of Art. 205, para. 2 of the CA. The nominal and issue value of each bond is EUR 1 000 (thousand). The maturity date of the issue is March 8, 2029, and the principal is repaid once at maturity. Interest payments are made every six months, as of the date of registration of the issue (March 8, 2022), at a fixed nominal interest rate - 3.25% on an annual basis.

The current bond issue is secured by insurance concluded between the issuer Eurohold Bulgaria AD, as an insurer and EUROINS Insurance Company AD, UIC 121265113, as an insurer, for the benefit of all bondholders.

The purpose of the debenture loan is to raise funds that will be used to purchase receivables, with the following parameters:

1. Reduction of the Issuer's indebtedness by repaying maturing short-term and / or long-term liabilities of the Company;
2. Support for the operational activities of the issuer's existing subsidiaries, which may be supported by:
 - increase of share capital of a subsidiary;
 - granting an interest loan to a subsidiary of the issuer or its subsidiary.
3. Part of the raised funds, the Issuer may use to finance new acquisitions of participations in companies in the sectors in which Eurohold Bulgaria AD operates, through its subsidiaries;
4. Providing working capital for the needs of the issuer.

In case, after issuing the bond issue, the Issuer has a free monetary resource, it intends to repurchase such part of the bond as it deems appropriate and re-sell it if necessary for cash for the purposes specified above.

⇒ NEW LOAN CONCLUDED WITH THE INTERNATIONAL INVESTMENT BANK

On January 28, 2022, a loan agreement was concluded with the International Investment Bank, Russia, and the entire amount was fully utilized on January 31, 2022.

The principal amounts to EUR 7 million, the interest rate - 5% on an annual basis, and the maturity date is January 28, 2029.

⇒ **CAPITAL INCREASE OF EASTERN EUROPEAN ELECTRIC COMPANY II, THE NETHERLANDS**

On March 17, 2022, Eurohold Bulgaria AD increased the capital of its subsidiary Eastern European Electric Company II, the Netherlands, with a cash contribution of EUR 2 000 000.

In March 2022, Eastern European Electric Company B.V., the Netherlands - the holding company consolidating the energy business of Eurohold Bulgaria AD through its subsidiary Eastern European Electric Company II B.V. (EEEC), increased its shares in the capital of the electricity distributor - CEZ Distribution Bulgaria AD to 98.93% (by acquiring additional 207 107 shares or 10.74%), and the electricity supplier - CEZ Electro Bulgaria AD to 96.92% (by acquiring additional 1 379 shares or 27.58%).

The additionally acquired shares are made by Utilization under Mechanism B1 in the amount of BGN 25.7 million and Mechanism B2 in the amount of BGN 16.7 million and share premium contribution provided by EEEEC III in the amount of BGN 9.1 million.

⇒ **CONTRACT FOR SALE OF STAR MOTORS AND DARU CAR**

On November 16, 2021, Auto Union AD, in its capacity as sole owner of the capital of Star Motors EOOD, signed a preliminary contract for its sale. Star Motors EOOD is the official importer of Mazda cars for Bulgaria, and through its subsidiary Star Motors DOOEL for the Republic of Northern Macedonia. The deal was finalized on May 11, 2022 with the signing of a final contract. The new owner was entered in the Commercial Register on 17.5.2022.

On March 17, 2022, Auto Union AD, in its capacity as sole owner of the capital, signed a preliminary contract for the sale of its subsidiary Daru Car EAD. The company is an official BMW service. The deal is currently being approved by regulators.

⇒ **CONTRACT FOR SALE OF EUROLEASE RENT A CAR EOOD**

Eurolease Group AD consolidates the investments of Eurohold Bulgaria AD in the leasing business. On March 14, 2022, Eurolease Group AD, in its capacity of sole owner of the capital, Eurolease Rent Car EOOD signed a preliminary contract for its sale. The deal is currently being approved by regulators.

⇒ **Newly established company**

With a decision of 23.5.2022 Eurohold Bulgaria AD establishes ELECTROHOLD GREEN EOOD, UIC 206955898. The capital amounts to BGN 20,000 and is fully paid. It is divided into 20 shares of BGN 1,000 each. The entry in the Commercial Register is on May 27, 2022.

The main activity of the company is consulting and investment activities, construction and maintenance of photovoltaic power plants, trade in solar panels and accessories, real estate transactions, representation, mediation and agency of Bulgarian and foreign legal entities in the country and abroad, and any other activity not expressly prohibited by law.

⇒ **Interest payment**

The third interest payment on the issue of corporate bonds with the issuer Eurohold Bulgaria AD and ISIN code BG2100013205 was made on May 26, 2022.

⇒ **Change in the names of some of the energy companies and a new corporate identity**

According to publicly announced information, Electrohold will be the new name of CEZ's companies in Bulgaria from the end of April 2022. In addition to changing the names, the companies in the Group will present a new corporate identity and a new branding.

Previous name	New name
CEZ Razpredelenie Bulgaria AD	Electrodistribution Grid West AD
CEZ IKT Bulgaria EAD	Electrohold ICT EAD
CEZ Electro Bulgaria AD	Electrohold Sales AD
CEZ Bulgaria EOOD	Electrohold Bulgaria EOOD
CEZ Trade Bulgaria EAD	Electrohold Trade EAD

The information is available in this Report in the "Energy" section.

⇒ **Change in the name of Finacity EOA (previous name Amigo Leasing EAD)**

On April 5, 2022, on the account of Amigo Leasing EAD in the Commercial Register and the Register of Non-Profit Legal Entities, a change of its name was entered and as of this date the name under which it operates is now Finacity EAD.

⇒ **Change in the name of Amigo Finance (previous name Mogo Bulgaria EOOD)**

On 15.04.2022, on the account of Mogo Bulgaria EOOD, in the Commercial Register and the register of non-profit legal entities, a change of his name was entered and as of this date the name under which he operates is now Amigo Finance EOOD.

OTHER INFORMATION

All financial statements and materials provided to the Financial Supervision Commission and the Bulgarian Stock Exchange AD can be found in a complete set on the website of Eurohold Bulgaria AD www.eurohold.bg, where the internal information is available at the following link: <https://www.eurohold.bg/internal-information-645.html>,

as well as on the website of the selected information media Service Financial Markets Ltd. at the following Internet address: www.x3news.com, where inside information is available at the following link: <http://www.x3news.com/?page=News&uniqid=62440eab53bbd>

The management of Eurohold Bulgaria AD considers that there is no other information that has not been made public by it and that would be important for shareholders and investors in making an investment decision.

Details of the Investor Relations Director

Galya Alexandrova Georgieva

Sofia 1592, 43 Christopher Columbus Blvd..
Tel: (+359 2) 965 15 63; +359 89 999 2394.
e-mail: investors@eurohold.bg

g_georgieva@eurohold.bg

Eurohold Bulgaria AD, Sofia

14 June 2022

KIRIL
IVANOV
BOSHOF

Digitally signed
by KIRIL IVANOV
BOSHOF
Date: 2022.06.14
21:26:22 +03'00'

Kiril Boshov

Executive Director

MILENA
MILTCHOVA
GUENTCHEVA

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MILENA MILTCHOVA
GUENTCHEVA
Date: 2022.06.14
21:18:15 +03'00'

Milena Guentcheva

Procurator

2

Consolidated Non-financial Declaration

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT OF THE EUROHOLD GROUP FOR 2021

Eurohold Bulgaria, as one of the largest independent financial groups in the region of Central and Southeast Europe, places corporate social responsibility and sustainable development at the heart of its activities.

This sustainability report describes how we understand and implement our

- corporate sustainability
- sustainability strategy
- sustainable finance programme
- social responsibility
- the policies and guidelines we follow
- the targets we have set
- and our key achievements

This report covers the entire structure of Eurohold Bulgaria and is consistent with the scope of the financial information included in the 2021 annual consolidated financial statements.

Our non-financial data were collected through a group process involving all companies in the Eurohold Bulgaria economic group.

We developed the content of this report based on the European Commission's Guidance on Disclosure of Non-Financial Information (2017/C 215/01); the European Commission's Guidance on Disclosure of Non-Financial Information: Supplement on Climate-related Disclosures (2019/C 209/01); and the International Integrated Reporting Council (IIRC) standards. In 2019, we also began to focus our material topics on the disclosures recommended by the Task Force on Climate-Related Financial Disclosures, and we will continue to work in this direction in 2022.

Basis for preparation of the Consolidated Non-Financial Declaration

The Consolidated Non-Financial Declaration of Eurohold Bulgaria AD is in accordance with Section III. "Non-financial Declaration" and with Section IV. "Consolidated Non-Financial Declaration" of the Accounting Act applicable in Bulgaria and DIRECTIVE 2014/95/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 22 October 2014.

In the preparation of this Consolidated Non-Financial Declaration, account has also been taken of the European Securities and Markets Authority (ESMA) PUBLIC STATEMENT "European common enforcement priorities for 2021 annual financial reports".

In the process of disclosing non-financial information, we are guided by the following core reporting principles, namely:

- ↪ materiality - disclosure of material information that is relevant to Eurohold Group's ability to create value;
- ↪ objectivity, balance and understandability - disclosure of all material matters, positive and negative, in a balanced manner;
- ↪ comprehensive but concise - includes the information relevant to understanding organisational strategy, governance and performance;
- ↪ strategic and forward-looking - the Group's strategy and how it is being used to create value in the short, medium and long term;
- ↪ stakeholder-oriented information - includes information on relationships with key stakeholders, how the organisation understands, considers and responds to their needs and interests;
- ↪ consistent and coherent information - consistent and coherent presentation between: report elements; past, present and future; capital; financial and non-financial information; quantitative and qualitative information; internal (management) and external information; and between the information disclosed in the integrated report and the Group's other reports.

CORPORATE REVIEW AND EXTERNAL ENVIRONMENT



Eurohold operates in insurance, energy, car sales, leasing and financial services (investment intermediation and asset management).

The interconnectedness of the business lines favours the creation of a single standard aimed at sustainable development across all companies.

FOR EUROHOLD BULGARIA

HIGHLIGHTS FROM THE CORPORATE PROFILE OF EUROHOLD BULGARIA AD

Name

"Eurohold Bulgaria AD is a joint stock holding company registered in the Republic of Bulgaria with Unique Identification Code (UIC) 175187337, which operates under Bulgarian law.

The company's Latin name is spelled in English as "EUROHOLD BULGARIA" SA.

The registered office and the address of the registered office is in the Republic of Bulgaria, gr. 1592 Sofia, 43, Christopher Columbus Blvd., where the Company's head office is located, www.eurohold.bg.

The statutory object of Eurohold Bulgaria AD is:

acquisition, management, valuation and sale of participations in Bulgarian and foreign companies, acquisition, management and sale of bonds, acquisition, valuation and sale of patents, assignment of licenses for the use of patents to companies in which the company participates, financing of companies in which the company participates.

The main activity of Eurohold Bulgaria AD

As a holding company, the Company's principal activity is focused on financial and investment activities related to the acquisition, sale and management of participations and financing of related companies.

Investments

"Eurohold Bulgaria AD is one of the largest independent financial groups in the region of Central and South-Eastern Europe. Eurohold Group is a fast-growing holding structure that is expanding both organically and through acquisitions. The company holds significant investments in subsidiaries and as such does not carry out regular commercial transactions.

The holding company together with its subsidiary sub-holdings and their operating companies form an economic group. At the same time Eurohold Bulgaria AD is part of the economic group of its majority shareholder Starcom Holding AD.

Public company

"Eurohold Bulgaria AD is a public joint stock company within the meaning of the Public Offering of securities act. The company's shares are listed for trading on the main market of the Bulgarian Stock Exchange with the stock code EUBG. The company's shares have also been admitted to trading since 15 December 2011 on the Warsaw Stock Exchange (WSE) - Poland with stock code EHG.

As a public company, Eurohold Bulgaria AD is subject to financial supervision by the Financial Supervision Commission, www.fsc.bg.

Corporate profile

Eurohold Economic Group offers products and services in five business segments, organized into five business groups – sub-holding structures.

Eurohold Bulgaria AD



The current business structure of Eurohold Bulgaria AD includes: four main sub-holdings and one investment intermediary company, namely:

- ✓ Euroins Insurance Group AD - uniting investments in the insurance business;
- ✓ Eastern European Electricity Company II B.V., the Netherlands (EEEC) - combining investments in the energy business
- ✓ Auto Union Plc - pooling investments in the automotive business;
- ✓ Eurolease Group AD - pooling investments in the leasing business;
- ✓ Euro-Finance Plc - investments in investment intermediation and asset management business.



Eurohold brand is a recognizable brand for innovation, creation of unique integrated products and loyalty to customers, suppliers, employees and all stakeholders, both in Bulgaria and in all countries where the Group has a presence.

For more information on the structure of Eurohold, see the Economic Group section of the Consolidated Activity Report.

OUR COMMITMENT AND APPROACH FOR SUSTAINABILITY

For Eurohold Bulgaria AD, sustainability means long-term economic success combined with care for the environment, a healthy and highly efficient working environment for employees and social commitment to society. Eurohold's corporate management's understanding of sustainability is a core principle embedded in the holding's structure and corporate values. We believe that the continued success of an organisation also depends on the sustainability of society's resources.

The Eurohold Group is a reliable partner and a sustainably integrated structure. Eurohold has its own internal policies, standards and practices for sustainable business growth, for creating ethics, collegiality and good faith, which are accepted by companies throughout the economic group. Eurohold Group's commitment is aimed at creating responsible social behaviour towards the company's employees and customers, towards the needs of society and care for the environment.

What we do

☞ Unified model

The Eurohold Group has a unified model of process management at each subholding level depending on the specific requirements of the business, regulations and regulations.

☞ We assess the impact on the environment

We strive to continuously assess the potential impact of our business on the environment in order to reduce the negative impacts of our activities on natural resources.

☞ We take care of the employees

We care about the well-being of our employees, their needs and development, and we support them in every way to become and remain committed and responsible to the environment and society.

☞ We meet and engage business partners

We are working to expand our commitment to sustainability in the supply chain by familiarizing and engaging our business partners with our environmental standards, social rights, human rights, anti-bribery, and corruption.

☞ Dialogue with stakeholders

We engage in dialogue with our various stakeholders - employees, customers, suppliers, shareholders, organizations and communities, in order to gain a better understanding of our operating environment, including market development and cultural dynamics.

☞ We identify areas for improving the environment

We analyse and identify areas for improving the environment at all levels of the company, initiate projects related to environmental and health issues.

SUSTAINABLE DEVELOPMENT OF THE EUROHOLD GROUP

OUR GROUP MISSION is to offer a comprehensive, quality and fast service to our customers. We strive to be a constantly evolving group that is a market leader in the services it offers. Therefore, we are dedicated to continuously developing our products and services according to the needs of our customers and society as a whole. The Group strategically aims to offer solutions in its product portfolio that provide customers with security and stability in their daily lives and business operations.

OUR GROUP VISION is to be a responsible, flexible and transparent partner. We guarantee our customers quality service and a quick response to their individual needs. Building long-term and lasting relationships with customers, partners and employees is a key concern for us. We have developed clear rules and policies to ensure sustainable business practices.

OUR VALUES - The Group's success is based on a firm commitment to our core values. All activities and relationships with partners are based on the five values that distinguish the Group and help us to retain the trust of our customers and to be among the leaders in the business sectors in which we operate, namely:

- ✓ **Integrity**
 - ✓ **Reliability**
 - ✓ **Responsibility**
 - ✓ **Integrity**
 - ✓ **Job satisfaction and team spirit**
-

THE BUSINESS STRATEGY of the entire Group in the area of sustainability is based on the understanding of creating shared value aimed at:

- ✓ **Business**
 - ✓ **Management and employee**
 - ✓ **Environmental protection and commitment to climate change**
 - ✓ **The interests and needs of customers and society as a whole**
-

ETHICS - Eurohold Bulgaria and all Group companies observe and apply all principles of business ethics, moral values, ethical behaviour and protection of human rights.

OUR GROUP CORPORATE CULTURE

Multicultural environment - based on supporting the protection of human rights - equality and equal opportunities; protection against discrimination and implementation of good practices; adherence to ethical standards and respect for and by employees

An agile organization - the ability to handle the inclusion of new companies, changing markets, competition, and meeting the changing needs of employees.

Result-oriented- continuous drive for improvement and innovation; clear and precise definition of values and metrics to achieve the adopted market strategy (quality, quantity, cost, time).

Focused on market requirements and consumer preferences - innovation and new product development, service culture.

Teamwork - promoting teamwork, an inclusive atmosphere, the ability to deal with conflict situations and solve problems together.

Care and safety for employees - training, motivation through additional social incentives.

Communi

cation - an effective system of internal (vertical and horizontal) and external communications;

Future-oriented - our company culture is future-oriented, as evidenced by our company motto - Everybody has a story, we have a vision.

VALUE CREATION

OUR ACTIVITIES

The Eurohold Group operates in five sectors of the economy - insurance, energy, leasing, investment intermediation and asset management, and car sales. All four of the Group's businesses deliver value creation in a service company model.

We use primary and supporting value creation activities in our service value creation process:

Primary activities such as: Marketing and Advertising, Inbound Management, Operations, Outbound Management, After Sales Service.

Supporting activities such as: Company Infrastructure - electricity, water, security, offices/showrooms/services, information system, activities related to general management, planning, finance and accounting, legal, etc.; Human Resource Management - recruitment, corporate training (internal to the organization, external), staff development and remuneration; Technology Development - activities related to product improvement, technological equipment, computers, etc.; Procurement - supply of resources

Realized profit for companies, is the difference between the total value (product price) and the total cost of performing the value creation operations.

The value creation process goes through three stages, namely:

- 1/ Firstly, we analyse and identify our key themes (planning), which helps us focus our efforts on those services (products) where the most value can be created.
- 2/ Secondly, we define the interaction with stakeholders in relation to the priority key topics.
- 3/ The third stage of value creation is identifying risk factors affecting value creation and making management decisions to address them.

The basic principles on which the company's value creation policy is built are:

- » Sensible resource management - reducing the amount of resources used
- » Generating stable profitability
- » Ensuring publicity and transparency of the Company's activities
- » Social responsibility towards society
- » Environmental protection and commitment to climate change

HOW WE MAKE VALUE

As a highly integrated entity, the Eurohold Group creates value through its business model by leveraging different types of capital, which it transforms through business activities and interactions, to produce products and services that create value for the organisation and its stakeholders.

Types of capital

In creating value, we use all types of capital:

- ↳ **Financial capital** - our group financial capital is a combination of shareholders' equity, cash flows generated from operating activities, external funding from capital markets and financial institutions
- ↳ **Production capital** - the Group offers services and products for which point-of-sale facilities are essential, as well as top-level information technology equipment
- ↳ **Human capital** - the success of Eurohold and the Group depends on the diligence and professionalism of its employees. The Group therefore continues to invest in the professional and personal development of its employees. We strive to encourage our employees towards activities that would enable them to reach their full potential and realise their professional ambitions
- ↳ **Intellectual capital** - our corporate procedures, management systems and organizational expertise, skills and model, technology, quality systems and intellectual property serve us to develop the best solutions for customers, to provide innovative and combined products and services
- ↳ **Social capital** - we build and maintain collaborative relationships with our key stakeholders by investing in strategic partnerships, supporting community programs, supporting various causes and sporting events, and building trust with suppliers. Customer relationships are at the heart of our business and we strive to exceed their expectations
- ↳ **Natural Capital** - the Group's business is not considered to be resource intensive. However, Eurohold and its subsidiaries have put in place practices to protect the environment and to reduce electricity, water, gas and paper costs

What we achieve

We increase our operating income by reducing administrative costs, striving to maintain operational efficiency and improve processes and return on investment. We build the necessary support and development by investing in our people, developing technology and implementing innovative business processes. Value creation is based on good business relationships. In everything we do, we are committed to the obligations and responsibilities the Group has to all stakeholders, which includes acting responsibly everywhere, following our core values, mission and vision.

STAKEHOLDERS GROUP

Identification of key stakeholder groups

In order to respond to the changes, technological developments and innovations taking place and the increasing digitalization, we identify key stakeholder groups and actively engage with them.

Stakeholders are both external to the company and internal, namely:

- » investors
- » employees
- » customers
- » suppliers
- » brokers and agents
- » lenders
- » other counterparties
- » local community and
- » other stakeholders.

The analysis of stakeholder expectations is an important process for the Group's managers. To respond adequately to this challenge, our ability to adapt, identify the risks and opportunities that are relevant to our key stakeholders depends on our business success.

Stakeholder engagement

The Group's stakeholder policy is built on principles that are respected by all companies that are part of the Eurohold Economic Group.

Principles for stakeholder engagement

- ✓ prudent management of resources
- ✓ generating sustainable profitability
- ✓ in accordance with legal requirements
- ✓ Ensuring publicity and transparency about the company's activities
- ✓ business ethics
- ✓ social responsibility towards society

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

MANAGEMENT

MANAGEMENT AND CONTROL BODIES

The table below provides information on the structure of the management bodies of Eurohold Bulgaria and its subsidiaries and sub-holdings. Detailed information on the qualifications, experience and competence of the members of the Supervisory and Management Boards of Eurohold Bulgaria is available in the section "Additional information required by law for the company".

MANAGEMENT AND CONTROL BODIES OF EUROHOLD BULGARIA

SUPERVISORY BOARD	MANAGEMENT BOARD	PROSECUTOR
<p>Asen Hristov <i>Chairman of the Supervisory</i></p>	<p>Kiril Boshov <i>Chairman of the Management Board and representative of the company</i></p>	<p>Milena Guencheva <i>Procurator</i></p>
<p>Dimitar Dimitrov <i>Deputy Chairman of the Supervisory Board</i></p>	<p>Asen Minchev <i>Executive Member of the Management Board</i></p>	
<p>Radi Georgiev <i>Member of the SB</i></p>	<p>Velislav Hristov <i>Member of MB</i></p>	
<p>Kustaa Ayma <i>Independent member of the SB</i></p>	<p>Asen Asenov <i>Member of MB</i></p>	
<p>Ivaylo Angarski <i>Independent member of the SB</i></p>	<p>Razvan Lefter <i>Member of MB</i></p>	
<p>Luyz Roman <i>Member of SB</i></p>		

Eurohold Bulgaria plc is represented jointly by the two Executive Directors or by one Executive Director and a Procurator.

Information on the interests of the management and supervisory bodies and the attorney general in other companies is presented in the "Additional information on the parent company" section of the Consolidated Management Report.

EUROINS INSURANCE GROUP AD – „Insurance“
BOARD OF DIRECTORS**Asen Hristov**

Chairman of BD

Kiril Boshov

Executive Board Member

Yerun Karal Van Leyuen

Member of BD

The company is represented by the Executive Member of the Board of Directors Kiril Boshov

AVTO UNION AD – „Motor vehicles“
BOARD OF DIRECTORS**Asen Asenov**

Executive Board Member

Stefan Boyadzhiev

Chairman of BD

Milen Hristov

Deputy Chairman of the Management Board

The company is represented by the Executive Member of the Board of Directors Asen Asenov

EUROLEASE GROUP AD – „Leasing“
BOARD OF DIRECTORS**Ivaylo Emilov Petkov**

Executive Board Member

Asen Asenov

Chairman of BD

Purvoleta Ivanova

Deputy Chairman of the Management Board

The Company is represented by the Executive Member of the Management Board Ivaylo Petkov and the Chairman of the Management Board - together and separately

EURO – FINANCE AD – "Investment intermediation and asset management"
BOARD OF DIRECTORS**Vasil Stefanov**

Deputy Chairman of the Management Board

Toma Kavroshilov

Executive Board Member

Pavel Nikolov

Executive Board Member

Milena Avramova

Executive Board Member

Ivan Vlaev

Board member

Desislava Aneva

Board member

Kalinka Tenkova-Yordanova

Board member

The Company is represented by any two of the executive members of the Board of Directors - together

EASTERN EUROPEAN ELECTRIC COMPANY II B.V. – „Energy“
DIRECTORS**Milen Hristov**

Director A

Rens Gerar Box

Director B

The company is represented by the two directors - together

2/ MANAGEMENT SYSTEM

The management system is specific to each sub-holding and is built in accordance with the nature, scale and complexity of the risks associated with the activity, applying the principles of legality, appropriateness and efficiency.

The management system is adequate, it is built in accordance with the regulatory requirements for each business line, and the following summary can be made valid for all Eurohold Group companies:

- ✓ There is an adequate and transparent organisational structure in line with the regulatory requirements for the specific business;
- ✓ Responsibilities are clearly and appropriately allocated;
- ✓ An effective information system is in place;
- ✓ The management system complies with the requirements of the specific regulations relevant to the company, including taking into account the European Insurance and Occupational Pensions Authority (EIOPA) management system guidelines (valid for the insurance companies of Euroins Insurance Group);
- ✓ The governance system is periodically reviewed;
- ✓ Eurohold Bulgaria as a public company has adopted, complies with and is guided by internationally accepted and applied corporate governance principles. The holding company has enforced these principles throughout its economic structure. The managements of the subsidiaries and operating companies understand and share the principles of good corporate governance and have a policy of achieving an optimal balance between the Company's practices and its internal regulations.

The management system of each company in Eurohold's economic structure is the primary responsibility of its governing bodies. The necessary internal organisational structure is in place to ensure that all processes, as well as the services and products provided by the companies, are in compliance with current regulations.

The Board of Directors (BoD) is the competent body to monitor the adequacy of the management system and take the necessary measures in case of identified weaknesses or inefficiencies of elements of the system.

Eurohold Group encourages direct and immediate communication between management and employees, including the timely reporting of events and risks that may materially affect operations in the relevant company. Communication takes place through various channels, reaching management at sub-holding level and the parent company's management.

The Group's management system generally comprises:

- » sound and professional management and control over the activities of the Group companies through the members of the Management Board, their qualifications, professional experience and reliability
- » organisation and performance of the duties of the key functions - in the insurance and energy groups
- » a system of internal acts - policies, rules and procedures approved by the competent authority, subject to periodic review and evaluation and tailored to the activities and internal organisation of processes in the subsidiaries regarding the requirements for the operation of each business group

The key functions, where statutorily mandated, together with the audit committees, are essential in building second and third lines of defence, and in protecting interests, building effective mechanisms and channels for the adequate, timely and accurate provision of quantitative and qualitative information to individual stakeholder groups.

The Eurohold Group recognises the importance of disclosures to stakeholders as essential, in addition to protecting the interests of investors, clients, intermediaries, supervisors and other stakeholders, and enhancing market discipline.

Subsidiaries that do not have a regulatory obligation to prepare interim reports at an individual/consolidated level for the relevant business group covering the nature of the information required under the legislation applicable to Eurohold Bulgaria plc prepare and report the same internally for group purposes.

3/ GOOD GOVERNANCE

The periodic review of the management system shall monitor and track its adequacy by applying the following model:

Management system evaluation model	
Basic criteria	Additional criteria
Compliance of the management system with regulatory requirements - completeness of internal documents submitted	The management system meets the requirements of the relevant regulator's management system guidelines
Availability of an adequate and transparent organisational structure	The system is subject to periodic review
Clear allocation and appropriate division of responsibilities	Eurohold Bulgaria's management understands and shares the principles of good corporate governance, pursuing a policy of achieving optimal ratios between the effectiveness of practices in the individual business groups and their internal regulations.
An effective information delivery system	Eurohold Group employees are familiar with, understand and share the importance of the governance system

The Eurohold Group encourages direct and immediate communication between management and employees, including the timely reporting of events and risks that may materially affect the operations of the respective company. Communication takes place through various channels, reaching the management of each sub-holding group and the management of the parent company.

Code of good corporate governance

The Eurohold Group, through its parent company Eurohold Bulgaria plc, complies, as appropriate, with the National Corporate Governance Code (NCGC) adopted by the National Corporate Governance Commission (last amended in July 2021) and approved as a code of corporate governance under Article 100n, paragraph 8, item 1 in conjunction with Par. 7, item 1 of the Public Offering of Securities Act (POSA) by the Financial Supervision Commission by Resolution No. 850-KKU dated 25.11.2021 and carries out its activities in full compliance with the principles and provisions of the Code.

Eurohold Bulgaria AD adheres to the recommendations given in the National Corporate Governance Code and is guided by best practices in the field of corporate governance.

Eurohold Bulgaria plc does not implement any significant additional practices beyond those set out in the National Corporate Governance Code.

All companies in Eurohold's economic group also comply with the principles set out in the National Corporate Governance Code, although some of them are not explicitly required to do so by regulation.

In addition, the insurance sub-holding, as a highly regulated sector, complies with the principles set out in the National Corporate Governance Code, also taking into account the requirements of specific legislation, the guidelines of the European Supervisory Authority, as well as the size, status, complexity of the business and volumes at insurer level. The governance system in place in the individual insurers and the Group as a whole covers a substantial part of the principles but is applied in accordance with the regulations relevant to the company. As public-interest entities, Bulgarian insurers disclose a corporate governance statement with the annual financial statements, subject to the "comply or explain" principle.

The management of Eurohold Bulgaria AD ensures the equal treatment of all shareholders, including minority and foreign shareholders. Management is committed to protecting their rights and facilitating their exercise within the limits permitted by the applicable law and in accordance with the provisions of the Company's constitutive acts. Management shall ensure that all shareholders are informed of their rights in a timely manner.

The strategic objectives of corporate governance are:

- ◆ Equal treatment of all shareholders, ensuring and protecting their rights;
- ◆ improving the level of shareholder information and transparency;
- ◆ achieving transparency and publicity of the Company's information processes;
- ◆ providing a mechanism for good governance of the Company by the governing bodies and;
- ◆ enabling effective oversight of management by shareholders and regulators.

As a result of applying the principles of corporate governance, there is a balanced interaction between shareholders, management and stakeholders.

Eurohold Bulgaria AD's Corporate Governance Statement is subject to the "comply or explain" principle.

More information on compliance with the corporate governance principles is available in the Corporate Governance Statement section of this document.

4/ AUDIT COMMITTEES

Eurohold Bulgaria AD and the following subsidiaries have established audit committees: Euroins Insurance Group AD and the subsidiaries companies of the insurance sub-holding; the companies of the energy sub-holding; Eurolease Group AD and Eurolease Auto AD, as well as Auto Union AD and Motobul AD have established audit committees.

Characteristic of all audit committees:

- » An independent body of the Company consisting of a minimum of 3 members
- » In determining the members, the principle of ensuring a minimum of one independent member is respected
- » Committee members are elected by the AGM, which also approves its status and rules

The main functions of the Audit Committees are:

- » Oversee financial reporting processes
- » Oversee the effectiveness of internal control systems
- » Monitor the effectiveness of risk management systems
- » Oversee the independent financial audit
- » Review the independence of the Company's registered auditor

5/ DIVERSITY POLICY

Eurohold Bulgaria does not have an explicit policy on diversity of Supervisory and Management Board members, managers and employees.

However, Eurohold Bulgaria, as well as the companies that are part of the Eurohold economic group, adhere to the principles of:

- » equality,
- » impartiality,
- » avoidance of any form of discrimination and
- » providing equal opportunities.

The internal regulations of the companies that are part of Eurohold do not discriminate on the basis of gender, age, nationality, race, ethnicity, religion, disadvantaged people or any other form of unlawful or unfair discrimination.

The main criteria and principles applied in the selection and evaluation of members of the management and supervisory bodies of Eurohold Bulgaria AD concerning natural persons without introducing any restrictions related to age, gender, nationality and education are:

- » to be of legal capacity;
- » have appropriate qualifications and education, management skills, professional experience, and competence;
- » have knowledge of the regulations and requirements of the specific sector segment in which the Company operates;
- » have a good reputation;
- » be independent and objective in expressing opinions and making decisions.

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 remuneration of the members of the Supervisory Board and the Management Board is determined by the General Meeting of Shareholders and is paid only in accordance with the Company's adopted Remuneration Policy. The determination of the remuneration of the members of the Supervisory Board and the Management Board is consistent with the size, internal organisation, as well as the nature, scope and complexity of the activities carried out in the Company and the Eurohold Bulgaria AD Group. Members of the Management Board and Supervisory Board are eligible for re-election without limitation.

6/ IMPLEMENTATION OF THE DIVERSITY POLICY

Distribution of governing bodies by gender and age

As of 31.12.2021, Eurohold Group companies have 91 individuals elected as members of Supervisory Boards, Management Boards, Boards of Directors, and Managers, of whom 74 are male and 17 are female. In terms of age distribution criteria, members with experience and professional qualifications over 50 years of age predominate.

As of 31 December 2020, there were 138 individuals elected to Supervisory Boards, Management Boards, Boards of Directors and Managers in Eurohold Group companies, of whom 110 were male and 28 were female. In terms of age distribution criteria, members with experience and professional qualifications over 50 years of age predominate.

7/ POLICIES

Eurohold Bulgaria and its subsidiaries have developed a wide range of policies and procedures, depending on the nature of the business and regulatory requirements of the respective business groups.

Some of the policies and internal regulatory documents developed and implemented at group level are as follows:

Group Code of Conduct for Employees

Its purpose is to develop and validate standards of professional ethics. The document reflects the principles of integrity, honesty and good faith adopted in the Group as guiding ideas and basic principles, as well as the highest requirements in relation to the personal and professional ethics of employees. The Code also addresses the issue of the prohibition on accepting and offering improper payments and benefits.

The management of Eurohold Bulgaria and all holding companies respect national anti-corruption legislation and in no way encourage, support, or promote corrupt schemes and practices. The Group's ethical standards are applied by all companies and in every country in which the Group has an interest.

Conflict of Interest and Confidentiality Policy

The Eurohold Group companies have adopted a policy to identify and prevent conflicts of interest.

The main purpose of this Policy is to define the general framework for the identification, prevention and avoidance of existing or potential conflicts of interest, thereby protecting both companies and employees from legal risks by avoiding possible conflicts of interest.

It governs the criteria for identifying potential sources of conflicts of interest, the principles for preventing conflicts of interest in group companies, clarifying the nature of potential conflicts of interest, and declaring/informing about the existence of conflicts of interest by the persons named in the policy in a particular company.

Eurohold Group companies take all reasonable measures to prevent and avoid conflicts of interest.

Information Security Policy

The Information Security Policy has the following main objectives:

- » ensuring the confidentiality of information by implementing approved restrictions on access and disclosure;
- » ensuring continuity of business processes and maintaining the integrity, availability of information during its storage and processing;
- » minimising information security risks;
- » providing the necessary resources to maintain the information security management system (ISMS) and continuously improve it and increase its effectiveness;
- » achieving accountability of information by introducing access controls and rights over information resources;
- » informing employees of their responsibilities and obligations, regarding information security.
- »

Instruction on the conditions and means of collecting, processing, storing and protecting personal data

All companies shall organise and take measures to protect personal data from accidental or unlawful destruction, from unauthorised access, from alteration or dissemination and from other unlawful forms of processing.

All companies shall respect and observe the rights of data subjects by applying the relevant legislation. The sub-holding entities and the holding company do not carry out intra-group international transfers of personal data or categories of personal data in connection with the exercise of the business object. The measures taken are in line with current technological developments and the risks associated with the nature of the data to be protected.

Remuneration Policy

Eurohold Bulgaria AD, Euroins Insurance Group AD and the companies of the insurance group, as well as the public companies of the energy business have developed, and approved Remuneration Policy approved by the relevant competent authority.

In 2020, based on an amendment to the Financial Supervisory Commission's Regulation No. 48 on the determination of remuneration, the Supervisory Board, in its capacity as Remuneration Committee, prepared a new Eurohold Remuneration Policy. The General Meeting held on 30.09.2020 approved the Policy without any comments on the same.

Eurohold Bulgaria's current Remuneration Policy is available on the Company's website www.eurohold.bg in the Corporate Governance section.

The most recently prepared Remuneration Report is for 2021 and the same is available on the Company's website www.eurohold.bg under "Investor Information".

The Remuneration Policy has been developed with a view to establishing a transparent and fair internal framework for the remuneration of certain employees that enables the Company to attract, retain and motivate employees to work towards the achievement of the organisation's objectives, with a view to limiting excessive risk taking and prudent performance management.

The remuneration policy developed by the respective companies regulates the basic rules for determining the remuneration of individuals who hold positions such as:

- » members of the Supervisory Board and the Management Board of Eurohold Bulgaria plc, also valid for the Company's Proxies
- » members of the Board of Directors in connection with the exercise of their powers in the performance of managerial and supervisory functions in insurance companies, including persons holding a position as head of a key function, within the meaning of the Insurance Code, as well as for the remuneration of persons holding managerial positions other than those provided for under Art. 80, par. 1 of the Insurance Code
- » the members of the Supervisory Board and the Management Board in the energy public companies - Electrodistribution Grid West AD and Electrohold Sales AD.

The remuneration of the above persons shall be determined by the General Meeting of Shareholders.

In accordance with the current Remuneration Policy of Eurohold Bulgaria AD, the members of the Supervisory Board, the Management Board and the Company's procurators receive only fixed remuneration, which represents 100% of the agreed remuneration.

The fixed gross remuneration paid by Eurohold Bulgaria plc to the members of the supervisory board is in accordance with the arrangements in the member's control agreement in force, to the members of the management board is in accordance with the arrangements in the member's management assignment agreement in force and to the procurators is in accordance with the procurator agreement.

The members of the management, control bodies and procurators do not have any employment, civil and/or consultancy contracts with Eurohold Bulgaria plc and/or any of its subsidiaries.

Eurohold and its subsidiaries pay the members of the Supervisory Board, the Management Board and the Company's procurators a fixed and agreed remuneration on a monthly basis, with no contingent or deferred compensation or benefits in kind.

Eurohold Bulgaria plc has adopted and implemented the Remuneration Policy for the members of the Supervisory Board and the Management Board in connection with the performance of their responsibilities and duties for the control and management of the Company's business and with a view to reliable and effective risk management and the avoidance of conflicts of interest.

Under the Remuneration Policy, members of the Supervisory Board and the Management Board may receive different amounts of remuneration. Also, the AGM, respectively the Supervisory Board, may decide not to receive a permanent remuneration from a member of the Supervisory Board, respectively the Management Board, after the express consent of that member, and the same applies to the Company's attorneys. In this

regard, some of the members of the management or supervisory bodies of Eurohold Bulgaria plc do not have an agreed remuneration and accordingly no such remuneration was paid to them in 2021.

In accordance with the remuneration policy, members of the supervisory and management boards, as well as procurators, may receive other remuneration, including fixed and variable remuneration, agreed by subsidiaries of Eurohold Bulgaria plc in which they perform management and/or control functions.

Eurohold does not have an arrangement for the payment of severance payments to members of the management and supervisory boards and to procurators regardless of the reason for termination of the person's functions. In the year under review 2021, there were cases of early termination of a control contract with a member of the Supervisory Board and termination of a procurator contract with a procurator of the Company, and Eurohold Bulgaria plc did not pay any amounts for compensation upon termination of these contracts.

Neither Eurohold Bulgaria plc nor any of its subsidiaries has any contractual obligations to the members of the supervisory board, the management board or the Company's procurators to pay additional (variable) performance-related remuneration in the form of profit distributions or in the form of shares and/or share options and/or other share-based incentive schemes or any other form of incentive.

Eurohold Bulgaria, as well as its subsidiaries, does not pay for its own account any contributions for supplementary voluntary pension insurance for the Executive Director, as well as for the members of the Supervisory Board, Management Board, including the procurators.

In the absence of the above arrangements, no such amounts have been paid or provided in kind to the members of the management board, the supervisory board and the procurators, either by Eurohold or its subsidiaries.

Rules to control and prevent money laundering and terrorist financing

The Control and Prevention of Money Laundering and Terrorist Financing Regulations have been adopted to implement best practice. These rules set out the conditions and procedures for the collection, processing, storage and disclosure of information relating to the activity of controlling and preventing money laundering and terrorist financing, define precise criteria for identifying suspicious transactions, transactions or counterparties and regulate the actions and responsibilities of companies towards clients in relation to the transactions they handle. The rules are intended to help establish and enforce a standard with respect to the refinement and uniformity of the forms and content of ongoing documentation for the identification of customers and/or counterparties and the collection, retention, monitoring and reporting of suspicious transaction and transaction information throughout the holding structure.

The scope of obligated persons under the 2018 promulgated Anti-Money Laundering Measures Act 2018 and the subsequent promulgation of implementing regulations in 2019, taking into account the amendments up to the date of this report, generally include companies in the insurance, leasing and investment firm sub-holdings.

At the level of the insurance sub-holding, as required by Article 4(5) of the MIPA, only the life insurance company, Euroins Life, is an obligated person. In foreign jurisdictions, the companies in Ukraine, Belarus, Georgia, as well as the associated company in Russia, are the obligated persons under local law. According to the reported data, the legislation in all 4 jurisdictions has been amended in 2020 and the insurers have taken compliance measures by updating their bylaws or planning their revision. Depending on the internal organisation, insurers have organised a unit and/or appointed a person responsible for anti-money laundering measures.

🔗 **Rules for the internal verification of whistle-blowers submitted through the Ethics Hotline**

The purpose of the rules is to regulate and define the requirements for the activities of the Security Department, the document flow and the interaction between the companies and the different organisational structures with the Security Department within the Eurohold Group, on the process for carrying out checks on reports from the Ethics Hotline.

The subject of the Ethics Hotline whistleblowing process is Incidents and allegations of Incidents.

Incidents, given their nature, are categorized as follows:

- » corruption (giving and accepting bribes or other benefits);
- » theft or fraud;
- » conflict of interest;
- » violation of the rules of fair and honest competition, restriction of competition in relation to the Eurohold Group's activities;
- » improper conduct in the workplace (harassment, discrimination, inappropriate behaviour, etc.);
- » gender-based violence or harassment;
- » providing incorrect information to public institutions, customers, or other entities/persons;
- » falsified or incorrect bookkeeping and tax records, accounting closures, improper conduct affecting audit results;
- » violation of occupational health and safety and environmental legislation;
- » other violations of the Eurohold Group Code of Ethics.

All employees of the Eurohold Group companies are obliged to provide full, timely, good faith and professional assistance to the employees of the Security Department in gathering the necessary information, documents, materials, and evidence in the course of the audit and thereafter when necessary.

🔗 **Other policies developed by energy companies Electrohold**

- » Consumer Policy - Rules for dealing with consumers of energy services, an appendix to the General Terms and Conditions of the Company's contracts for the sale of electricity as a CP.
- » Investment Policy - business plan developed annually
- » Social Policy - Collective Labour Agreement / CLA/
- » Supplier Policy - Procedure for the selection of contractors for the supply of goods and services, including - Internal rules on the procedure and organization of procurement and Contractor Control Policy - Safe working conditions, environmental protection, biodiversity, and waste management
- » Consumer Policy - Rules for dealing with consumers approved by the CEWR
- » Environmental Policy, Sustainable Water Management Procedure and Environmentally Sound Waste Management Policy.

🔗 **Other policies developed by Euroins Insurance companies**

Consumer Policy - Product control and management rules. These rules formalise the control and management of insurance products and material adaptations to existing insurance products of the 'Company before they are marketed and distributed to customers.

Complaints policy - Procedure for administration of complaints, applications, objections and notifications in Euroins Insurance Company. The procedure regulates the process of receiving, registering, distributing, reviewing and responding in time to complaints addressed to the insurance company by users of insurance services. Guarantees the rights of the insured, helps to accurately, clearly and fairly resolve complaints and limit opportunities for conflicts of interest.

Investment Policy - Investment Risk Management Policy. Establishes and creates an environment for the operation of an effective investment risk management system to ensure the continuous identification, measurement, tracking, management and reporting of the sub-risks included in investment risk to which the Companies is or could be exposed.

Vendor Policy - Euroins plc's policy on outsourcing. Sets out the conditions, requirements, approach and processes for outsourcing individual activities, services, processes or functions and to define the responsibilities and stages of the outsourcing process.

BUSINESS MODEL AND ENVIRONMENT

BUSINESS MODEL

Eurohold Bulgaria plc is a fast-growing holding organization developing both organically and through new acquisitions. Eurohold holds investments in numerous subsidiaries separated into sub-holding structures in five sectors of the economy - insurance, energy (from 27.7.2021), automotive, leasing and asset management.

The energy business is a new and strategic market for Eurohold, which is in line with the Holding's medium- and long-term investment strategy aimed at increasing the diversification of the Company's investment portfolio by entering new regulated business sectors with growth opportunities and stable profitability.

The current business model built by Eurohold is primarily based on synergies and relationships between sub-holding structures through which subsidiaries create new innovative, competitive and combined products and services. A system is in place to continuously monitor customer behaviour and satisfaction in order to meet customer needs and expectations.

The internal operating model is based on the idea of each business line achieving independent financial profitability and cost optimization and serving as a source of business for the other business lines.

The Group aims to offer products in different price ranges and this is most pronounced in the automotive sub-holding, which offers low-, mid- and high-end vehicles in terms of both price and equipment.

The insurance group holds in its portfolio all the insurances permitted to general insurance companies as well as life insurance. The Company's business model is focused on offering insurance products covering a wide range of risks, providing comprehensive insurance services to customers. The product portfolio and underwriting activities are a priority for the Group and the companies are working hard to diversify the insurance portfolio. In addition, the Group also provides reinsurance protection for traditional general insurance risks for leading insurance companies operating in Central and Eastern Europe on a proportional and non-proportional basis. The implementation of the programme and the achievement of a positive result are the main areas of development and control. Underwriting discipline is critical to maintaining a quality portfolio. All departments and units in the Company are oriented towards the realization of the set goals and are making multidirectional efforts, both in the extremely competitive Bulgarian market and in Spain, Greece, Poland, Italy, the Netherlands, Germany and the UK.

The business model of the Energy Companies depends mainly on the license held by the companies to carry out specific activities. The activities of the Companies are carried out in accordance with the regulatory framework for the energy sector in Bulgaria, as regulated by the Energy Act (EA), the Renewable Energy Sources Act (RESA), the Energy Efficiency Act (EEA), their implementing subordinate regulations, as well as in accordance with the applicable competition and public procurement legislation.

The Eurohold Group can offer customers a one-stop shop for car sales, leasing and insurance, saving them time and providing them with advantageous, attractive and innovative terms on a combined product basis. The companies of the Eurohold Group use the highest technologies, developing online platforms available on the companies' websites, in order to care for customers, satisfy their needs, flexibility and accessibility to all our products and services. In this way, customers are given the opportunity to choose and configure the level of equipment of a vehicle and the conditions of its purchase, lease and insurance package, depending on a set range of combinations.

The businesses in which the Eurohold Group operates are highly regulated, with the regulatory environment and legislation relevant to the specific business segment constantly evolving, introducing new regulations and, in addition, customer behaviour changing at a rapid pace.

In order to respond to new conditions and needs, the Group monitors the market environment in the sectors and countries in which it operates and continuously improves its business model and the way it delivers value to customers by leveraging the experience, product development and know-how of the different countries in which it operates.

The business model developed provides the Group with the following opportunities:

- » adequate risk management
- » identification of market opportunities
- » reducing certain operating costs
- » rapid integration with newly acquired markets
- » factor for innovation and modern unique products
- » better consideration of social and environmental issues

BUSINESS ENVIRONMENT

Understanding the business environment in which a company operates is KEY to its business development. Monitoring market trends, assessing risks and development opportunities help to respond adequately to challenges and create value for key stakeholders.

We have an excellent understanding of the business environment in which we operate. Our companies have many years of experience in the sectors in which they operate. Group companies are among the leaders in developing new products and services.

CHARACTERISTICS OF THE BUSINESS ENVIRONMENT

Business environment in Insurance business

The insurance sector is one of the sectors in the economy that has been developing very dynamically and in the last few years has been characterized by the following several specific features:

- An upward trend in gross written premium income;
- High degree of market concentration;
- Entry of new market players;
- Market consolidation through mergers and acquisitions;
- Concentration of insurance portfolios;
- Distribution channels dominated by insurance brokers;
- Increased role of the regulator.

Energy business environment

The energy distribution services business in Bulgaria is territorially distributed and in practice companies operating in a given territory have a natural monopoly. In this business environment operates the company Elektrodistributlenile Mreti Zapad AD, which provides distribution services in the territory of Western Bulgaria, namely access and distribution of electricity, connection of consumers and services for exploration, repair and maintenance of the electricity distribution network and commercial metering facilities.

Electricity trading - Electricity trading companies sell electricity:

- » to domestic consumers at regulated prices under a Final Supplier license in the territory of Western Bulgaria under the license, to business consumers on the open market at freely negotiated prices under a Trader license throughout Bulgaria and to business consumers who have not selected a trader on the open market at prices under the methodology of the EWRC.
- » to legal entities (industrial and business customers) - trading electricity on the wholesale market; coordinator of a standard balancing group; offering energy solutions to customers; management of renewable energy sources ("RES").

Business environment in automotive business

"Auto Union" AD unites companies that are importers and dealers of new cars (passenger cars, heavy trucks, motorcycles and industrial machinery); service centres; official importer of lubricants Castrol and Olean Oil, card operator of fuel wholesale and retail.

"Auto Union" AD is a holding company controlling the Group's investments in companies related to the sale of new cars, motorcycles and scooters, the sale of original spare parts, lubricants and accessories in Bulgaria and Northern Macedonia. "Auto Union AD, through its subsidiaries, acts as an official importer and dealer of certain brands of cars, and is also an official distributor of lubricants and alternative spare parts in Bulgaria and a fuel card operator.

The Group "Auto Union" has entered into a distribution agreement in respect of the car brands it sells. The distribution or official brand representation agreements give the Group the right to market the brand, develop dealer networks, carry out marketing campaigns and activities, set prices and commercial terms and act as a brand ambassador in the agreed jurisdiction. Under these distribution agreements, the Group "Auto Union" is required to adopt the pricing and marketing policies set by the car manufacturers or their representatives in the relevant country.

Business environment in leasing business

"Eurolease Group AD, is a holding company and as such does not carry out independent commercial and/or production activities, therefore its activities cannot be attributed to a specific market. Such activities are carried out by the Group companies.

Eurolease Group companies operate in the following markets:

- Financial leasing - in Bulgaria and North Macedonia;
- Long-term (operating leasing) and short-term rental (including car rental services) of vehicles - in Bulgaria;
- Sale of used cars - in Bulgaria.

Business environment in financial-investment activity

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

"Euro-Finance AD offers individual portfolio management, primarily to individual and institutional investors based in Bulgaria. "Euro-Finance AD offers three types of individual investment portfolios (conservative, balanced and aggressive). These portfolios are based on the client's risk characteristics and asset structure and are actively managed by Euro-Finance AD in accordance with the client's specific needs. Assets typically include investments in equities, bonds, alternative investments and cash. Balanced portfolios may be invested up to 60% in equities and alternative investments and aggressive portfolios may be invested up to 95% in equities and alternative investments. In 2020, Euro-Finance plc laid the foundations for its cooperation with Amundi Asset Management, Europe's largest asset management company by market capitalisation of assets under management. 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 listed on Euronext. Credit Agricole, the second largest banking group in France, is the majority shareholder in Amundi.

↳ Regulated business environment

Eurohold Group operates in a highly regulated business environment in various European countries.

It can be said that the operations of the Eurohold Group are highly regulated, with almost all of the Group's companies either being supervised entities or reporting to the local financial regulator through the consolidated accounts of the sub-holding company in whose assets they fall, and hence through the consolidated accounts of Eurohold Bulgaria AD.

The activities of Eurohold Bulgaria AD and the businesses in which it operates through its subsidiaries are not seasonal and are not dependent on patents, industrial contracts or new manufacturing processes.

However, the activities of certain Group subsidiaries may be dependent on individual contracts for the supply or sale of goods or services (dealer contracts entered into by the automotive companies).

In addition, the activities of the companies of the insurance group, the energy group, the leasing sub-holding offering financial leasing and the activities of the investment intermediary Euro-Finance AD are carried out under a licensing regime.

↳ Regulation of the activities of Eurohold Bulgaria AD

Eurohold Bulgaria, as a public company within the meaning of the Polish Securities Act, whose shares are listed for trading on the main market of the BSE AD with exchange code EUBG and on the Warsaw Stock Exchange (WSE) - Poland with exchange code EHG, is a supervised entity of the Financial Supervision Authority.

↳ Regulation of the principal activities of the subsidiaries by line of business

A. Regulation in the insurance business

All insurance subsidiaries of Euroins Insurance Group AD are subject to regulation by the regulatory authority of the respective country in which they are incorporated. The insurance companies are licensed by the relevant regulatory authority to carry on insurance business and for the relevant classes and type of insurance, respectively general insurance; life insurance; reinsurance (in case of the need for a specific separate license). All insurance companies of the Issuer's group operating in member states of the European Union apply the capital and risk management requirements for compliance with the Minimum Capital Requirement (MCR) and Solvency Capital Requirement (SCR) applicable to insurance and reinsurance companies under Solvency II.

B. Regulation of the energy business

Eurohold Group's energy companies operate in Bulgaria. The state body that performs regulatory functions in respect of the activities of the energy companies is the Energy and Water Regulatory Commission (EWRC, the Commission). The Commission issues regulatory acts as well as general and individual administrative acts related to the licensing activities of the companies, which are mandatory for implementation, including with regard to pricing.

C. Leasing regulation

The subsidiaries of Eurolease Group EAD operating in the field of financial leasing on the Bulgarian market are subject to supervision by the Bulgarian National Bank, which is responsible for supervising compliance with the regulatory framework. They are also subject to regulation by the Commission for Consumer Protection, the National Insurance Institute, the State Agency for National Security.

"Eurolease Auto Skopje EAD is subject to supervision by the Ministry of Finance of the Republic of Macedonia, as the company is licensed by the Ministry of Finance under the Leasing Law, and is a supervised entity of the National Bank of Macedonia.

D. Regulation of the automotive division

The sale of automobiles in the markets in which the Auto Union AD Group operates is not subject to licensing. The prices at which Auto Union AD sells cars depend on the agreement with the respective car manufacturer or importer. Automotive companies are dependent on an exclusive agency or dealership agreement to operate.

E. Regulation in the field of investment activities

"Euro-Finance" AD is a licensed investment firm operating in accordance with European Union (EU) legislation. "Euro-Finance AD is licensed and regulated by the Financial Supervision Authority. It is a member of the Bulgarian Stock Exchange AD and the only Bulgarian member of the Deutsche Börse Group and is registered to carry out investment intermediary activities in Germany. The company also holds a licence to operate as an investment intermediary in the UK and Romania.

"Euro-Finance plc is regulated under European law and is a member of a number of institutions, exchanges, associations and societies.

As a licensed investment firm in an EU country, Euro-Finance AD is fully compliant with the regulations and requirements relating to transactions in financial instruments within the EU - Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

REGULATORY ENVIRONMENT

The regulatory environment in which the Issuer's subsidiaries operate has a material impact on the Issuer's business. The Companies are obliged to comply with the regulations and legislation governing their activities and to monitor the changes adopted in this respect.

MAIN MARKETS

"Eurohold Bulgaria" AD, as a holding company, does not engage in independent manufacturing and/or trading activities or activities related to the provision of services. As such, the Company does not generate regular revenues from such activity on the basis of which it can be attributed to a particular market in the economy.

Eurohold Bulgaria's operating income relates to financial operations of acquisition and management of subsidiaries, therefore the Company is classified in the financial sector.

Eurohold Bulgaria, through its subsidiaries, is positioned in the markets of the Central and South-eastern Europe region, operating in the insurance, energy, automotive, leasing and financial investment segments.

The following tables summarise the nature of the Issuer's consolidated earnings based on the geographical positioning of the Eurohold Economic Group's market operations, sector and operating segment.

Eurohold Bulgaria

Sector - Financial

Business segment:	Types of business operations	Geographic markets
Eurohold Bulgaria AD		
Holding activities	Financial operations related to the acquisition and management of companies	Bulgaria

Subsidiaries

Sector - Insurance

Business segment:	Types of business operations	Geographic markets
Euroins Insurance Group AD		
Holding activities	Financial operations related to the acquisition and management of companies	Bulgaria
Operating companies - insurance		
General insurance	General insurance products	Bulgaria; Romania; North Macedonia; Ukraine; Georgia; Belarus; Russia (associate participation)

Life insurance	Life insurance products	Bulgaria
Travel insurance	Travel insurance	Ukraine
Liquidation of damage	Motor claims collection and processing services	Greece
Insurance services distributed under the right of freedom of establishment and freedom to provide services	Insurance products	Italy, Greece (branch), Spain, Poland, the United Kingdom, the Netherlands and Germany (in these markets Euroins AD operates as part of the Issuer's insurance division)

Sector - energy

Business segment:	Types of business operations	Geographic markets
Eastern European Electric Company III B.V., The Netherlands		
Holding activities	Financial operations related to the acquisition and management of companies	Bulgaria
Operating companies - Energy		
Distribution of electricity	Access to and transmission of electricity on the electricity distribution network and connection of new consumers to the electricity distribution network;	Bulgaria
Electricity trader	Trade in electricity	Bulgaria
Final electricity supplier	Public electricity supply	Bulgaria
Consulting and construction activities in the field of energy construction	Study, consulting, design, financing and construction of energy objects, supply of energy efficient services, execution of services under contracts with guaranteed results - ESCO contracts, construction, installation, finishing, repair works, supply of materials and equipment	Bulgaria
Information Technology	Complex information, communication and technological services	Bulgaria
Consulting and management activities	Commercial consulting, purchase and sale of equipment and materials	Bulgaria
Production of electricity	Renewable energy production and trade	Bulgaria

Sector – Automobiles

Business segment:	Types of business operations	Geographic markets
Auto Union AD		
Holding activities	Financial operations related to the acquisition and management of companies	Bulgaria
Operating companies - cars		
Import and sale of cars, mopeds, spare parts and lubricants, Service, Fuel card operator	sale of new and used cars; servicing; sale of lubricants for vehicles; provision of a fuel card service; servicing activities	Bulgaria
Car sales, service	new car sales; service activity	North Macedonia

Sector - Leasing

Business segment:	Types of business operations	Geographic markets
Eurolease Group AD		
Holding activities	Financial operations related to the acquisition and management of companies	Bulgaria
Subsidiaries		
Vehicle leasing (motor vehicles); operating leasing; ren a car; purchase and sale of used cars	interest on finance leases; short-term and long-term car rental services; sale of used cars	Bulgaria
Leasing of new vehicles	interest on finance leases	North Macedonia

Sector – Finance

Business segment:	Types of business operations	Geographic markets
Euro-Finance AD		
Investment Intermediation and Management in Activism	investment intermediation; transactions with investments and securities books; asset management; valutni operations; commissions	Bulgaria
Investment intermediation	investment intermediation	Germany, through Euro-finance AD as a member of the Frankfurt Stock Exchange - Deutsche Börse Xetra

CORPORATE STRATEGY SUSTAINABILITY AND SOCIAL RESPONSIBILITY

1 / CORPORATE SUSTAINABILITY AND SOCIAL RESPONSIBILITY STRATEGY

CORPORATE SUSTAINABILITY

Sustainability for us means that we are able to meet the expectations of all stakeholders, not only today but also in the future.

We understand sustainability as a holistic approach that integrates environmental, social and economic sustainability, focusing on long-term financial performance and rigorous risk management to sustainably manage both growth and opportunities to meet society's needs in the future.

Investing in long-term value creation means not only having a proper understanding of who and what impacts our business, but also how our business impacts everything that surrounds us.

Our sustainability strategy is based on our corporate culture and the contribution of our employees. It is essential to earning, retaining and growing trust in our business, our companies and the Group as a whole, helping us to become a 'leader' in the key markets in which we operate.

OUR CORPORATE STRATEGY FOCUSES ON THE FIVE PILLARS OF OUR SUSTAINABILITY:

CORE BUSINESS

We focus on the long-term stability of our Group, thereby striving to achieve sustainable and profitable growth

CUSTOMERS

We put our customers at the centre of everything we do to offer them a unique product, addressing their needs and protecting their interests

EMPLOYEES

Corporate culture, motivation and commitment, a sense of equality,

support for diversity are an important factor in the Group's long-term success

COMMUNITY

We take our responsibility towards all stakeholders, society and local economies, tailoring our personal multicultural outlook and mix to the particularities of local life, business and economy

ENVIRONMENT AND CLIMATE

We take a responsible approach to environmental protection and climate change

Our Corporate Sustainability and Responsibility Strategy supports best practice disclosures as a tool for achieving market discipline and transparency of successful business practices. It is a key factor in achieving trust with customers and investors, the basis for achieving a fruitful corporate environment and employee engagement and the [EUROHOLD](#) brand image.

CORPORATE SOCIAL RESPONSIBILITY

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

Continued efforts to improve the economic environment through open dialogue with stakeholders and the active contribution of Eurohold Group companies to society are the essence of group corporate responsibility.

The group is convinced of the importance and benefits of corporate responsibility, which is related to the protection of people, their well-being, environmental protection.

All companies in the holding structure support the implementation of the principles of corporate social responsibility in their activities, realizing that their long-term development depends largely on it.

Corporate responsibility is realized through the following actions:

- ↪ **Dialogue with stakeholders** through actions and initiatives that identify problems and promote appropriate solutions;
- ↪ **Care for employees** as a valuable resource and basis for achieving the goals of Eurohold;
- ↪ **Improving corporate governance** to ensure the transparency of the entire organization. We value proactivity and innovation as a valuable resource for ensuring group competitiveness;
- ↪ The group strives to provide **excellent working conditions**, to stimulate active internal communication. Social benefits are part of the motivational program with which we try to ensure the care and recognition of people. Their safety and satisfaction are of great importance to us;
- ↪ **Environmental care focused on climate change and contributing to sustainable growth.** The prudent handling of the resources provided to us is an important measure of our care for the environment;
- ↪ **Strict compliance with legislation** along with the application of standards, policies, internal rules and procedures.

2 / FOCUS ON SIGNIFICANT TOPICS FOR THE GROUP

Eurohold Group started public disclosure of non-financial indicators on a consolidated basis in 2017, in accordance with the requirements of the Accounting Act. With each subsequent reporting period, the reported and analysed indicators are upgraded. As of 31 December 2021, the diverse and constantly growing at the local and regional level economic structure of Eurohold Bulgaria AD includes 37 operating companies within 14 jurisdictions - inside and outside the European Union. For the Group it is essential to build a sustainable multicultural environment, sharing common values and vision, consistent with the differences of local life, culture and economy, but based on equality, non-discriminatory practices and last but not least, adequate identification of important topics in individual areas of operation, compared to the events reported in the disclosed financial period. At present, the companies in the group are united in five active sectors - insurance, energy (from the end of July 2021) automotive, leasing and financial services (investment intermediation and asset management). and outside the European Union, set different regulatory regimes for individual companies. The group supports initiatives to multiply the effects of added value through the transfer of good practice, know-how and effective interaction, both top-down and bottom-up.

With the constant growth and dynamic development of the Eurohold Group, we consider it a challenge to build, maintain and constantly upgrade our corporate culture of which every employee knows that he is a part and feels involved. For its part, Eurohold Bulgaria upgrades every year the processes of research and analysis of important topics and indicators showing the progress of the set goals, striving for more accurate and quality disclosure of information aimed at the interests of individual stakeholder groups.

As early as 2020, the Group had planned to use a more comprehensive approach in analyzing the materiality of significant topics, as an integrated part of a project to review the effectiveness of intragroup reporting processes, which will cover both specialists from Eurohold Bulgaria and others. Key and managerial positions throughout the group. The planned actions included:

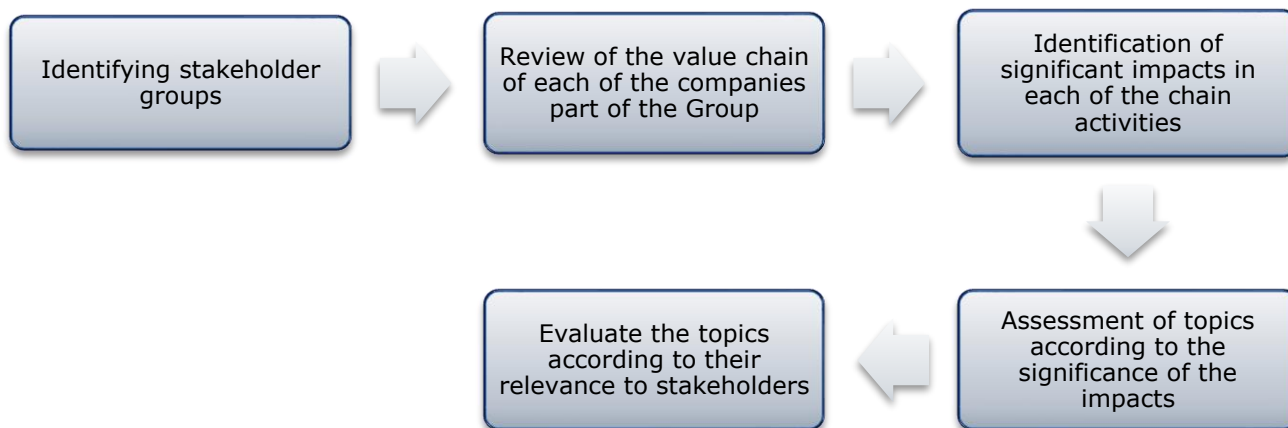
- ✓ Establishment of a system for evaluation of indicators for more complete and accurate definition and reporting of the set goals, according to the interests of individual stakeholder groups and in direct connection with the impact of the organization on economic, social and natural issues (including climate change).
- ✓ Focus efforts on more extensive research and analysis of important topics and impacts for the Group and stakeholders, which will include subsequent risk analysis at company / sub-holding level and planning of risk minimization measures.
- ✓ It is also planned to report on the cross-effect of topics, risks and measures on individual stakeholder groups. The analysis, the sequence and the individual elements of the process will ensure the receipt of timely, accurate and focused on the real public interest information.
- ✓ Given the diversity in the Eurohold Group in terms of business and location, separate subgroup topics can be identified for individual companies / sub-holding structures according to the management's vision, which subsidiaries should support depending on the specifics of the activity and local regulatory requirements. the goals of the local community.

Following the Covid-19 pandemic in early 2020 and the slowdown in economic growth around the world, management believes that most of the efforts will be focused on introducing restrictive measures to reduce the risk of infecting employees with in order to preserve their health and organize home office and communication channels, development of online product platforms and other related activities related to business continuity, support of customers and partners and creating flexible solutions in their support, development of new innovative products and services in order to meet the needs of customers in the changed environment, help communities and last but not least serious attention to digitalization of processes.

Thus, the planned initiatives related to the analysis of the significance of important topics were redirected for implementation in 2021. After the entry of the Eurohold Group (at the end of July 2021) into a new business sector, namely energy, it took some time to integrate energy companies and an in-depth study of the environmental issues posed by this business segment. At the end of 2021, Eurohold began reviewing and analysing important topics for the Eurohold Group, including the energy business.

Process in analysing the significance of significant topics:

The main mechanism for determining the materiality of significant topics applied by the Eurohold Group is in accordance with the sequence shown below.



Based on the results of the analysis, the significant topics at the sub-holding level are first summarized and then those for the whole Group are determined. With this consolidated declaration, Eurohold Bulgaria does not limit the ability of the companies in the Group to identify and disclose their own topics, in accordance with the activities and regulatory requirements of the company.

The importance of the topics is perceived as important for the success and achievement of sustainable development not only of the business of the companies in the Eurohold Group, but also the sustainable growth of socio-economic and social relations, of which the Group is an integral part. Trust in our stakeholders is paramount to sustainability.

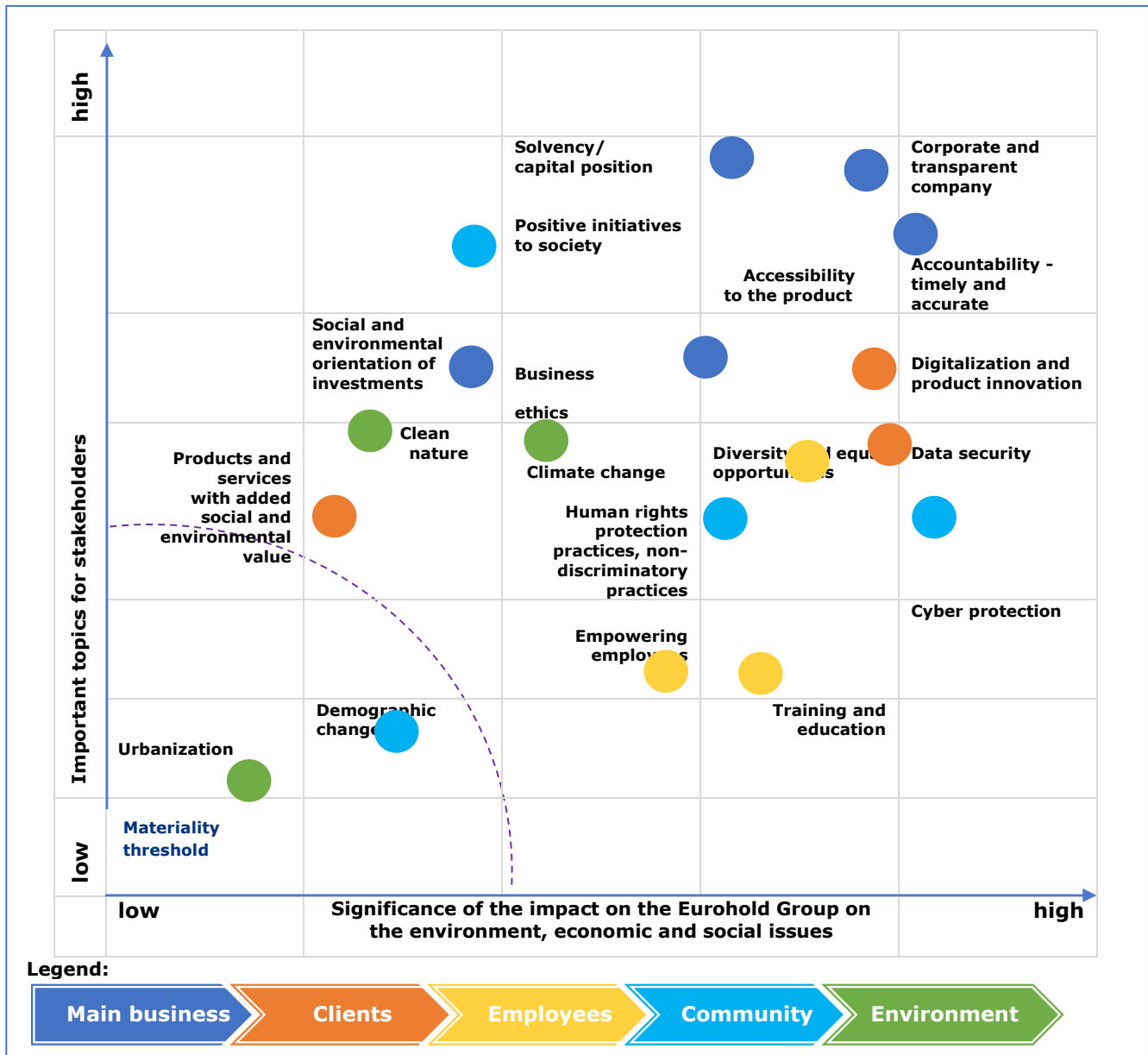
Materiality matrix

Determining the relevance of relevant topics is an in-depth approach that first identifies critical economic, environmental and social aspects that could have a significant impact on each Eurohold Economic Group company, its business results and therefore its long-term value creation. . The next step is to consolidate the results and identify the key issues for the whole group.

The materiality analysis is aimed at identifying elements of the environment, social environment and governance (ESG) that have a significant impact on the Group's business processes and results, as well as the ability to create value in the long run. The materiality matrix provides an insight into the internal needs and the needs and expectations of stakeholders. It helps us assess the opportunities for the development of our business and identify the risks associated with them.

The matrix below presents the currently identified significant topics at the Eurohold Group level (valid for the whole group).

Materiality matrix



Eurohold's approach consists of identifying key potential commitments based on Sustainable Development Goals (SDGs), including risk analysis.

These potential commitments are then explored using a group filter, which allows Eurohold to invest its efforts on topics where the Group can make a real impact through its activities. The analysis of the internal significance of the individual topics for sustainability is conducted directly by the top management of Eurohold Bulgaria AD and its subsidiaries. This process allows you to choose the most important topics for the whole group.

For 2021, two main topics were identified:

- ✓ Climate changes
- ✓ Positive initiatives to employees and society

The development of these topics continues in 2022.

Climate changes

The growing global focus on topics such as climate change has been a key factor in our commitment.

Although the Eurohold Group does not carry out activities that have a significant impact on the environment, the companies of the Eurohold Group, like any other company, also have an impact on the environment. This impact is mainly expressed through the consumption of energy and water resources, the use of paper and other materials related to the daily work of the companies of the holding structure, the efficiency of the used material and technical equipment, vehicles, the condition of office buildings and their energy efficiency, generation of waste and their separate collection, including collection and disposal of special waste from automotive companies and Electricity Distribution Networks West AD. All companies in the Eurohold structure, regardless of the type of business and their geographical location, have accepted environmental protection and the transition to a low-carbon emission economy as part of their social responsibility.

The Eurohold Group has introduced a system for tracking and analyzing the resources used, which makes it possible to analyze a more accurate picture of the effectiveness of environmental measures taken. The analysis also allows making cost-effective decisions to make changes / improvements in the processes used, leading to a reduction in environmental impact by optimizing the resources used and moving to more environmentally friendly ones that are environmentally friendly.

Eurohold Group will continue to work towards improving the processes of climate change, and in 2022 will complete the process of research and analysis of the impact of climate change on the activities of all companies in the group, as well as the potential impacts for companies and the Eurohold Group as a whole. As a result, a group policy on climate change will be adopted, as well as activities aimed at improving the Group's energy efficiency and the use of renewable energy sources.

POSITIVE INITIATIVES TO EMPLOYEES AND SOCIETY WITH THE FOLLOWING SUB-SUBJECTS

» Prevention for good health of employees

The Eurohold Group is concerned about the growing problem of sedentary lifestyles in recent years (especially for children). In this regard, the Group actively supports various sports initiatives, sports clubs and organizations. The emphasis is on a healthy and active lifestyle, sports for disadvantaged children, the promotion of well-being at all ages from children to the elderly as a disease prevention.

» Support for our customers

The business model built in the Eurohold Group is aimed at continuous monitoring of consumer behavior and satisfaction in order to meet the needs and expectations of customers and create new innovative, competitive and combined products and services. All Eurohold's business structures use the highest technologies, most of which are fully developed, while others are not yet fully completed or new, even faster and digital online platforms are available on the company's websites. In order to meet customer needs through this important digital channel, so that their digital presence shifts from a "product-oriented" to a "customer-oriented segment". The crisis with COVID-19 has further accelerated this need by changing the needs and requirements of customers.

Companies need to find the right balance between digital presence, traditional distribution and physical distribution channels. Their goal is to become more customer-oriented and more responsive to customer needs and feedback. They also aim to become more active in managing their reputation and brand, both online and offline. Make digital services simpler and more accessible to end customers through direct sales and a digital customer portal.

With the outbreak of the Covid-19 pandemic, some of the group's companies focused entirely on supporting their customers, exploring the new environment and developing the products and services they needed.

Individual solutions were developed for clients in financial difficulties, such as lease plans and other obligations, including lease agreements for leased investment property, this process continued in 2021, although it was significantly more small volume.

» **Innovation and digitalization**

Our business culture and diversity in terms of experience, management and culture contributes to the development of innovation in the products and services we offer. Digitalisation is a mega-trend that is significantly changing everyday life and business and affects society as a whole, and therefore the Eurohold Group. Digital technologies and the opportunities they create will be the driving force for success in an increasingly digital future. Faced with new dynamic business models and growing competition in their markets, many industries and companies are currently facing the need for a complete overhaul of their current strategies. That is why digital transformation is extremely important to us and we are working to bring about this process of change. Digitalization is an important area in the development of new solutions that provide greater value to our customers.

» **Human Resource Management, Education and Ethical Behavior**

Educational support of employees

For the Eurohold Group, education is an extremely important topic for all age groups, regardless of nationality, race and gender. The group supports its employees in all countries in which it participates for training, skills and knowledge, giving them equal opportunities, training of employees, both internal and external, depending on specific needs. This contributes, on the one hand, both to the prosperity of the group and, on the other hand, increases people's opportunities for a better and healthier life.

The management of the companies in the Eurohold Group believes that they must constantly invest in the development of their employees and in this regard conducts various training programs through which employees upgrade and develop their knowledge and skills. The trainings are available to all employees and allow them to improve the professional and personal training directly related to their work. The training courses, depending on the topic, are implemented internally or externally. The trainings are planned on an annual basis, as well as in case of emergency during the year.

Career development in the Eurohold Group provides an opportunity for development employees, both vertically and horizontally. The emphasis is on the use and development of the skills of talented professionals from all fields who have shown their energy and professionalism.

When looking for a specialist for a certain position, first the possibilities for offering the position to employees who are internal to the organization are considered, and then, if no choice is made, external candidates are sought.

The group is guided by the belief that attracting, evaluating and attracting new employees marks the beginning of a long-term mutually beneficial partnership.

The companies of the Eurohold Group strive to encourage their employees to activities that will allow them to reach their full potential and realize their professional ambitions. Emphasis is also placed on the development of qualities that allow the growth of employees throughout the organization.

Educational support for pupils and students

Electricity Distribution Networks West AD part of the energy group pursues a long-term policy in support of Bulgarian education and building young professionals in the field of electricity.

In order to recruit, train and develop future staff for the subsidiary, an annual competition "Become a CEZ Scholar" is held - for students of vocational high schools, an internship program of CEZ and "CEZ Academy" - for students aimed at attracting and retaining young people to work in the Group. In 2021, the updating of CEZ's new educational information site - "Energy for the Future" and the publication of an information bulletin, with which CEZ expanded access to more young people, teachers and parents, aimed at promoting professions in society and supporting the reception in secondary schools, vocational high schools and higher technical educational establishments.

It also continues to successfully support the dual form of education in 4 partner vocational high schools, and in the academic year 2021/2022 the branch continues to work with 24 students from 11th and 12th grade.

During the pandemic, CEZ Distribution (now Electricity Distribution Networks West AD) took care to provide digital lessons and training videos to the students it works with and their teachers. In the same year, the company held another CEZ Opportunity Week, with over 300 participants taking part in the event.

» Ethical behavior

Eurohold Bulgaria is in the process of drafting a new Code of Ethics for the group, and so far this process has been completed in most companies, including the energy companies acquired in 2021. The new Code of Ethics focuses on the following topics:

- **Human rights policy**

The companies of the group adhere to the established domestic and international regulatory and legal frameworks in the field of human rights, respecting and honoring human dignity. The subsidiary does not tolerate and categorically declares its readiness to counteract any form of violence, ignoring human rights, discrimination, and any other illegal acts against the person of its employees and customer

- **Fight against corruption**

The companies in the group observe and promote the implementation of the current anti-corruption legislation by pursuing a policy to combat illegal actions aimed at motivating certain behavior of employees and / or contractors of the companies.

The Code of Ethics expresses the vision and readiness of the Eurohold Group to effectively counteract all actions that constitute corrupt practices in any form.

Apart from that, the subsidiary Electro distribution Grid West AD has signed a declaration since 2012 with the trade unions in the company in accordance with Art. 7, para. 2 of the Collective Labor Agreement for joint actions and efforts to prevent unprofessional and / or corrupt practices and actions by the employees of the subsidiary to the consumers, clients of the subsidiary.

RISK AND OPPORTUNITIES

In this part, the Eurohold Group discloses information that relates to specific risks, but also to opportunities that affect value creation. The risks can be internal or external, and very often their manifestation is combined.

The Group analyses the potential climate risks and their impact on the activities of companies at the end of each calendar year, and so far no specific climate risks have been identified. Potential identified risks would affect the entire population in which the companies operate. Eurohold Group does not have fixed assets that would be affected by climatic events, except for owned cars, but they are not a key element related to the activities of companies and services provided.

In the regions where the Group operates, there are no specific existing and emerging regulatory requirements related to climate change through subsidiaries (e.g. emission limits and other factors). Due to the lack of national targets and targets for individual companies, no climate risks have been identified. No significant climate risks have been identified for the Eurohold Group, which are specific to the activities of the companies and which differ from those for humanity as a whole.

Identified climate issues can have an impact on operating and investment costs, which in turn can have a significant financial impact on business as a whole.

Assessment of the climate change vulnerability

The analysis of the assessment of the sensitivity of the companies in the Eurohold Group according to the effects of the climate does not show a high sensitivity of the companies to the possible climate changes.

In the insurance and energy business, the assessment of sensitivity to climate change shows similar results, with higher sensitivity to activity being assessed by the following possible climate changes: storms and cyclones; extreme rainfall and floods; extreme heat; variability of temperatures, storms and hail, landslides. Forest fires and soil pollution are rated as medium sensitivity to climate change.

Climate change has a strong effect on the insurance companies of the Group. In the event of extreme weather events (storms, floods, dam overflows, etc.), insurance companies will suffer large losses from damages. It is therefore in our interest to work to adapt our business model in response to these changes.

Specific climate issues that may arise at any time horizon (short-term, medium-term and long-term), and may have a significant financial impact on the energy business may occur in: possible changes in climate conditions in autumn-winter period in connection with which there is a risk for the electricity distribution network and as a result the transmission of electricity to end customers will be disrupted. This is a risk of possible breach of the license held by the electricity distribution company requiring uninterrupted supply of electricity.

Climate change risks

Transitional risks	Potential financial impacts from transitional risks
Political and legal risks:	
<ul style="list-style-type: none"> ▪ Risk associated with switching to a low carbon activity <p>For the most part, the risks associated with this stem from:</p> <ul style="list-style-type: none"> - Change in the policies and regulations as a result of the implementation of the European normative documents in the field of climate by the respective regulatory bodies in the Republic of Bulgaria. - Change in the legislative framework in line with European climate documents and established policies; - A change in the technologies concerning the distribution network needed to move to a carbon-neutral society. <p>As a result, political and legal risks will lead to higher prices for greenhouse gas emissions</p>	<ul style="list-style-type: none"> ▪ Increased operating costs (e.g. higher compliance costs, increased insurance premiums. In the event of a change in technology, the value of investments to move to a carbon-neutral society will be included in the prices set by the regulator.
Technological risk:	
<ul style="list-style-type: none"> ▪ Costs for transition to lower emission technology 	<ul style="list-style-type: none"> ▪ Depreciation of fixed assets and early decommissioning of existing assets; Costs for adoption / implementation of new practices and processes.
Market risk of changes in supply and demand	
<ul style="list-style-type: none"> ▪ Changing customer behaviour 	<ul style="list-style-type: none"> ▪ Sudden and unexpected changes in energy costs
<ul style="list-style-type: none"> ▪ Uncertainty in market signals 	<ul style="list-style-type: none"> ▪ Sudden and unexpected changes in energy costs
<ul style="list-style-type: none"> ▪ Increased costs for raw materials 	<ul style="list-style-type: none"> ▪ Sudden and unexpected changes in energy costs
Reputation risks associated with changing perceptions of customers or communities	
<ul style="list-style-type: none"> ▪ Changes in consumer preferences 	<ul style="list-style-type: none"> ▪ Reduction of revenues from reduced demand for goods / services
<ul style="list-style-type: none"> ▪ Stigmatization of the sector 	<ul style="list-style-type: none"> ▪ Reduced revenues from reduced production capacity (eg delayed planning approvals, supply chain disruptions)
<ul style="list-style-type: none"> ▪ Increased stakeholder concern or negative feedback from stakeholders 	<ul style="list-style-type: none"> ▪ Reduced revenues from negative impacts on workforce management and planning (eg attracting and retaining employees)
Physical risks	
Potential financial impacts of physical risks	
Acute risks	
<ul style="list-style-type: none"> ▪ Risk of increased severity of extreme weather events such as cyclones and floods 	<ul style="list-style-type: none"> ▪ Reduced revenues from lower sales / production; ▪ Increased insurance premiums and potential for reduced risk exposure of asset insurance in "high risk" places.
Chronic risks	

<ul style="list-style-type: none"> Changes in precipitation patterns and extreme variability over time 	<ul style="list-style-type: none"> Reduced revenues from lower sales / production; Increased insurance premiums and potential for reduced risk exposure of asset insurance in "high risk" places
<ul style="list-style-type: none"> Rising average temperatures 	<ul style="list-style-type: none"> Reduced revenues from lower sales / production

Potential financial impacts on climate opportunities

Climate opportunities	Potential financial impacts
Resource efficiency	
<ul style="list-style-type: none"> Use of more efficient modes of transport 	<ul style="list-style-type: none"> Reduced operating costs (eg by increasing efficiency and reducing costs)
<ul style="list-style-type: none"> Using more efficient production and distribution processes 	<ul style="list-style-type: none"> Benefits for workforce management and planning (eg improved health and safety, employee satisfaction), leading to lower costs
<ul style="list-style-type: none"> Use of recycling 	<ul style="list-style-type: none"> Benefits for workforce management and planning (eg improved health and safety, employee satisfaction), leading to lower costs
<ul style="list-style-type: none"> Reduced water use and consumption 	<ul style="list-style-type: none"> Increased production capacity, which leads to increased revenue
Energy source	
<ul style="list-style-type: none"> Use of lower emission energy sources 	<ul style="list-style-type: none"> Increased capital availability (for example, because more investors prefer producers with lower emissions)
<ul style="list-style-type: none"> Use of new technologies 	<ul style="list-style-type: none"> Reduction of exposure to future increases in fossil fuel prices
Products and services	
<ul style="list-style-type: none"> Opportunity for diversification of business activities 	<ul style="list-style-type: none"> Better competitive position that reflects changing consumer preferences, leading to increased revenue
Markets	
<ul style="list-style-type: none"> Access to new markets 	<ul style="list-style-type: none"> Increased revenue through access to new and emerging markets (eg partnerships with governments, development banks)
Sustainability	
<ul style="list-style-type: none"> Participation in renewable energy programs and adoption of energy efficiency measures 	<ul style="list-style-type: none"> Increased reliability of the supply chain and ability to work in different conditions
<ul style="list-style-type: none"> Substitutes / diversification of resources 	<ul style="list-style-type: none"> Increased revenue through new products and services related to sustainability

Other risks specific to energy companies - Risk of physical damage resulting from climate change

The electricity distribution network maintained by the company Electricity Distribution Networks West AD is not located in areas under the influence of extreme weather events (earthquake zones, landslides, etc.). However, for all assets of the company there is insurance for all objects of the distribution network, covering all risks, including natural disasters.

The company bears the risk of deteriorating quality of the provided transmission service due to damage to the network and is subject to administrative and civil liability for causing damage and injury to third parties.

The company actively monitors changes in the regulatory framework related to climate change and which directly affect its activities.

Deteriorating climatic conditions can have a negative impact on the useful life of the company's assets.

What can we do to address climate change?

- » To support the adopted stricter standards for CO2 emissions from cars and vans approved by the European Council in order to reduce CO2 emissions from cars and vans by selling and using for business purposes only cars that meet the new environmental standards;
- » To support the transition to a low-carbon future so that we can fulfill our environmental and social responsibilities through prudent use of resources, separate waste collection, periodic analysis and performance monitoring
- » To support environmentally friendly activities and green initiatives of society.

What we can do to influence stakeholders

In order to interact more strongly with our stakeholders, we need to build strong relationships with all of them, and these are the employees who work for us, our customers, suppliers and shareholders, regulators and the societies around us. This need has been further demonstrated and has become even more important with the outbreak of the Covid-19 Pandemic, which is testing the world with varying strength and in ways we could never have imagined could happen.

STRATEGY AND ALLOCATION OF RESOURCES

Guided by their optimal strategy for achieving the main goals of sustainable development, the companies in the Eurohold Group plan their goals and prepare the respective strategies, applying the principles of iteration (repetition). Strategies and goals for sustainable development are regularly reviewed by the management of the company in terms of actual reported topics and opportunities for impact, applying a risk-based approach to planning and prioritizing measures to achieve.

Taking into account the events, the main topics and the actual reported results, at the consolidated level, the Eurohold Group sets its strategic goals for the reporting year 2021 mainly focused on human capital and social considerations as an element to achieve higher added value and mission commitment. , the vision and goals of the respective company and of the Group as a whole. At the consolidated level, the main objectives in this aspect of the Group are:

- » **Short-term goals** - building a system for continuing education and development of employees, as well as the implementation of social programs that meet their real needs and requirements;
- » **Medium-term goal** - integration of adequate and structured corporate culture, respecting human rights, ethical standards and effective interaction, including in a multicultural environment;
- » **Long-term goal** - increasing the added value of the Group. ;

In order to achieve its strategic goals, Eurohold Bulgaria has developed a model of interaction with people in key and managerial positions. We have built our own model and know-how, based on good practices, but prepared specifically for the needs of the Group. The project is integrated and long-term, as progress is reported and based on real results and practical applicability of the tools used.

In 2021, some of the subsidiaries introduced a policy for continuing education and development, which has a significant impact / cross-effect / on the group of clients. Improving knowledge and skills and introducing minimum standards guarantees their right to receive sufficient information for informed decision-making purposes. This has had a significant impact on the value of products, which are subject to management in order to meet the needs and requirements of the consumer.

The Eurohold Group believes that building trust and adequately identifying the needs of consumers of products, goods, services and information is key to achieving a competitive advantage. Effective use of human capital and investment in its well-being is a prerequisite for achieving the goals. At the same time, the social manifestation of the planned strategic goals will build a common self-awareness and security among employees, which are the basis of any successful business.

STAKEHOLDERS

EMPLOYEES

The business success of Eurohold and the whole group depends on the diligence, motivation, commitment and professionalism of its employees, knowledge, skills and ambition for development. Employees are the face of every company. Therefore, the Group continues to invest in the professional and personal development of its employees, striving to retain and attract quality and team-oriented employees.

Principles related to the selection, training, evaluation and remuneration of staff have been developed and adopted, to which principles the whole Group adheres:

- Selection of job candidates based on their personal qualities, knowledge, experience and competence, based on a careful assessment of their knowledge and qualifications;
- Providing equal opportunities for training and career development for all employees;
- Creating a work environment that values, recognizes and rewards efforts and achievements.

The entire Eurohold Group has a non-discriminatory policy that seeks to ensure a work environment free of harassment, extortion or discrimination (especially ethnicity, gender, religion, membership of national minorities, trade unions, etc.).

At the end of 2021, the team of Eurohold Bulgaria includes a total of 5,282 employees compared to 2,828 as of 31.12.2020, which shows that the staff of the Group has increased by nearly 87% after the acquisition of energy companies.

Employees structure

Employees	Total number	Women	% of women	Men	% of men
2021	5 282	2 111	40.00%	3 171	60.00%
2020	2 828	1 539	54.42%	1 289	45.58%

Employees across business lines

The tables below show the distribution of staff in 2021 and 2020 by business groups. The largest number of employees is employed in the insurance business Euroins Insurance Group, followed by Auto Union and Eurolease Group.

The distribution of staff by gender criteria depends on the sector in which the company operates.

An important prerequisite for achieving the business goals and prosperity of the Group is the availability of a sufficient number of qualified staff, motivated, stable and loyal.

In this regard, it is not an easy task to recruit new employees, especially for more specialized and / or key positions, which has encountered many difficulties in the last few years.

Recently, there has been a shortage of human capital and companies are finding it increasingly difficult to find the employees they need - both quantitatively and qualitatively, with the necessary knowledge and skills.

Therefore, emphasis should be placed on efforts to maintain good staff, especially in managerial and highly specialized expert positions, which have already acquired and proven high professional qualifications, have joined the team and the overall company policy and culture.

Fluidity is an indicator of the level of staff satisfaction, which is formed by several components:

- » Nature of work, proper organization and reasonable volume;
- » Atmosphere in the team and the company, the relationship between employer/employee;
- » Remuneration, adequate to the functions and competitive with the labor market;
- » Additional benefits and incentives;
- » Growing in the hierarchy and upgrading in skills;
- » Meetings and conversations to feel significant and to know their problems, aspirations and intentions in time.

In order to eliminate the risk of head hunting, it is necessary to provide optimal conditions related to the above components.

Solving the problem of turnover can not be achieved through single actions or short-term initiatives, but by implementing a comprehensive mechanism (program) to retain employees, especially those of key importance. The process of finding a replacement takes a lot of time and money, and it is uncertain whether it will succeed.

Career development

The Eurohold Group is guided by the belief that attracting, evaluating and involving new employees marks the beginning of a long-term mutually beneficial partnership. Therefore, the Group focuses on the utilization and development of skills of talented young people who have demonstrated their energy and professionalism.

The recruitment procedure focuses on the objectivity, personal merits and qualities of the candidates, and is based on pre-developed criteria that meet the vision and values of the Group.

Training

The management of Eurohold and its subsidiaries believe that they must constantly invest in the development of employees and in this regard plan in the short term to conduct various training programs to help employees enrich and update their knowledge. Most often, due to the nature of the business, such trainings are conducted in the insurance and automotive sectors. The trainings are available to all employees regardless of their position and allow employees to be continuously prepared on all issues directly related to their work. Depending on the topic, the training courses are organized internally by the organization or externally organized by various professional organizations.

External trainings	
Number of conducted external trainings	On average, two external trainings are held in one year, and more if necessary. The topic is chosen by a team responsible for staff training according to current issues.
Number of staff present	More than 90% of the staff of the specific company attend the external trainings with general topics. External trainings with more specific topics are attended by all employees who are directly interested in the training.
Internal trainings	
Number of conducted internal trainings	The internal trainings in each of the companies are conducted in different periodicity, which depends on their activity and the need, for example, when introducing a new product, new procedures and rules, change in the organization, etc. On average, internal trainings are held between 4 and 6 per year.
Number of staff present	All interested employees attend the internal trainings.

Conducted trainings during 2021

External trainings	number
Number of conducted external trainings	131
Number of topics / modules	137
Number of participants	1697
Number of hours	3787
Internal trainings	
Number of conducted internal trainings	238
Number of topics / modules	65
Number of participants	2340
Number of hours	6268
Training for intermediaries	
Number of conducted for intermediaries	221
Number of topics / modules	32
Number of participants	3463
Number of hours	5712

Employee potential development

The Eurohold Group strives to encourage its employees to activities that would allow them to reach their full potential and realize their professional ambitions. Emphasis is also placed on the development of qualities that allow the growth of employees throughout the organization.

When searching for a staff for a certain position, first the possibilities for offering the position to employees who are internal to the organization are reviewed, and then, if no choice is made, external staff is sought.

Internal communication

The governing bodies of economic structure are aware that internal communication is an important condition for effective work in any company. The holding and the companies strive to create good internal communication between departments, employees and management, which contributes to the general and social goals of the company. Three main forms of communication are encouraged: Vertical - up, vertical - down and horizontal. Vertical - up communication aims to reveal the views and problems of employees to management, vertical - down management aims to inform employees about the vision, goals and plans of the company, horizontal communication takes place between employees by promoting the exchange of information.

The organization of the management system guarantees direct lines of reporting of the key functions, as well as the right of access to the information resource and all employees of the persons performing key control functions.

At present, communication is via emails to interested employees, and group emails are used for all staff.

In the structure of Eurohold there is an archive system with levels of access to employees. In this way, the necessary information reaches every interested employee.

Remuneration, social benefits and other motivating factors

One of the main goals of the Group is to retain quality employees, which is why we try to apply an adequate and timely assessment. The group uses working tools to identify employees' expectations regarding the factors that motivate them, namely:

- » In addition to the good remuneration for the employees, the approval for the work done, which they receive from their managers, is of great importance. The companies try to keep the employees feeling that they are important and belong to a community with a common goal.
- » At all levels we are constantly working to improve working conditions, which includes opportunities for social contacts, understanding by the employer in terms of personal commitments and problems.

- » The companies provide additional social benefits to their employees, some of which are common to all companies, while others are specific to some of the companies at the discretion of management.

The social benefits that employees receive are in the form of:

- » food vouchers worth BGN 60;
- » additional health insurance;
- » discounts for the use of the products and services offered by the companies of the Group;
- » discount in the restaurant in the Central Office when paying for food;
- » organized annual preventive examinations in specialized medical centers;
- » organizing during the summer holiday months, a summer study hall for the children of the employees;
- » and others

Social benefits are an important tool for motivating employees, with which the Company supports its employees and their families.

- » Healthy and safe environment. Healthy and safe working conditions are a priority of the Company. We invest in quality equipment, continuous improvement of the dynamic office culture, healthy and safe working environment. All companies have concluded contracts with specialized external companies, which carry out inspections and give instructions in accordance with the Health and Safety at Work Act (HSWA).

Meters

Important statistics that the Group companies maintain and monitor regarding employees.

- » In 2021, at the Group level, there are no fired employees due to corruption or other abuses.
- » No accidents at work have been registered.
- » No complaints have been received on labor law issues.

The group strives to provide the best and safest working conditions. To achieve this, companies comply with all legal provisions related to the protection of health and safety of employees by maintaining procedures and policies. Guides encourage employees to be proactive about maintaining safety and maintaining a healthy work environment.

SUPPLIERS

The companies in the structure of Eurohold conduct business operations with a large number and variety of suppliers. The partner selection procedures applied by the Group are guided by its basic principles of honesty, transparency and, of course, objective evaluation criteria such as price, quality, regular deliveries, previous experience, etc.

The companies have adopted and observed Rules for evaluation, conclusion, registration, storage and control of contracts. These rules determine the terms and conditions for concluding, registering, storing, monitoring and evaluating contracts for the supply of external services for their qualification as contracts for the transfer of activities, in order to comply with and implement the "Policy for the transfer of activities of external contractors".

The procedures for selection and evaluation of suppliers are carried out in full transparency and by objective criteria - price, quality, regular deliveries, previous experience, etc., in compliance with local and European regulations on business transfer.

When selecting suppliers, priority is given to those who adhere to the principles adopted by the Group with regard to the environment and social responsibility.

ENVIRONMENTAL PRESERVATION

Eurohold considers its support for policies related to environmental protection and development to be one of the important activities of the Group. The aim is through various practices in this direction and to contribute daily, monthly and annually to improve the world and nature in which we live. All employees of the Company know and get involved in various activities in this direction and have the opportunity to propose new initiatives.

In connection with environmental policies, the Group has developed various systems to support them. The companies of the Group apply various practices related to environmental protection on a daily basis, such as:

- » Saving used paper in the office, by using copiers that identify each employee and collect statistical information about the paper and toner they use;
- » Containers for separate paper collection are located on each floor of the Eurohold business building, where the headquarters of all companies are located;
- » The group offers its customers the opportunity to opt out of issuing a paper invoice. Even the leasing group linked this campaign to the launch of the Mouse Will Return the Book project, with the idea of returning the reduced invoicing costs to society for the benefit of children's books;
- » Encouraging the use of electronic means of communication in the daily activities of the Company and minimizing paper documents;
- » Eurolease Auto has developed a client module "My Leasing" through which end users can see all issued documents under a lease agreement at any time;
- » The Eurohold business building is equipped with drinking water purification machines, which significantly reduce the consumption of plastic water bottles;
- » Use of biodegradable materials in automotive companies;
- » The companies from Auto Union have concluded contracts with specialized companies for recycling of packaging and used motor oils;
- » In order to minimize the waste of resources and reduce the consumption of gas and electricity, Eurohold maintains and regularly maintains all its heating systems, ventilation and air conditioning systems in the business building, and for better and professional management has concluded contract on all activities for maintenance of the building stock with a specialized company in the field of investment property management.

As companies operating in the field of services, the greatest attention is paid to reducing the use of paper and its separate collection.

Through these practices, the Group supports the negative effects of deforestation, which in turn leads to the extinction of various plant and animal species, followed by erosion and destruction of soil, falling groundwater levels, air pollution with substances released from paper production.

For Eurohold and its subsidiaries, the protection of natural resources is important, so it encourages employees to reduce paper waste. To this end, in the short term, the idea is to introduce completely separate collection of waste, as well as to introduce rules for their regulation.

The holding undertakes to constantly monitor, evaluate and optimize its environmental performance, and to strictly comply with all requirements of local, national and international legislation in the field.

SOCIETY

The Eurohold Group is firmly convinced that the growth and long-term sustainability of the business is strongly linked to the overall well-being and development of the community in which it operates. The strategy for corporate social responsibility and sustainable development reflects our mission, vision and values.

All companies in the Group support various public causes. The most active in the field of corporate social responsibility are the insurance companies. They actively demonstrate their commitment and responsible behavior for the benefit of their customers, employees, partners and society as a whole. The companies continue their long-term projects and are constantly launching new initiatives to improve the welfare of society and the future of the country.

The companies actively participate in local and foreign initiatives related to raising the financial culture, more road safety, sports events and activities for a healthier lifestyle and others.

14.06.2022

**KIRIL
IVANOV
BOSHOV**

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by KIRIL IVANOV
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**Kiril Boshov
Executive Director**

**MILENA
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GUENTCHEVA**

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Date: 2022.06.14
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**Milena Guentcheva
Procurator**

3

CONSOLIDATED CORPORATE GOVERNANCE DECLARATION

CONSOLIDATED DECLARATION ON CORPORATE GOVERNANCE OF

EUROHOLD BULGARIA AD FOR 2021

(according to the provisions of art. 100n, para. 8 of the POSA)

I. Information on compliance, as appropriate, by Eurohold Bulgaria AD with the Corporate Governance Code approved by the Commission or another corporate governance code (Art. 100n, para 8, item 1, letters a /, b / and c / of POSA)

Eurohold Bulgaria AD adheres, as appropriate, to the National Code of Corporate Governance (NCCU), adopted by the National Commission for Corporate Governance (last amended in July 2021) and approved as a code of corporate governance under Art. 100n, para. 8, item 1 in connection with para. 7, item 1 of the Public Offering of Securities Act (POSA) by the Financial Supervision Commission with Decision № 850-CCU of 25.11.2021 and carries out its activities in full compliance with the principles and provisions of the Code.

Eurohold Bulgaria AD adheres to the recommendations given in the National Code of Corporate Governance, guided by the best practices in the field of corporate governance.

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, letter "a" or letter "b" are not observed 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 - grounds for this (Art. 100n, para. 8, item 2 of POSA)

1 / CORPORATE MANUALS

In 2021 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 believes that there are no parts of the National Code of Corporate Governance that the company does not comply with.

The Code is applied on the basis of the "observe or explain" principle. This means that the company complies with the Code, and in case of deviation, management should clarify the reasons for this. (NCCU, Preamble).

The corporate management of Eurohold Bulgaria AD respects the rights of the shareholders and guarantees the equal treatment of all shareholders, including minority and foreign shareholders. The management is obliged to protect their rights, as well as to facilitate their exercise within the limits allowed by the current legislation and in accordance with the provisions of the articles of association of the Company. Management ensures that all shareholders are informed in a timely manner about their rights. Each member of the Supervisory and Management Board in carrying out its activities and in accordance with the objectives and strategies of the Company, as well as in the interest of shareholders, is guided by the principles of transparency, independence and accountability. The rights of the interested parties are recognized and timely and accurate disclosure of information on all issues related to the company, results of operations, investments in enterprises, financial situation and management is ensured.

Eurohold Bulgaria AD has a two-tier management system. The governing bodies are the Management Board (MB) and the Supervisory Board (SB). The Articles of Association of the Company define the structure of management, composition and functions of the members of the Supervisory and Management Boards.

MANAGEMENT BOARD

The Management Board consists of five individuals.

⇒ **Functions and responsibilities**

The functions and tasks of the members of the Management Board of Eurohold Bulgaria AD in the context of the National Corporate Governance Code are as follows:

- manages the company in accordance with the established vision, goals and strategies of the company and the interests of the shareholders.
- monitors the results of the company's activities and, if necessary, initiates changes in the management of the activity.
- treats all shareholders equally, acts in their interest and with the care of a good trader.
- in the performance of their activities, they are guided by the generally accepted principles of integrity, managerial and professional competence. The Management Board has adopted and complies with the Code of Ethics.
- strives to achieve the goals of sustainable development by developing and implementing the policy of engagement of stakeholders approved by the Supervisory Board.
- has provided 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.
- encourages the implementation and observance of the principles of sustainable development at the group level by the subsidiaries.
- has built the financial information system of the company in accordance with the guidelines given by the Supervisory Board and ensures its reliable operation.
- 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.
- informs and reports on its activities to the Supervisory Board. For this purpose, it shall provide the information required within the relevant deadlines and format.

⇒ **Structure and competence**

The main powers and functions of the Management Board are regulated in the Articles of Association of the Company and in the adopted Rules of Procedure of the Management Board, which are in accordance with the National Code of Corporate Governance. The members of the Management Board are elected for a term of 5 years and can be re-elected without restriction.

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, define 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 by-laws and the standards of good professional and managerial practice.

⇒ Remuneration

In accordance with the legal requirements and the good practice of corporate governance, the amount and structure of the remuneration of the members of the Management Board of Eurohold Bulgaria AD report:

- a) 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;
- b) The possibility for selection and retention of qualified and loyal managers;
- c) 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 company's results and / or the achievement of pre-determined goals by the Supervisory Board of Eurohold Bulgaria AD, in accordance with the adopted Remuneration Policy.

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 interests

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 company's bylaws.

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 of Eurohold Bulgaria AD guarantees that all related party transactions 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.

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

The Supervisory Board consists of six individuals.

⇒ Functions and responsibilities

The functions and tasks of the members of the Supervisory Board of Eurohold Bulgaria in the context of the National Corporate Governance Code are as follows:

- appoints, directs and controls the Management Board of Eurohold Bulgaria AD according to the division of functions within the two-tier structure.
- provides guidance to the Board of Directors in determining the vision, goals and strategy of the company and the interests of shareholders and stakeholders, including in the context of sustainable development and monitors their implementation in accordance with the economic, social and environmental priorities of the company.

- gives guidelines to the Management Board of Eurohold Bulgaria AD in building a risk management system, incl. for internal control and internal audit, the financial information system and controls their functioning.
- once a year evaluates the activity of the Management Board and the work of each of its members.
- treat all shareholders and stakeholders equally, act loyally in their interest and with the care of a good trader
- in the performance of their duties, the members of the Supervisory Board must have access to the necessary information about the activities of the company
- controls the observance of the laws and the rules, laid down in the structural acts of the company.
- carries out its activities in the effective exchange of information with the Management Board 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 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 and 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. They should also be informed about new trends and in the field of corporate governance and sustainable development.

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 constant commitment.

The members of the Supervisory Board of Eurohold Bulgaria AD must have the necessary time to perform their tasks and obligations. The members of the Supervisory Board may hold managerial positions in other companies, and the number of companies in which the members may participate should be determined in the articles of association of the company.

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 the Supervisory Board**

The Supervisory Board, in its capacity of acting as the Remuneration Committee, develops a clear and specific policy on the remuneration of the members of the Management Board and the Supervisory Board, which is approved by the GMS. The policy sets out the principles for the formation of the amount and structure of remuneration and should be in line with regulatory requirements in terms of structure and content.

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 mainly 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 by-laws of the company. Shareholders have easy access to information on remuneration.

⇒ 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 company's bylaws.

The members of the Supervisory Board immediately reveal conflicts of interest and provide the shareholders with access to information on transactions between Eurohold Bulgaria AD and members of the Supervisory Board or related persons 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 composed of 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 meeting 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 Assembly. The Audit Committee reports annually to the General Meeting of Shareholders on the results of its activities.

2 / AUDIT AND INTERNAL CONTROL

The corporate management of Eurohold Bulgaria AD, based on a written recommendation from the audit committee, proposes 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 with the assistance of the audit committee ensures compliance with the applicable law with respect to independent financial audit.

The rotation principle applies to 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 approving non-audit services provided by the company's auditor, if any.

Eurohold Bulgaria AD has an established 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.

3 / 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 articles of association of the company. The corporate management of Eurohold Bulgaria AD provides information to all shareholders about their rights, financial results and corporate events through the information disclosure system and the company's website.

GENERAL MEETING OF THE SHAREHOLDERS

In connection with the holding of a general meeting of bondholders, the corporate management:

- informs all shareholders about the rules according to which the general meetings of shareholders are convened and held, including the voting procedures.
- provides sufficient and timely information on the date and place of the general meeting, as well as complete information on the issues to be considered and resolved at the meeting.
- maintains a database with contacts of its shareholders holding 5 or more than 5% of the company's capital.
- ensures the right of all shareholders to express their opinion, as well as to ask questions during a meeting of the General Meeting.
- enables the shareholders with the right to vote have the right to exercise their right to vote at the General Meeting of Shareholders in person or through representatives. Eurohold Bulgaria AD receives and accepts as valid powers of attorney electronically the following e-mail: investors@eurohold.bg and the electronic messages should be signed with a universal electronic signature (UES) or a qualified electronic signature (QES) by the principal and be attached to them. attached 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.
- carries out 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.
- guarantees equal treatment of all shareholders and the right of each shareholder to express his opinion on the items on the agenda of the General Meeting by strictly following the rules for organizing and conducting meetings of the General Meeting.
- organizes the procedures and the procedure for holding the General Meeting of Shareholders in a way that does not complicate and does not make voting unnecessarily expensive.
- takes actions to encourage the participation of shareholders in the General Meeting, incl. if necessary, it also provides the possibility for remote presence.
- makes every effort to ensure that all members of the management attend the meetings of the General Assembly, except in cases of provable apologetic 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 proposal for the distribution of profits.

The company maintains a special section on its website regarding 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 to 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 meetings.

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 - ordinary, registered, dematerialized, with voting rights. Each share gives the right to 1 vote in the General Meeting of Shareholders, the right to dividend and the right to 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.

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 shareholders, including institutional ones, from consulting with each other on issues related to their basic shareholder rights. in a way that prevents abuse.

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 legitimate interests of other shareholders, including under the terms of negotiations with itself. In this type of transaction, 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 the 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.

4 / DISCLOSURE OF INFORMATION

In the process of disclosing information, corporate management:

- approves a policy for disclosure of information in accordance with the legal requirements and the by-laws.
- in accordance with the approved policy for disclosure of information, creates and maintains a system for disclosure of financial and non-financial information, which ensures equality of the addressees of information (shareholders, stakeholders, investment community) and not to allow misuse of inside information.
- ensures that the disclosure system provides complete, timely, accurate and comprehensible information that allows for objective and informed decisions and assessments.
- promptly discloses the capital structure of the company and agreements that lead to the exercise of control in accordance with the approved rules for disclosure of information.
-

- has approved and controls the observance of internal rules for preparation of the annual and interim reports and the procedure for disclosure of information.
- has adopted internal rules that ensure the timely disclosure of any material periodic and incidental information about the company, its management, its operating activities, its shareholder structure.
- Adopt rules that ensure the disclosure of non-financial information on an annual basis on a consolidated basis in accordance with national law and applicable European law. Corporate governance includes non-financial reporting in its annual reports by disclosing: how and to what extent the company's activities can be classified as environmentally sustainable, including what part of its turnover is due to products and services related to economic activities qualified as environmentally sustainable, at the same time what part of its capital costs and its operating costs are related to assets and processes are related to qualified as environmentally sustainable economic activities.
- 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 frequency of the information disclosed through it. The content of the page fully covers the recommendations of the National Code of Corporate Governance.
- Monitors the periodic disclosure of information on corporate governance in accordance with the "comply or explain" principle.
- Ensures the disclosure of any relevant periodic and incidental information about the company through channels that provide equal and timely access to relevant information by consumers. Eurohold Bulgaria AD uses a single point for disclosure of information electronically, thus the information reaches both the public and the Commission, the Financial Supervision Commission and the regulated securities market in an uncorrected form.

5 / INTERESTED PERSONS. SUSTAINABLE DEVELOPMENT

To achieve sustainable development and interaction with stakeholders, the corporate management of Eurohold Bulgaria AD:

- Is committed to establishing specific actions and policies regarding the sustainable development of the company, including the disclosure of information related to climate and social aspects of their activities.
- Ensures effective interaction with stakeholders, provides guidelines, approves and controls the policy for stakeholder engagement. Stakeholders are 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 stakeholders complies with legal requirements, ensures respect for the rights of stakeholders established by law or by mutual agreement 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 and protection of human rights.
- The management of Eurohold Bulgaria AD guarantees sufficient information to all interested parties about their legally established rights.
- In accordance with the established policy towards stakeholders, it should prepare and approve rules for taking into account the interests of stakeholders, which ensure their involvement in resolving certain issues requiring their position, which rules ensure the balance between development of society and economic, social and the environmentally sound development of the environment in which it operates.
- Maintains effective relations with stakeholders, and in accordance with legal norms and good international practice for disclosure of non-financial information, the company informs about economic, social and environmental issues concerning stakeholders, including the fight against

corruption, work with employees, suppliers and customers, social responsibility of the company, environmental protection and human rights violations.

- Guarantee the right to timely and regular access to relevant, sufficient and reliable information about the company when stakeholders are involved in the corporate governance process.

III. Description of the main characteristics of the internal control and risk management systems of Eurohold Bulgaria AD in connection with the financial reporting process (Art. 100n, para 8, item 3 of POSA)

Eurohold Bulgaria AD has a well-established and functioning risk management and internal control system, which guarantees the effective functioning of the accounting and financial reporting and disclosure systems. The system for internal control is built and operated in order to identify the risks associated with the activities of the Company and support their effective management.

Internal control and risk management aim to provide a reasonable degree of certainty regarding the achievement of the strategic objectives of the holding in the direction of achieving efficiency and effectiveness of operations, reliability of financial statements, compliance with and application of existing legal and regulatory frameworks. The internal control and risk management is carried out by the management and supervisory bodies, as well as by the heads of the structural divisions of the holding and the executive directors of the subsidiaries.

Eurohold Bulgaria AD has adopted and applies rules and procedures regulating the effective functioning of the accounting and financial reporting systems and disclosure of information by the company. The rules describe in detail the different types of information created and disclosed by the company, the processes of internal document management, the different levels of access to the types of information of the responsible persons and the deadlines for processing and managing information flows.

The established risk management system ensures the effective implementation of internal control in the creation and management of all company documents, including the financial statements and other regulated information that the Company is obliged to disclose in accordance with the legal provisions.

One of the main objectives of the implemented system for internal control and risk management is to assist management and other stakeholders in assessing the reliability of the company's financial statements.

The annual individual financial statements and the annual consolidated financial statements of Eurohold Bulgaria AD are subject to an independent financial audit, which achieves an objective external opinion on the manner in which they are prepared and presented. The company prepares and maintains its financial statements in accordance with the International Financial Reporting Standards adopted in the European Union (EU).

The risk management policy is applied in an integrated manner and in accordance with all other policies and principles regulated in the internal acts of Eurohold Bulgaria AD.

A detailed description of the risks specific to the activities of Eurohold Bulgaria AD is contained in the annual activity report for 2021.

IV. Information referred to in Article 10, Paragraph 1, letters (c), (d), (e), (h) and (i) of Directive 2004/25 / EC of the European Parliament and of the Council of 21 April 2004 on proposals for absorption (Art. 100n, para. 8, item 4 of POSA)

The members of the Supervisory Board and the Management Board of Eurohold Bulgaria AD provide information under Article 10 (1), letters "c", "d", "e", "h" and "i" of Directive 2004/25 / EC of the European Parliament and of Council of 21 April 2004 on takeover bids:

Par 1, b. "c"	Significant direct or 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 has significant direct or indirect shareholdings, which are described in detail in the section "Business Operations" of the Report on the activities of the company for 2021.
Par 1, b. "d"	Holders of all securities with special control rights and description of these rights	There are no shares that give special rights of control.
Par 1, b. "e"	All restrictions on voting rights, such as restrictions on the voting rights of holders of a certain percentage or number of votes, deadlines for exercising voting rights or systems through which, in cooperation with the company, the financial rights granted to the securities are separated from the possession of the securities;	There are no restrictions on the voting rights of holders of a certain percentage or number of votes, deadlines for exercising voting rights or systems through which, in cooperation with the company, the financial rights granted to the securities are separated from the ownership of the securities.
Par 1, b. "h"	The rules governing the appointment or replacement of members of the board and amendments to the memorandum of association;	The rules regulating the appointment or replacement of members of the Management Board and the Supervisory Board and the introduction of amendments to the Articles of Association are defined in the bylaws of Eurohold Bulgaria AD, the adopted regulations for the work of both bodies.
Par 1, b. "i"	The powers of the members of the board, and in particular the right to issue or repurchase shares;	The powers of the members of the Management Board and the Supervisory Board are regulated in the Articles of Association of Eurohold Bulgaria AD and the adopted regulations for the work of the two bodies.

V. Composition and functioning of the administrative, management and supervisory bodies and their committees (Art. 100n, 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 31.12.2021 the Company is represented and managed by Kiril Ivanov Boshov and Assen Minchev Minchev, Executive Members of the Management Board, and Milena Guencheva - Procurator, jointly by the two Executive Directors or by one Executive Director and Procurator.

MANAGEMENT BOARD

The Management Board of Eurohold Bulgaria AD consists of five individuals, namely:

- Kiril Ivanov Boshov - Chairman, Executive Member;
- Assen Minchev Minchev - Executive Member;
- Velislav Milkov Christov - Member;
- Assen Emanuilov Assenov - Member;
- Razvan Stefan Lefter - Member.

SUPERVISORY BOARD

The Supervisory Board of Eurohold Bulgaria AD consists of six individuals, namely:

- Assen Milkov Christov - Chairman;
- Dimitar Stoyanov Dimitrov - Deputy Chairman;
- Louise Gabrielle Roman - Member
- Radi Georgiev Georgiev - Member;
- Lyubomir Stoev - Independent member;
- 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 manner of work in order to ensure their effective operation within the two-tier management system of the company. the requirements of the law and protection of the interests of the shareholders.

COMMITTEES

Audit Committee

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 meeting 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 Assembly. The Audit Committee reports annually to the General Meeting of Shareholders on the results of its activities.

The Audit Committee consists of three individuals, namely:

- Ivan Georgiev Mankov - Chairman;
- Dimitar Stoyanov Dimitrov - Member;
- Rositsa Mihailova Pencheva - Member.

Remuneration Committee

The function of the Remuneration Committee is performed by the Supervisory Board of the company, according to the new Remuneration Policy adopted on 30.09.2020 by the General Meeting of Shareholders of Eurohold Bulgaria AD. The Supervisory Board reports to the General Meeting of Shareholders on the performance of its functions on the 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 contains an explanation of the reasons for this (Art. 100n, para. 8, item 6 of POSA)

DIVERSITY POLICY

Eurohold Bulgaria AD has not adopted an explicit policy regarding the diversity of the members of the Supervisory and Management Boards, the managers and the employees.

Nevertheless, Eurohold Bulgaria, as well as the companies part of the Eurohold economic group in adhering to the overall activity of the companies adhere to the principles of:

- equality,
- impartiality,
- avoidance of any form of discrimination and
- providing equal opportunities,

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 main criteria and principles applied in the selection and evaluation of the members of the management and supervisory bodies of Eurohold Bulgaria AD regarding individuals without introducing any restrictions related to age, gender, nationality and education are:

- to be capable of acting;
- have appropriate qualifications and education, management skills, professional experience, and competence;
- have knowledge of the regulations and requirements of the specific sector segment in which the Company operates;
- have a good reputation;
- to be independent and objective in expressing opinions and making decisions.

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 remuneration of the members of the Supervisory Board and the Management Board is determined by the General Meeting of Shareholders and is paid only in accordance with the adopted Remuneration Policy of the company. The determination of the remuneration of the members of the Supervisory Board and the Management Board is consistent with the size, internal organization, as well as the nature, scope and complexity of the activities carried out in the company and the group of Eurohold Bulgaria AD. The members of the Management Board and the Supervisory Board may be re-elected without restriction.

This Corporate Governance Declaration of Eurohold Bulgaria AD is an integral part of the Annual Activity Report for 2021, which was approved by the Management Board of the company.

14 June 2022

KIRIL IVANOV
BOSHOV

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Kiril Boshov

Executive Director

MILENA
MILTCHOVA
GUENTCHEVA

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Milena Guentcheva

Procurator

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CONSOLIDATED FINANCIAL STATEMENTS

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**Consolidated Statement of profit or loss and other comprehensive income
for the year ended 31 December**

<i>In thousand BGN</i>	Notes	2021	2020 restated
Revenue from operating activities			
Revenue from insurance business	3	2 364 754	1 357 717
Revenue from energy business	5	1 211 069	-
Revenue from car sales and after sales	7	46 419	32 702
Revenue from leasing business	8	26 653	21 628
Revenue from asset management and brokerage	10	10 278	7 935
Revenue from the activities of the parent company	12	1 392	3 028
		3 660 565	1 423 010
Expenses of operating activities			
Expenses of insurance business	4	(2 201 911)	(1 354 735)
Expenses of energy business	6	(1 031 279)	-
Cost of cars and spare parts sold		(30 234)	(28 375)
Expenses of leasing business	9	(8 965)	(7 702)
Expenses of asset management and brokerage	11	(7 511)	(6 712)
Expenses of the activities of the parent company	13	(1 084)	(1 850)
		(3 280 984)	(1 399 374)
Gross Operating Profit			
		379 581	23 636
Other income/(expenses), net	14	6 316	2 486
Other operating expenses	15	(161 326)	(59 123)
(Accrued)/recovered impairment loss on financial assets, net	16	(20 531)	1 039
EBITDA		204 040	(31 962)
Financial expenses	17	(54 198)	(21 126)
Financial income	18	1 415	152
Foreign exchange gains/(losses), net	19	47	1 433
EBTDA		151 304	(51 503)
Goodwill impairment	20	(20 174)	-
Depreciation and amortization	21	(60 226)	(16 092)
EBT		70 904	(67 595)
Tax expenses	22	(10 531)	(2 872)
Net profit for the year		60 373	(70 467)
Discontinued operations			
Net profit (loss) for the year from discontinued operations	51.3.1	2 475	(92)
Net profit (loss) for the year		62 848	(70 559)
Net profit, attributable to:			
Equity holders of the parent		46 874	(69 344)
Non-controlling interests		15 974	(1 215)
<i>Net profit per share, in BGN</i>	48.3	0.206	(0.357)
<i>Net profit per share from continued operations, in BGN</i>	48.3	0.202	(0.349)
<i>Net profit per share from discontinued operations, in BGN</i>	48.3	0.004	(0.008)

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Auditor's report issued by:
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**Consolidated Statement of profit or loss and other comprehensive income
for the year ended 31 December (continued)**

<i>In thousand BGN</i>	Notes	2021	2020 restated
Net profit (loss) for the year	49	62 848	(70 559)
Other comprehensive income			
<i>Other comprehensive income to be reclassified subsequently to profit or loss:</i>			
Net profit from change in the fair value of financial assets at fair value through other comprehensive income		2 942	1 002
Exchange differences on translating foreign operations		24 638	(11 000)
		27 580	(9 998)
<i>Other comprehensive income that will not be reclassified to profit or loss:</i>			
Net profit loss from revaluations of defined benefit plans		(243)	-
		(243)	-
Other comprehensive income for the year, net of taxes		27 337	(9 998)
Total comprehensive income for the year, net of taxes		90 185	(80 557)
Other comprehensive income for the year attributable to:			
Equity holders of the parent		71 011	(78 831)
Non-controlling interests		19 174	(1 726)
		90 185	(80 557)

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Consolidated statement of financial position as of 31 December 2021

<i>In thousand BGN</i>	Note	31.12.2021	31.12.2020 restated	1.1.2020 restated
ASSETS				
Cash and cash equivalents	23	152 132	68 800	91 690
Fixed-term deposits at banks	24	27 224	23 455	15 787
Reinsurers' share in insurance contract liabilities	25	1 084 982	712 921	679 614
Insurance receivables	26	193 998	149 128	127 796
Trade receivables	27	413 309	45 608	47 078
Other receivables	28	153 318	59 342	50 771
Financial assets	33	427 671	341 981	261 899
Other financial investments	36	1 025	1 861	5 650
Assets held for sale	51.3.2	11 520	-	-
Inventory	32	33 168	26 634	42 168
Non-current receivables	37	82 270	51 234	54 199
Machinery, plant and equipment	29, 29.3-8	756 339	46 702	53 023
Land and buildings	29, 29.1-2	159 133	53 419	53 906
Investment property	30	2 014	9 652	15 703
Investments in associates and other investments	35	3 358	10 849	12 587
Intangible assets	31	116 065	4 358	3 546
Goodwill	38	172 723	190 397	190 397
Deferred tax assets	34	14 926	11 544	13 061
TOTAL ASSETS		3 805 175	1 807 885	1 718 875

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Consolidated statement of financial position as of 31 December 2021 (continued)

<i>In thousand BGN</i>	Note	31.12.2021	31.12.2020 restated	31.12.2020 restated
EQUITY AND LIABILITIES				
Equity				
Share capital	48.1	260 500	197 526	197 526
Treasury shares	48.1	(77)	(97)	(1 353)
Share premium	48.2	144 030	49 568	49 568
General reserves		7 641	7 641	7 641
Revaluation and other reserves		(16 033)	(68 559)	(58 160)
Retained earnings/(losses)		(259 844)	(188 913)	(187 129)
Profit/(Loss) for the year	49	46 874	(69 344)	480
Equity attributable to equity holders of the parent		183 091	(72 178)	8 573
Non-controlling interest	50	187 415	18 881	22 240
Total equity		370 506	(53 297)	30 813
Subordinated debts	39	41 638	76 985	19 558
Insurance contract liabilities	47	1 430 851	1 205 918	1 135 285
LIABILITIES				
Bank and non-bank loans	40	1 018 719	174 341	140 735
Obligations on bond issues	41	198 776	163 342	157 664
Trade and other payables	42,43,44	594 038	193 399	208 230
Payables to reinsurers	45	119 368	46 855	26 193
Deferred tax liabilities	46	22 352	342	397
Liabilities directly attributable to assets held for sale	51.3.2	8 927	-	-
		1 962 180	578 279	533 219
Total liabilities, subordinated debts and insurance contract liabilities		3 434 669	1 861 182	1 688 062
TOTAL EQUITY AND LIABILITIES		3 805 175	1 807 885	1 718 875

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Consolidated statement of cash flows for the year ended 31 December

<i>In thousand BGN</i>	Note	2021	2020 restated
Operating activities			
Profit/ (loss) for the period before tax from continued operations:		70 904	(67,595)
Profit/ (loss) for the period before tax from discontinued operations:	51.3.1	2 604	246
Adjustments for:			
Depreciation and amortization	21	63 610	20 683
Foreign exchange gain/(loss)		5 244	(1 307)
Dividend income		(140)	(44)
Insurance reserves change, net of reinsurance		(147 128)	36 701
Increase in impairment loss		20 637	24 500
Goodwill impairment	20	20 174	-
Bargain purchase of investment	51.1.2.	(2 006)	(4 269)
Revaluation of investments		8 879	(694)
Gain on sale of investments		(11 255)	(3 045)
Net investment income (interest income and expense)		37 793	4 511
Other non-monetary adjustments		(13 850)	(1 546)
Operating profit before change in working capital		55 466	8 141
Change in trade and other receivables		(909 644)	(28 110)
Change in inventory		(6 534)	15 534
Change in trade and other payables and other adjustments		809 706	(1 363)
Cash generated from operating activities		(51 006)	(5 798)
Interest (paid)/received		1 081	2 676
Income tax paid		(6 258)	(2 405)
Net cash flows from operating activities		(56 183)	(5 527)
Investing activities			
Purchase of property, plant and equipment		(48 205)	(3 856)
Proceeds from the disposal of property, plant and equipment		12 934	1 193
Loans granted		(190 247)	(84 462)
Repayment of loans, including financial leases		148 446	49 353
Interest received on loans granted		1 528	1 852
Purchase of investments		(297 860)	(319 416)
Sales of investments		218 846	252 499
Dividends received		2 903	3 540
Effect of exchange rate changes		38	558
Acquisition of subsidiaries, net of cash acquired	51.1.1-2	(446 189)	-
Other proceeds/(payments) from investing activities, net		1 493	3 051
Net cash flows from investing activities		(596 313)	(95 688)

Prepared by: **Ivan Dimitrov Hristov**
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 Chairman of the Management Board:
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KIRIL IVANOV BOSHOV
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Date: 14.6.2022

Auditor's report issued by:
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 Mariy Apostolov, managing partner
 Silvia Dinova, registered auditor responsible for the audit

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Consolidated statement of cash flows for the year ended 31 December (continued)

<i>In thousand BGN</i>	<i>Note</i>	2021	2020 restated
Financing activities			
Proceeds from the issue of securities		157 436	-
Proceeds from loans		984 356	175 910
Repayment of loans		(244 740)	(59 301)
Lease repayments		(23 358)	(21 790)
Payment of interest, charges, commissions on investment loans		(24 488)	(16 171)
Dividends paid		(1 229)	(566)
Acquisition of non-controlling interest		(122 036)	-
Other proceeds/(payments) from financing activities, net		10 238	243
Net cash flows from financing activities		736 179	78 325
Net increase / (decrease) in cash and cash equivalents		83 683	(22 890)
Cash and cash equivalents at the beginning of the year	23	68 800	91 690
Cash and cash equivalents at the end of the year, incl.:	<i>23, 51.3.2</i>	152 483	68 800
<i>Cash attributable to assets held for sale</i>	<i>51.3.2</i>	<i>351</i>	-

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**Consolidated Statement of Changes in Equity
for the year ended 31 December 2021**

<i>In thousand BGN</i>	Share capital	Share premium	General reserves	Revaluation and other reserves	Retained earnings/(losses)	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 1 January 2020	196 173	49 568	7 641	(58 160)	(36 687)	158 535	33 502	192 037
<i>Change in accounting policy (Note 55)</i>	-	-	-	-	(149 962)	(149 962)	(11 262)	(161 224)
Balance at 1 January 2020 (restated)	196 173	49 568	7 641	(58 160)	(186 649)	8 573	22 240	30 813
Treasury shares sold/(repurchased)	1 256	-	-	-	-	1 256	-	1 256
Dividends	-	-	-	-	-	-	(637)	(637)
Acquisition of partial interest in subsidiaries without a change of control	-	-	-	(912)	(2 264)	(3 176)	(996)	(4 172)
Transactions with owners	1 256			(912)	(2 264)	(1 920)	(1 633)	(3 553)
Loss for the year	-	-	-	-	(69 344)	(69 344)	(1 215)	(70 559)
Other comprehensive income	-	-	-	(9 487)	-	(9 487)	(511)	(9 998)
Total comprehensive income	-	-	-	(9 487)	(69 344)	(78 831)	(1 726)	(80 557)
Balance at 31 December 2020	197 429	49 568	7 641	(68 559)	(258 257)	(72 178)	18 881	(53 297)

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**Consolidated Statement of Changes in Equity
for the year ended 31 December 2021 (continued)**

<i>In thousand BGN</i>	Share capital	Share premium	General reserves	Revaluation and other reserves	Retained earnings/(losses)	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 1 January 2021	197 429	49 568	7 641	(68 559)	(258 257)	(72 178)	18 881	(53 297)
Issue of capital	62 974	94 462	-	-	-	157 436	-	157 436
Treasury shares sold/(repurchased)	20	-	-	-	-	20	-	20
Dividends	-	-	-	-	-	-	(931)	(931)
Non-controlling interest arising on business combination	-	-	-	-	-	-	295 081	295 081
Acquisition of partial interest in subsidiaries without a change of control, other changes	-	-	-	28 389	(1 587)	26 802	(144 790)	(117 988)
Transactions with owners	62 994	94 462	-	28 389	(1 587)	184 258	149 360	333 618
Profit for the year	-	-	-	-	46 874	46 874	15 974	62 848
Other comprehensive income	-	-	-	24 137	-	24 137	3 200	27 337
Total comprehensive income	-	-	-	24 137	46 874	71 011	19 174	90 185
Balance at 31 December 2021	260 423	144 030	7 641	(16 033)	(212 970)	183 091	187 415	370 506

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Chairman of the Management Board:
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Procurator:
/Kiril Boshov/

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Date: 14.6.2022

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Consolidated statement of profit or loss by business segments for 2021

		2021	2021	2021	2021	2021	2021	2021	2021
		Consolidated	Insurance business	*Energy business	Automotive	Leasing business	Asset management and brokerage	Parent company	Elimination
In thousand BGN									
Revenue from operating activities									
Revenue from insurance business	3	2 364 754	2 367 805	-	-	-	-	-	(3 051)
Revenue from energy business	5	1 211 069	-	1 211 213	-	-	-	-	(144)
Revenue from car sales and after sales	7	46 419	-	-	49 528	-	-	-	(3 109)
Revenue from leasing business	8	26 653	-	-	-	27 769	-	-	(1 116)
Revenue from asset management and brokerage	10	10 278	-	-	-	-	12 048	-	(1 770)
Revenue from the activities of the parent company	12	1 392	-	-	-	-	-	1 669	(277)
		3 660 565	2 367 805	1 211 213	49 528	27 769	12 048	1 669	(9 467)
Expenses of operating activities									
Expenses of insurance business	4	(2 201 911)	(2 210 233)	-	-	-	-	-	8 322
Expenses of energy business	6	(1 031 279)	-	(1 031 279)	-	-	-	-	-
Cost of cars and spare parts sold		(30 234)	-	-	(30 234)	-	-	-	-
Expenses of leasing business	9	(8 965)	-	-	-	(9 090)	-	-	125
Expenses of asset management and brokerage	11	(7 511)	-	-	-	-	(7 444)	-	(67)
Expenses of the activities of the parent company	13	(1 084)	-	-	-	-	-	(86 291)	85 207
		(3 280 984)	(2 210 233)	(1 031 279)	(30 234)	(9 090)	(7 444)	(86 291)	93 587
Gross profit									
		379 581	157 572	179 934	19 294	18 679	4 604	(84 622)	84 120
Other income/(expenses), net	14	6 316	-	3 834	2 199	257	71	-	(45)
Other operating expenses	15	(161 326)	(47 994)	(82 483)	(10 717)	(8 993)	(2 101)	(10 714)	1 676
(Accrued)/recovered impairment loss on financial assets, net	16	(20 531)	(11 187)	(7 039)	(523)	(1 180)	7	(609)	-
EBITDA									
		204 040	98 391	94 246	10 253	8 763	2 581	(95 945)	85 751
Financial expenses	17	(54 198)	(6 620)	(28 158)	(2 264)	(62)	(44)	(19 821)	2 771
Financial income	18	1 415	-	595	1 051	-	-	-	(231)
Foreign exchange gains/(losses), net	19	47	-	-	(10)	-	-	57	-
EBTDA									
		151 304	91 771	66 683	9 030	8 701	2 537	(115 709)	88 291
Impairment of goodwill	20	(20 174)	(645)	-	(22 405)	-	-	-	2 876
Depreciation and amortization	21	(60 226)	(7 870)	(43 044)	(1 933)	(6 476)	(224)	(679)	-
EBT									
		70 904	83 256	23 639	(15 308)	2 225	2 313	(116 388)	91 167
Tax expenses	22	(10 531)	(3 906)	(5 833)	(488)	(93)	(211)	-	-
Net profit/ (loss) for the year from continued operations									
		60 373	79 350	17 806	(15 796)	2 132	2 102	(116 388)	91 167
Discontinued operations									
Net profit for the year from discontinued operations	51.3.1	2 475	-	-	5 793	-	-	-	(3 318)
Net profit / (loss) for the period									
		62 848	79 350	17 806	(10 003)	2 132	2 102	(116 388)	87 849

*for the period 1.8.2021 – 31.12.2021

Consolidated assets and liabilities by business segments for 2021

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

Consolidated statement of profit or loss by Business Segments for 2020

		2020	2020	2020	2020	2020	2020	2020	
		Consolidated	Insurance business	Energy business	Automotive	Leasing business	Asset management and brokerage	Parent company	Elimination
In thousand BGN									
Continued operations									
Revenue from operating activities									
Revenue from insurance business	3	1 357 717	1 359 574	-	-	-	-	-	(1 857)
Revenue from energy business	5	-	-	-	-	-	-	-	-
Revenue from car sales and after sales	7	32 702	-	-	35 272	-	-	-	(2 570)
Revenue from leasing business	8	21 628	-	-	-	22 613	-	-	(985)
Revenue from asset management and brokerage	10	7 935	-	-	-	-	9 101	-	(1 166)
Revenue from the activities of the parent company	12	3 028	-	-	-	-	-	3 836	(808)
		1 423 010	1 359 574	-	35 272	22 613	9 101	3 836	(7 386)
Expenses of operating activities									
Expenses of insurance business	4	(1 354 735)	(1 363 860)*	-	-	-	-	-	9 125
Expenses of energy business	6	-	-	-	-	-	-	-	-
Cost of cars and spare parts sold		(28 375)	-	-	(28 512)	-	-	-	137
Expenses of leasing business	9	(7 702)	-	-	-	(7 927)	-	-	225
Expenses of asset management and brokerage	11	(6 712)	-	-	-	-	(6 710)	-	(2)
Expenses of the activities of the parent company	13	(1 850)	-	-	-	-	-	(1 911)	61
		(1 399 374)	(1 363 860)	-	(28 512)	(7 927)	(6 710)	(1 911)	9 546
		23 636	(4 286)	-	6 760	14 686	2 391	1 925	2 160
Gross profit									
Other income/(expenses), net	14	2 486	-	-	2 240	227	20	-	(1)
Other operating expenses	15	(59 123)	(37 910)	-	(9 084)	(8 195)	(1 865)	(3 197)	1 128
(Accrued)/recovered impairment loss on financial assets, net	16	1 039	2 800	-	(168)	(1 572)	(30)	9	-
		(31 962)	(39 396)	-	(252)	5 146	516	(1 263)	3 287
EBITDA									
Financial expenses	17	(21 126)	(5 062)	-	(1 636)	(62)	(48)	(16 251)	1 933
Financial income	18	152	-	-	701	-	-	-	(549)
Foreign exchange gains/(losses), net	19	1 433	-	-	(6)	-	-	1 439	-
		(51 503)	(44 458)	-	(1 193)	5 084	468	(16 075)	4 671
EBTDA									
Depreciation and amortization	21	(16 092)	(7 727)	-	(1 969)	(5 620)	(192)	(679)	95
		(67 595)	(52 185)	-	(3 162)	(536)	276	(16 754)	4 766
EBT									
Tax expenses	22	(2 872)	(2 781)	-	(30)	(8)	(53)	-	-
		(70 467)	(54 966)	-	(3 192)	(544)	223	(16 754)	4 766
Net profit/ (loss) for the year from continued operations									
Discontinued operations									
Net profit for the year from discontinued operations	51.3.1	(92)	-	-	4 733	-	-	-	(4 825)
		(70 559)	(54 966)	-	1 541	(544)	223	(16 754)	(59)
Net profit / (loss) for the period									
Consolidated assets and liabilities by business segments for 2020									
Total assets		1 807 885	1 610 942	-	128 263	119 273	38 763	633 741	(723 097)
Total liabilities, subordinated debts and insurance contract liabilities		1 861 182	1 393 440	-	110 090	107 586	16 452	330 040	(96 426)

**Notes to the annual
consolidated financial
statements for 2021**

Notes to the annual consolidated financial statements for 2021

1. GENERAL INFORMATION ABOUT THE GROUP

1.1. Scope of activity

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

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

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

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

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

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

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

Supervisory board:

Asen Milkov Christov, Bulgaria – Chairman;

Dimitar Stoyanov Dimitrov, Bulgaria – Deputy Chairman;

Radi Georgiev Georgiev, Bulgaria – Member;

Kustaa Lauri Ayma, Finland – Independent Member;

Lyubomir Stoev, Country: Austria - Independent member, dismissed from the position of GMS on 30.6.2021;

Ivaylo Krasimirov Angarski, Country: Bulgaria - Independent member, elected at the GMS on 30.6.2021;

Louis Gabriel Roman, USA – Independent Member.

Management board:

Kiril Ivanov Boshov, Bulgaria - Chairman, Executive Member;

Asen Mintchev Mintchev, Bulgaria – Executive Member;

Velislav Milkov Hristov, Bulgaria – Member;

Assen Emanouilov Assenov, Bulgaria – Member;

Razvan Stefan Lefter, Romania – Member.

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

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

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

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

The consolidated financial statements for the year ended 31 December 2021 were approved for issue by a decision of the Management Board dated 14.06.2022.

Eurohold Bulgaria AD is controlled by Starcom Holding AD, the ultimate parent company.

1.2 Structure of the economic group

The investment portfolio of Eurohold Bulgaria AD comprises the following economic sectors: insurance, automobile, leasing, financial investment activity and energy. The insurance and energy sectors have the biggest share in the holding's portfolio, and the automobile sector is the newest line.

Companies involved in the consolidation and percentage of participation in equity

Insurance Sector

Company	% of participation in the share capital 31.12.2021	% of participation in the share capital 31.12.2020
Euroins Insurance Group AD (EIG AD) *	90.10%	94.41%
Indirect participation through EIG AD:		
Insurance Company Euroins AD, Bulgaria	98.63%	98.63%
Euroins Romania Asigurare-Reasigurare S.A., Romania	98.54%	98.51%
Euroins Osiguruvanje AD, North Macedonia	93.36%	93.36%
Insurance Company Euroins Life EAD, Bulgaria	100.00%	100.00%
Insurance Company EIG Re AD, Bulgaria	100.00%	100.00%
Euroins Ukraine PrAT, Ukraine	92.62%	92.62%
Euroins Ukraine PrAT, Ukraine through European Travel Insurance PrAT, Ukraine	5.74%	5.74%
Euroins Claims I.K.E., Greece	100.00%	100.00%
Insurance Company Euroins Georgia JCS, Georgia	50.04%	50.04%
European Travel Insurance PrAT, Ukraine	99.99%	99.99%
CJSC Insurance company Euroins, Belarus (former CJSC IC ERGO)	100.00%	93.12%

*direct participation

Automobile Sector

Company	% of participation in the share capital 31.12.2021	% of participation in the share capital 31.12.2020
Avto Union AD (AU AD)*	99.99%	99.99%
Indirect participation through AU AD:		
Avto Union Service EOOD, Bulgaria	100.00%	100.00%
Daru Car AD, Bulgaria	100.00%	100.00%
Auto Italy EAD, Bulgaria	100.00%	100.00%
Bulvaria EOOD, Bulgaria (former Bulvaria Varna EOOD)	100.00%	100.00%
Bulvaria Sofia EAD, Bulgaria	100.00%	100.00%
Star Motors EOOD, Bulgaria	100.00%	100.00%
Star Motors DOOEL, North Macedonia through Star Motors EOOD	100.00%	100.00%
Star Motors SH.P.K., Kosovo through Star Motors DOOEL	100.00%	100.00%
Motohub EOOD, Bulgaria	100.00%	51.00%
Motobul EAD, Bulgaria	100.00%	100.00%
Benzin Finance EAD, Bulgaria	100.00%	100.00%
Bopar Pro S.R.L., Romania through Motobul EAD	99.00%	99.00%
China Motor Company AD, Bulgaria	80%	-
N Auto Sofia EAD, Bulgaria – until 2.8.2021	-	100.00%

Espace Auto OOD, Bulgaria through N Auto Sofia EAD – until 2.8.2021	-	51.00%
EA Properties EOOD, Bulgaria through N Auto Sofia EAD – until 2.8.2021	-	51.00%

*direct participation

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

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

Finance Sector

Company	% of participation in the share capital 31.12.2021	% of participation in the share capital 31.12.2020
Euro-Finance AD, Bulgaria*	99.99%	99.99%

*direct participation

Company	% of participation in the share capital 31.12.2021	% of participation in the share capital 31.12.2020
Eurolease Group EAD*	90.01%	90.01%
Indirect participation through Eurolease Group EAD:		
Eurolease Auto EAD, Bulgaria	100.00%	100.00%
Eurolease Auto Romania AD, Romania	77.98%	77.98%
Eurolease Auto Romania AD through Euroins Romania Asigurare-Reasigurare S.A., Romania	20.45%	20.45%
Eurolease Auto DOOEL, North Macedonia	100.00%	100.00%
Eurolease Rent A Car EOOD, Bulgaria	100.00%	100.00%
Finacity EAD, Bulgaria (former name Amigo Leasing EAD)	100.00%	100.00%
Autoplaza EAD, Bulgaria	100.00%	100.00%
Sofia Motors EOOD, Bulgaria	100.00%	100.00%
Amigo Finance EOOD, Bulgaria (former name Mogo Bulgaria EOOD), Acquisition date: 1.12.2021	100.00%	-

*direct participation

Energy sector

Company	% of participation in the share capital 31.12.2021	% of participation in the share capital 31.12.2020
*Eastern European Electric Company II B.V., The Netherlands	100.00%	100.00%
Indirect participation through Eastern European Electric Company II B.V.:		
Eastern European Electric Company III B.V., The Netherlands, owned by Eastern European Electric Company II B.V., The Netherlands	100.00%	-
Eastern European Electric Company B.V. (EEEC B.V.), The Netherlands, owned by Eastern European Electric Company III B.V. III, The Netherlands	100.00%	100.00%
Electrodistribution Grid West AD and/or Electroražpredelitelni mreži Zapad AD, Bulgaria (former name CEZ Distribution Bulgaria AD), owned by EEEEC B.V., the Netherlands - Acquisition date: 27.07.2021	88.19%	-
Electrohold ICT EAD, Bulgaria (former name CEZ Information and Communication Technologies AD) through Electrodistribution Grid West AD - Acquisition date: 27.07.2021	100.00%	-
Electrohold Sales AD, Bulgaria (former name CEZ Electro Bulgaria AD) owned by EEEEC B.V., the Netherlands - Acquisition date: 27.07.2021	69.34%	-

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

2. SUMMARY OF THE GROUP'S ACCOUNTING POLICY

2.1. Basis for Preparation of the Consolidated Financial Statements

The consolidated financial statements of Eurohold Bulgaria AD have been prepared in compliance with the International Financial Reporting Standards (IFRS), developed and published by the International Accounting Standards Board and are adopted by the European Union. For the purposes of paragraph 1, point 8 of the Supplementary Provisions of the Accounting Act, applicable in Bulgaria, the term "IFRS adopted by the EU" means International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and the Council.

The consolidated financial statements have been prepared in Bulgarian leva (BGN), which is the functional currency of the Group. All amounts are presented in thousands of BGN (BGN '000) (including the comparative information for 2020), unless otherwise stated.

The consolidated financial statement has been prepared under the going concern principle. As of December 31, 2020 the equity of the Group was less than the registered capital of the parent company by BGN 250 830 thousand. In 2021 the shareholders took steps to overcome the violated ratio and as of December 31, 2021 the net assets of the Group exceed the amount of the subscribed capital by BGN 110 006 thousand.

As of the date of preparation of these consolidated financial statements, management has assessed the Group's ability to continue as a going concern based on available information about the foreseeable future. Following the review of the Group's operations, management expects that the Group has sufficient financial resources to continue its operational activities in the near future and continues to apply the going concern principle in preparing the consolidated financial statements.

2.2. Changes in accounting policy

2.2.1. New standards, interpretations and amendments effective from 1 January 2021

The Group applies the following new standards, amendments and interpretations to IFRSs, developed and published by the International Accounting Standards Board, which have an effect on the Group's financial statement and are binding for the annual period beginning on or after 1 January 2021, but do not have a material effect on their application on the financial result and the financial condition of the Group:

- **Amendments to IFRS 4 Insurance Contracts - Postponement of IFRS 9 effective from 1 January 2021, these amendments being adopted by the EU.**

The amendments delayed the date of initial application of IFRS 17 by two years, ie. for annual periods beginning on or after 1 January 2023 and a change in the fixed expiry date of the temporary exemption in IFRS 4 Insurance Contracts from the Application of IFRS 9 Financial Instruments so that companies are required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

- **Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16 Reform of reference interest rates – Phase 2 effective from 1 January 2021, these amendments being adopted by the EU**

The amendments concern elements that affect financial reporting following the reform of the reference interest rate, including its replacement by alternative reference interest rates. The published amendments address issues that may affect financial reporting when the existing reference interest rate is actually replaced.

- **Amendments to IFRS 16 Leases: Rent reductions related to Covid-19 after 30 June 2021, effective as of 1 April 2021, these amendments being adopted by the EU**

The May 2020 amendment, which granted lessees an exemption from the need to treat the Covid-19-related rental discount as a modification of the lease, will now be applied until 30 June 2022. The amendments to Covid-19-related rental reductions following 30 June 2021 aim to:

- allow lessees to apply the practicable measure of rent reductions related to Covid-19, in particular, to payments originally due on or before 30 June 2021.
- require lessees applying the amendment to do so for annual financial periods beginning on or after 1 April 2021.
- lessees applying the amendment to do so retrospectively, recognising the cumulative effect of the initial application of the amendment as an adjustment to the opening balance of retained earnings (or any other component of equity, if applicable) at the beginning of the annual reporting period in which lessees first apply the change.
- indicate that during the reporting period in which lessees first apply the amendment, they are not required to disclose the information required under paragraph 28(e) of IAS 8.

2.2.2. Documents issued by the IASB / IFRIC that have not been approved for implementation by the EU

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

- **Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, effective as of 1 January 2022, these amendments being adopted by the EU**
 - IFRS 3 Business Combinations – an update of references to the Conceptual Framework has been made with amendments to IFRS 3 Business Combinations without substantially changing the reporting requirements.
 - IAS 16 Property, Plant and Equipment – amendment of the standard in terms of 'Revenue before the asset is brought into the location and condition necessary for its operation'. It is prohibited to deduct from the value of property, plant and equipment any proceeds from the sale of manufactured products before bringing that asset into the location and condition necessary for its operation in the manner provided for by the management body. Instead, companies recognize the proceeds from the sale of production and the cost of producing it in profit or loss.
 - IAS 37 Provisions, Contingent Liabilities and Contingent Assets – the amendment concerns changes in onerous contracts. The costs of performing a contract are made more precise by specifying that 'the costs of performing a contract' include 'costs directly linked to the contract'. Costs directly linked to a contract may be either additional costs for the performance of that contract or a result of the allocation of other costs directly linked to the performance of the contract.
- **Annual improvements 2018-2020 in force from 1 January 2022, these improvements being adopted by the EU**

- IFRS 1 First-time application of International Financial Reporting Standards - The amendment allows a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative differences in first-time application of IFRS using the values reported in the consolidated statements of its parent entity based on the date of transition to IFRS of the parent entity.
- IFRS 9 Financial Instruments - The amendment clarifies which fees an entity includes when applying the '10%' test in paragraph B3.3.6 of IFRS 9 when assessing whether to write off a financial liability. The enterprise only includes fees paid or received between the borrowing undertaking and the lender, including fees paid or received either by the undertaking or by the lender, on behalf of the other.
- IFRS 16 Leases - The amendment to IFRS 16 removes from the illustrative examples the example of the lessor's recovery of improvements to leased assets, this being aimed at eliminating any potential confusion about the treatment of lease incentives that may arise due to the way lease incentives are illustrated in this example.
- IAS 41 Agriculture - The amendment eliminates the requirement set forth in paragraph 22 of IAS 41 to exclude tax cash flows when measuring the fair value of a biological asset using the present value method. This amendment ensures compliance with the requirements of IFRS 13.

○ **IFRS 17 Insurance Contracts in force as of 1 January 2023, adopted by the EU**

IFRS 17 replaces IFRS 4 Insurance Contracts. It requires the application of an ongoing valuation model, according to which estimates are reviewed during each reporting period. Contracts are valued using:

- discounted cash flows with weighted probabilities;
- explicit risk adjustment, and
- allowance for contracted services, representing the unrealized gain on the contract, which is recognized as income during the coverage period.

The standard allows a choice in recognizing changes in the discount rate or in profit or loss or other comprehensive income. The new rules will affect the financial statements and key indicators of all companies that issue insurance contracts.

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

○ **Amendments to IAS 1 Presentation of financial statements: Classification of liabilities as current and non-current, effective as of 1 January 2023, these amendments not being adopted by the EU yet**

The changes in the classification of liabilities as current or non-current concern only the presentation of liabilities in the statement of financial position, and not the amount or time of recognition of assets, liabilities, income or expenses or the information that companies disclose about those items. The amendments aim to clarify the following:

- the classification of liabilities as current or non-current must be based on rights existing at the end of the reporting period and must be in line with the wording of the texts in all the paragraphs concerned, in order to clarify the 'right' to defer the settlement of the liability by at least twelve months. It is explicitly stated that only the rights available 'at the end of the reporting period' can affect the classification of the liability;
- the classification is not influenced by the expectations of the company as to whether or not it will exercise its right to defer the settlement of the liability; and
- the settlement of liabilities can be achieved by transferring cash, equity instruments, other assets or services to the counterparty.

○ **Amendments to IAS 1 Presentation of financial statements and IFRS Statements for Annex 2: Disclosure of accounting policies in force as of 1 January, these amendments not being adopted by the EU yet**

Entities are required to disclose material information related to accounting policies instead of basic accounting policies. The amendments clarify that accounting policy information is material if users of the entity's financial statements need it to understand other material information in the financial statements and if the entity discloses non-material information about the accounting policy, that information should not prevail over material information.

- **Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, effective as of 1 January 2023, these amendments not being adopted by the EU yet**

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 that help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will help companies improve the quality of accounting policy disclosures so that the information is more useful to investors and other key users of the financial statements.

- **Amendments to IAS 12 Income Taxes: Deferred taxes related to assets and liabilities arising from single transactions in force as of 1 January 2023, these amendments not being adopted by the EU yet**

Entities have to apply the standard changes to transactions that occur on or after the most recent comparative period presented. It also recognizes at the beginning of the most recent comparative period presented, deferred taxes for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of the initial application of the amendments as an adjustment to the opening balance of retained earnings (or other component) of equity, if applicable) on the relevant date.

- **Amendments to IFRS 17 Insurance Contracts: Initial application of IFRS 17 and IFRS 9 – Comparative information in force as of 1 January 2023, these amendments not being adopted by the EU yet.**

The amendments concern the disclosure of comparative information on financial assets provided in the initial application of IFRS 17. The amendments are intended to help companies avoid temporary accounting inconsistencies between financial assets and insurance liabilities and therefore improve the usefulness of comparative information to consumers of financial statements.

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

The amendments will help insurers avoid these temporary accounting inconsistencies and will therefore improve the usefulness of comparative information for investors through the ability to provide comparative information on financial assets.

- **IFRS 14 Deferred Accounts at Regulated Prices effective as of 1 January 2016, not being adopted by the EU yet**

IFRS 14 "Deferred Accounts at Regulated Prices" allows first-time adopters to continue recognizing amounts related to regulated prices in accordance with the requirements of their previous accounting base. In order to improve the comparability with the financial statements of companies that already apply IFRS and do not recognize such amounts, the standard requires that the effect of regulated prices be presented separately.

2.3. Accounting policies - general information

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

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

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

2.4. Comparative data

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

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

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

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

More information on the changes in accounting policy in 2021, which required a revision of the comparative information, is presented in [Note 55](#).

2.5. Consolidation

The Group's financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2021. Subsidiaries are firms under the control of the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All subsidiaries have a reporting date of 31 December. All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

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

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

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

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

Business combinations

Business combinations are accounted for using the acquisition method, including business combinations involving entities or businesses under common control that are currently outside the scope of IFRS 3 and do not contain guidance on them in existing IFRSs. According to IAS 8, in the absence of a standard or interpretation that is specifically applicable to an operation, other event or condition, management uses its own judgment to develop and implement an accounting policy.

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree that is present ownership interests and entitles their holders to a proportionate share of the entity's net assets in the event of liquidation either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquiree and c) in business combination achieved in stages on acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair value of any identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognized in profit or loss immediately.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if the interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period which cannot exceed one year from the acquisition date or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Any contingent consideration to be transferred by the acquirer is measured at fair value at the acquisition date and included as part of the consideration transferred in a business combination. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognized in accordance with IFRS 9 "Financial Instruments" either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

The self-recognised goodwill of the acquisition of subsidiaries shall be compulsorily tested for impairment at least once a year. Losses on goodwill impairments are not recovered in the aftermath. Gains or losses on sale (disposal) of a subsidiary of the Group shall also include the carrying amount of goodwill deducted for the company sold (exempted).

Each recognised goodwill is determined to belong to an entity generating cash receipts as early as a business combination is realised, and this entity is applied in carrying out the impairment tests. In determining cash-generating entities, account shall be taken of the sites from which future economic benefits were expected in the acquisition in the business combination and in the case of which the goodwill itself arose.

Transactions with non-controlling interest

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

When the Group ceases to have control and significant influence, any remaining minority investment as a share in the capital of the company concerned is remeasured at fair value, the difference to carrying amount being recognized in current profit or loss, respectively all amounts previously recognized in other components of comprehensive income are accounted for, as in the case of a direct exemption operation, of all those associated with the initial investment (in the subsidiary or associate). (*Note 50*).

2.6. Investments in associates

Entities in which the Group holds between 20% and 50% of the voting rights and can exercise significant influence but not exercise control functions are considered to be associates.

Investments in associates are accounted for using the equity method. Under the equity method, the investment in an associate is reported in the consolidated statement of financial position at cost, plus changes in the Group's share of the net assets of the associate after the acquisition. Goodwill related to the associate is included in the carrying amount of the investment and is not depreciated.

The consolidated income statement and other comprehensive income shall reflect the proportion of the results of operations of the associate. The Group recognizes a dividend from an associate in profit or loss in its separate financial statements when its right to receive the dividend is established.

2.7. Functional and reporting currency

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

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

measured at fair value in a foreign currency are translated at the exchange rate at the date that the fair value was determined.

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

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

2.8. Accounting assumptions and approximate accounting estimates

Management's significant assessments in the implementation of the Group's accounting policies, which have the most material impact on the consolidated financial statements, are described below. The main sources of uncertainty in the use of estimates are described in *Note 2.9*.

Deferred tax assets

Tax loss

The assessment of the probability of future taxable income for the use of deferred tax assets is based on the last approved estimate, adjusted for significant non-taxable income and expense, and specific restrictions on the transfer of unused tax losses or loans. If a reliable estimate of taxable income implies the probable use of a deferred tax asset, particularly in cases where the asset can be used without a time limit, the deferred tax asset is recognized as a whole. Recognition of deferred tax assets that are subject to certain legal or economic constraints or uncertainties is judged by the management on a case-by-case basis based on the specific facts and circumstances. Based on this approach, the Management of the Group has decided not to recognise deferred tax assets in the annual consolidated financial statements for 2021 as follows:

Parent company

- Tax loss as of 31.12.2021 in the amount of BGN 5 176 thousand (31.12.2020 – BGN 2 065 thousand);
- Thin capitalization under art.43a as 31.12.2021 in the amount of BGN 4 826 thousand (31.12.2020 – BGN 2 889 thousand);
- Impairment of receivables as of 31.12.2021 in the amount of BGN 65 thousand (as of 31.12.2020 – BGN 4 thousand);
- Accumulating unused (compensatable) leave as of 31.12.2021 in the amount of BGN 2 thousand (31.12.2020 – BGN 1 thousand).

Lease segment

- Tax loss as of 31.12.2021 in the amount of BGN 288 thousand (31.12.2020 – BGN 476 thousand).

Revenue from contracts with customers

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

2.9. Uncertainty of accounting estimates

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

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

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

Evaluation of the pending payment reserve

The Reserve for outstanding payments includes reported but not settled liabilities (RBNS) as at the date of the consolidated financial statements as well as incurred but not reported claims (IBNR).

Reported but not settled liabilities are individually assessed for each claim based on the best estimate of expected cash outflows for them.

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

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

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

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

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

Claims on recourse claims

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

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

Share of reinsurers in technical provisions

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

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

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

As of 31 December 2021 and 2020, the insurance companies within the Group are also parties to disproportionate reinsurance contracts (so-called excess or surplus contracts), which aim to recover losses incurred in respect of single events (or risks) , whose total compensation exceeds the threshold defined in the contracts. Due to the availability of sufficient historical information, the Group's management assesses the probability that part of the current technical provisions may arise as a result of such future events and, in respect of its major lines of business, assesses the part of its technical reserves that can be transferred. of reinsurers in addition to the existing cession of risk under their proportional reinsurance contracts.

Write down of inventories

At the end of the reporting period, management reviews the available inventories – materials and goods to determine whether their net realizable value has fallen below their carrying amount. In this review as at 31 December 2021, the Group did not recognise impairment of inventories. (as of 31 December 2020 the Group recognised impairment of BGN 77 thousand - BGN 46 thousand for Car business and BGN 31 thousand for Lease segment) *Note 32*.

Impairment of property, plant and equipment

In accordance with IAS 36, at the end of the reporting period, an estimate is made as to whether there is any indication that the value of an asset in property, plant and equipment is impaired. In the case of such indications, the recoverable amount of the asset is calculated and the impairment loss is determined. As of 31 December 2021 and 31 December 2020, no impairment of property, plant and equipment was recorded. *Note 29*.

Actuarial assessments

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

Impairment of goodwill

The Group performs an impairment test of goodwill at least once a year. The recoverable amounts of the units that generate cash are determined based on the value in use or the fair value, net of the cost of the sale. These calculations require the use of estimates described in *Note 38*. In 2021, the Group reported impairment loss of BGN 20 174 thousand - *Notes 20, 38* (No impairment loss was recorded in 2020).

Impairment of loans and receivables and net investment in finance leases

o Net investment in finance leases

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

○ **Cash and cash equivalents**

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

○ **Loans receivables**

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

○ **Litigation and claims**

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

Fair value of financial instruments

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

2.10. Revenue

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

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

Clients' contracts typically include a single performance obligation:

- Sales of cars (spare parts);
- Car Services.

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

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

Type of product / service	Nature and timing of the fulfillment of performance obligations, including essential payment arrangements	Revenue recognition under IFRS 15
Car sales	Performance obligations satisfied at a certain point. Customers receive control when: 1 / the client has a legal right of ownership; 2 / The Group has transferred the physical possession of the asset;	Revenue from the sale of vehicles is recognized by the liability method at a specified time, in accordance with IFRS 15, when the control of the vehicle is transferred to the customer. This is usually done by passing the vehicles and the physical knowledge of them to the customer and the buyer has accepted the goods in accordance with the sales

Type of product / service	Nature and timing of the fulfillment of performance obligations, including essential payment arrangements	Revenue recognition under IFRS 15
	<p>3 / the client carries significant risks and benefits from the asset;</p> <p>4 / The Group has an existing payment entitlement.</p> <p>The asset is derecognised at the time the control is transferred to the sold asset.</p> <p>Invoices are payable within 30-40 days.</p>	<p>contract.</p> <p>The transaction price can be defined as a market price, reduced by discounts (net of taxes), which may include fixed remuneration and variable remuneration.</p> <p>The allocation of the transaction price to the performance obligations is based on unit sales prices (market).</p>
<p>Revenue from sales of short-term assets (spare parts and accessories)</p>	<p>Delivery occurs when the assets have been shipped to the customer, the risks of potential losses have been passed on to the buyer and / or he has taken the assets in accordance with the sales contract. The usual payment term is up to 30 days after delivery.</p>	<p>Revenues from sales of short-term assets are recognized when the control of the assets sold is transferred. Delivery occurs when the assets have been shipped to the client, the risks of potential losses are passed on to the buyer and either he has accepted the assets in accordance with the sale contract.</p>
<p>Revenue from services</p>	<p>The control is transferred when the service is performed. Receipt is due immediately.</p>	<p>Revenue from services is recognized using the liability method over time. If, at the end of the reporting period, the service contract is not fully realized, revenue is recognized on the basis of the actual service provided by the end of the reporting period as a proportion of the total services to be provided as the client receives and consumes the benefits simultaneously. This is determined on the basis of actual time spent or reported time for work, in relation to the total expected time of service.</p>
<p>Extended warranties</p>	<p>Separate obligation to implement. They are deferred if the Group is the principal of the extended guarantees.</p> <p>It is analyzed whether the Group is a principal or an agent.</p>	<p>The Group has found that, when selling extended warranties, the Group companies providing extended guarantees have the role of agent and the way of reporting extended guarantees changed. The Group considers that all sales of extended warranties and repairs should be accounted for at the expense of the manufacturer or the insurance company Car-Guarantee Vesrsiherung AG (whichever is the principal).</p>

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

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

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

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

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

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

- **Free goods**

For a large number of contracts, the Group provides free of charge to its customers free of charge (in the form of accessories, tires, alarms, etc.). The provided additional goods (in the form of an alarm, tires or accessories) is a separate obligation to perform. In accordance with IFRS 15, the Group recognizes these free goods as variable remuneration, thereby reducing the fixed price of the products on the price list if they are provided additionally and free of charge.

- **Sales with redemption capability**

Revenue is recognized when the vehicle is sold, but the estimate of the redemption option is deducted from revenue and recognized as deferred income, as well as a liability to the customer for redemption. Similarly, the estimate of the value of the vehicle to be returned is reduced by the cost of the sale and is also deferred.

The Group has determined that there are no contractual obligations during the period in connection with the repurchase option.

Approach for recognizing major types of revenue under customer contracts

Sales revenue is realized by the following:

- car sales;
- car leasing;
- services, repair services;
- sales of spare parts.

Car sales revenue

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

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

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

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

Services revenue

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

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

Revenue from sales of current assets

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

Principal or agent

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

The signs that it is the principal includes:

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

The Group is the principal in the following transactions:

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

The Group is an agent for the following transactions:

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

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

Extended warranties

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

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

The group has found to be an agent and has changed its way of reporting on extended guarantees.

Other revenues/income

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

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

Income	IFRS / IAS - Applicable to Recognition of Revenue (Income)	Recognition approach
Net gain on the sale of property, plant and equipment and intangible assets	IAS 16 IAS 38	Gains or losses arising on the disposal of property, plant, equipment or intangible asset as a result of a sale are included in profit or loss when the asset is derecognised. The asset is derecognised at the time the control is transferred to the sold asset.
Rental income	IFRS 16	Lease income from operating leases is recognized as income on a straight-line basis over the lease term unless the Group's management considers that another systematic basis reflects the timing model in which the lessor's benefit is reduced leased asset.
Surplus assets and asset liquidation	Conceptual framework	Revenues from surplus assets are recognized when surpluses are established.
Income from insurance events	Conceptual framework	Revenue is recognized when the Group's right to receive the payment is established.
Income from penalties		Revenue is recognized when the Group's right to receive the payment is established.
Income from write-off of liabilities	IFRS 9	Revenue from write-offs is recognized when the liability expires or the creditor waives its rights.
Government Grants	IAS 20	Grants awarded by the State are recognized when there is reasonable assurance that they will be received and that all applicable conditions are met. Government grants are recognized in profit or loss on a systematic basis during the periods in which the Group recognizes as an expense the related costs that the grant is intended to offset.

Interest income

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

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

The financial revenue generated by Eurohold Group generated stems from:

- investment operations;
- positive differences from operations with financial instruments and currency exchange operations;
- fee and commission income;
- dividends;
- interest on loans granted.

2.11. Expenses

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

Administrative expenses are recognized as expenses incurred during the year that are related to the management and administration of the Group companies, including expenses related to administrative staff, management staff, office and other external services.

Financial costs include costs arising from investment operations, negative financial operations and currency exchange rate differences, interest expense on bank and commercial loans and debt securities, and charges for fees and commissions.

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

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

2.12. Interest income and expenses

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

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

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

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

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

2.13. Fees and commissions

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

Other fee and commission income, including fees for logistics services, insurance and other intermediation, are recognized through the performance of the related services.

Other charges for fees and commissions related mainly to banking services are recognized on receipt of the related services.

2.14. Segment reporting

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

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

Insurance:

- Insurance Services

Energy:

- Sales of electricity;
- Electricity transmission;
- Electricity generation;
- Information, communication, technological and other services.

Financial services:

- Lease services
- Investment intermediation

Car sales:

- Sale of new cars
- Auto services
- Car rental services

2.14.1. Insurance business

Recognition and measurement of insurance contracts

Non-life insurance premiums

Non-life insurance premiums are booked on an annual basis.

Gross gross premiums written for non-life insurance are the premiums under the direct insurance or co-insurance contracts that were concluded during the year, although the premiums may be wholly or partly related to a later accounting period. Premiums are reported gross of commissions paid by intermediaries. The portion of the insurance premiums written, including unexpired insurance contracts, is recognized as income. Subscribed insurance premiums are recognized at the date of the insurance contract. Premiums paid to reinsurers are recognized as an expense in accordance with reinsurance services received.

Health insurance premiums

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

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

Life insurance premiums

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

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

Insurance contract liabilities (insurance reserves)

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

There are 2 main groups of reserves – general and technical.

The **total reserves (total insurance contract liabilities)** are those that insurers must form within the meaning of the Commercial Act.

The **technical provisions** group shall include:

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

The unearned premium reserve

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

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

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

Reserve for upcoming payments

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

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

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

Reserve on unexpired risks

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

Mathematical reserve

It is formed to meet future payments under long-term insurance.

Other technical reserves

Includes reserves outside the above groups.

Liability adequacy test

Liability adequacy tests are performed to determine if the insurance provisions are adequate. If a deficiency is identified an additional unexpired risk reserve is established. The deficiency is recognised in profit or loss for the year.

A deficiency exists when unearned premium at the balance sheet date and expected future premium are not sufficient to cover expected future losses (incl. claims handling costs), commissions and other acquisition costs, insurance portfolio administration costs.

An unexpired risk reserve is set up when expected future cash flows from premiums incl. unearned premium reserves at the year-end, are not sufficient to cover future paid claim expenses forecasted through the loss ratio determined for each type of activity on the basis of past experience, as well as policy and payment administration costs.

In order to verify the amount of the technical reserves set the Group performs Liability Adequacy Test (LAT) based on the estimated amount of future cash flows.

Future cash flows are projected based on historical claim development, expected loss ratio or proportion of the costs, as well as claim frequency and average claim amount.

In estimating future cash flows related to the unexpired period of the contracts in force at the end of the reporting period the Group uses expected loss ratio determined on the basis of past experience and expense ratio. In analyzing future costs the Group considers their nature based on the moment of origination – upon commencement of the contracts or deferred over the contract period of cover.

For the forecast of the future cash flows on claims incurred prior the end of the reporting period, the Group uses data grouped in triangles representing claim development in time and the delay in claim reporting and payment date.

With certain insurance types, where appropriate, an analysis is made of the average claim amount and claim frequency, based on which the Group determines expected future payments. Sensitivity analysis can be performed to forecast future cash flows by comparison of market data for the average claim amount and claim frequency.

In 2021, Euroins Romania will change its accounting policy regarding the methodology used to calculate technical provisions, as well as the reclassification of deferred regulatory fees. As a result of the change in the accounting policy and other reclassifications, adjustments were made for 2020 and previous years – *Note 55*.

Compensations arising from general insurance and health insurance and pending damages

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

In the opinion of management, the gross prudential reserve and the relevant share of the reinsurers' reserves are fairly presented on the basis of the information available to them at the date of the consolidated financial statements, the final obligation will change as a result of subsequent information and events and may require material adjustment of the amount initially charged. Corrections to the pending loss reserve established in previous years are recognized in the consolidated financial statements

for the period in which the adjustments are made and disclosed separately if they are material. The methods to be used and the estimates to be made when calculating the reserve are reviewed on a regular basis.

Reinsurance

In its normal course of business, the insurance companies in the Group assign a risk to reinsurers in order to reduce their potential net losses through risk diversification. Reinsurance does not cancel the direct liability of the company concerned to the insured.

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

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

Coupled (or accepted) premiums and reimbursed benefits (or paid damages) are reported in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position as gross amounts.

Contracts where substantial insurance risk is transferred are accounted for as insurance contracts. Recoverable amounts are recognized in the same year as the corresponding loss.

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

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

Deferred acquisition costs

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

Acquisition costs

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

2.14.2. Lease activities

Lease activities – The Group as lessor

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

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

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

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

2.14.2.1. Finance lease

Recognition and assessment

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

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

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

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

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

Subsequent valuation

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

Derecognition and impairment

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

Amendments to the lease agreement

The lessor reports the amendment to a finance lease as a separate lease if:

- a) the amendment increases the scope of the lease by adding the right to use one or more underlying assets; and
- b) the remuneration under the leasing contract is increased by an amount commensurate with the independent price for the increase in the scope and possible adjustments of this price to reflect the circumstances of the specific contract.

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

- a) for a contract that would have been classified as an operating lease if the amendment was effective on the date of introduction, the lessor:
 - i) accounts for the amendment to the lease as a new lease from the effective date of the amendment; and
 - ii) measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the amendment to the lease;
- b) Otherwise, the lessee applies the requirements of IFRS 9.

Financial lease receivables

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

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

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

Minimum Lease Payments

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

Beginning of the lease agreement and beginning of the term of the lease agreement

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

Initial and subsequent evaluation

Initially, the Group recognizes a receivable on financial lease equal to its net investment, including present value of minimal lease payments and each residual value of the Group that is not secured. The current value is calculated by discounting minimum lease payments due by the inherent to the lease agreement interest rate.

Initial direct costs are included in the calculation of the claim under financial lease. During the term of the lease agreement the Group accrues financial income (income from interest on financial lease) on the net investment. Received lease payments are treated as a reduction of net investment (repayment of principal) and recognition of financial income in a manner to ensure a constant rate of return on the net investment. Consequently, the net investment in finance lease agreements is presented net, after deduction of individual and portfolio provisions for uncollectability.

2.14.2.2. Operating lease

Recognition and assessment

The lessor recognizes lease payments under operating leases as revenue on a straight-line basis or on a systematic basis. The lessor applies another systematic basis where that basis more accurately reflects the way in which the benefit of using the underlying asset is diminished.

The lessor adds the initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognizes it as an expense over the lease term on the same basis as the lease income. The underlying asset subject to operating leases is amortized with the lessor's usual amortization policy for such assets. The depreciation of such an asset is recognised as an expense on the lease term on the same basis as the lease income.

Amendments to the lease agreement

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

Presentation

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

Impairment losses on finance lease receivables

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

2.14.3. Financial intermediation activity

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

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

Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

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

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

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

a/ at the last announced redemption price.

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

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

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

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

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

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

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

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

Price sources are regulated securities markets - the Bulgarian Stock Exchange and foreign regulated markets where the relevant securities are traded.

Quotation sources can be recognized by world news agencies such as REUTERS, BLOOMBERG, and so on.

Derivatives

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

The most commonly used derivatives are:

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

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

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

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

2.14.4. Energy activities

Revenues of the energy segment are from:

- Services for access to and transmission on the electricity distribution network;
- Services for connection of new consumers to the electricity distribution network;
- Revenues from electricity sales.

Services for access to and transmission along the electricity distribution grid

Upon the sale of services for access to and transmission along the electricity distribution grid, control over the services is transferred over the period of their rendering since the customer received and consumes the rewards simultaneously with receiving the service. Sales revenue is recognized over time, and the contract progress (stage of completion) is measured based on the quantity consumed over a period (on a monthly basis). This method has been determined as the most appropriate one to measure progress, since services are provided on a monthly basis according to customers' expectations and requirements according to an established practice in the sector and constitute part of a series, therefore, it best describes the Group's activity with respect to the transfer of control and satisfaction of performance obligations. Prices are regulated by the state.

Services for the connection of new customers to the electricity distribution grid

Upon the sale of services for the connection of new customers to the electricity distribution grid, certain investments are carried out in connection to expanding the network to the connection point. Connection services are performed based on two types of contracts. In the first case, investments are realised by the Group, and in the second case – by the customers (users). In both types of contracts, customers owe an access fee for connection.

The Group has analysed the criteria for recognition of revenue and has concluded that control over the service for connection to the electricity distribution grid is transferred to the customer at a point in time when the construction of assets for the purpose of connection is completed and the assets are commissioned. Therefore, revenue from the access fee is recognised at this point in time. Prices are regulated by the state.

Revenue from the sale of electricity

The Group sells electricity to corporate and household customers at regulated and freely negotiated prices. As from 1 October 2020, the electricity to household customers is at regulated prices (End Supplier license) only. The Company sells electricity to other Traders in accordance with the Energy Act and the Electricity Trading Rules.

Electricity sales constitute uninterrupted supplies (series) with constant and repetitive character and constitute a single performance obligation, since:

1. the integrated supply includes multiple distinct time periods (usually a month);
2. the goods (electricity) are essentially the same, because the customer obtains constant reward therefrom for each separate time period (each month); and
3. control is transferred over time, since the customer receives and consumes the goods simultaneously with their provision.

Revenue is recognized over time, and the contract's progress (stage of completion) is measured based on the volume consumed over time (on a monthly basis). This method has been determined as most suitable to measure progress, since the good – electricity, is provided on a monthly basis according to customers' expectations and requirements based on the practice established in the country's sector and form part of a series, therefore, it best describes the Company's activity of transfer of control and satisfaction of obligations.

Principal vs. agent, net or gross presentation

- Until 30 September 2019 in accordance with the effective legislation the Company was obliged to purchase electricity from RES producers with capacity up to 4 MW at a preferential price and to sell this electricity to the National Electricity Company (NEC). From 1 October 2019 a change in the legislation was made according to which the obligation of the Company is for purchase of electricity from RES producers with capacity up to 1 MW.

From 01.07.2021 a change in the legislation was made, as the obligation of the Company is to purchase electricity from RES producers with capacity up to 0.5 MW. For these sales, the Company has determined that it does not control the goods prior to their transfer to the NEC and is not in a position to direct their use or obtain rewards from the goods. Therefore, the Company has determined that in the performance of these contracts it acts as an agent.

- Since 1 November 2018 pursuant to an amendment to the Energy Act (EA), RES producers with power capacity higher than or equal to 4 MW and, resp. as of 1 October 2019, RES producers with power capacity higher than or equal to 1 MW, are obliged to sell the electricity produced to the Bulgarian Independent Energy Exchange (IBEX). As of 01.07.2021, RES producers with a capacity greater than or equal to 0.5 MW are obliged to sell the electricity produced by them on the Bulgarian National Energy Exchange (IBEX). The Company has two types of contracts concluded with such RES producers. Usually, it sells on their behalf to IBEX the volumes according to a submitted by them daily schedule for the produced electricity. The same volume of the monthly produced electricity at the achieved average selling price on the exchange, the Company purchases from the RES producers. The Company receives consideration in the form of fee which is calculated based on the energy volumes produced in a past period (on a monthly basis) on behalf of the respective RES producers on the IBEX. Also, from 1 October 2019, the Company has concluded another type of contracts with RES producers to sell the electricity produced by them on IBEX and purchase the electricity at fixed price. For these sales, the Company bears the price risk from the sale of electricity. The remaining obligations and conditions under the second type contracts are identical to the first type.

The Group has determined that it does not usually control the goods prior to their transfer to the IBEX and is not in a position to direct their use or obtain rewards from the goods, mostly under the first type of contracts with RES, since:

- it does not bear primary responsibility for fulfilment of the performance obligations;
- it cannot determine the volume of electricity produced;
- it is not free to negotiate prices.

Due to the above, the Group has determined that in the performance of these contracts it acts as an agent.

The sales revenue under these contracts is recognized at the amount of the fee (net remuneration) that the Company retains after paying to the other party the consideration received for the electricity volumes sold on the IBEX.

Under the second type RES contracts, the Company judges whether it acts as an agent or principal considering the concrete obligations undertaken to the respective RES and respectively the risks borne. In the cases when it has obligations outside the intermediary function and bears the risks for realization of the electricity to third parties, and respectively, risks related to the negotiations in the supply chain, including price; market and in addition the credit risk from collectability, the Company determines that it acts as a principal and reflects the revenue gross. In all other cases when it has an intermediary function – the Company determines that it acts as an agent and reflects the revenue net.

- Under the Electricity Trading Rules and EWRC's price decisions, through the sales of electricity, the Company collects from its customers amounts due to third parties in relation to:
 - grid service fees determined at EWRC prices in favor of the distribution companies;
 - obligation to society' component at a price set by EWRC in favor of the Energy System Security Fund (ESSF);
 - adjustments to amounts billed to customers on the grounds of Art. 51 of the Electricity Metering Rules (repealed by SG, issue 97 dated 23 November 2018);
 - fees for electricity supply disconnection and re-connection to customers under the Trader license in favor of distribution companies.

The Group does not exercise control and cannot control or determine the amounts described hereinabove, nor does it receive consideration for these sales, since it pays to third parties the full amount of the payment collected from customers. Therefore, the Group has determined that its obligation is rather to collect the amounts due by customers on behalf of third parties, which is a statutory obligation. Therefore, it has elected to present revenue and expenses related to these transactions net in the statement of profit and loss.

The gross amounts that the subsidiaries within the Energy segment collected and owe to third parties and with respect to which they act in the capacity of an agent are as follows:

Gross amount of revenue	31.12.2021 <i>BGN '000</i>	31.12.2020 <i>BGN '000</i>
Grid services fees	337 465	324 284
'Obligation to society' component	92 726	129 704
RES electricity up to 0.5 MW /1 MW to NEC	35 761	34 642
Electricity produced from RES over 0.5 MW/1 MW to IBEX	10 932	2 774
Adjustments to invoiced amounts on the grounds of Art. 51 of the Electricity Metering Rules	(101)	(179)
Fees for disconnection and re-connection of supply to customers, in accordance with the Trading Rules	171	15
	476 954	491 240

2.15. Non-current assets and liabilities classified as held for sale and discontinued operations

When the Group intends to sell a non-current asset or a group of assets (a disposal group), and if sale within 12 months is highly probable, the asset or disposal group is classified as 'held for sale' and presented separately in the consolidated statement of financial position.

Liabilities are classified as "held for sale" and presented as such in the consolidated statement of financial position if they are directly associated with a disposal group.

Assets classified as "held for sale" are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some 'held for sale' assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's accounting policy for those assets. Once classified as 'held for sale', the assets are not subject to depreciation or amortization.

2.16. Taxes

Profits tax

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

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

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

Country	Tax rate	
	2021	2020
Bulgaria	10%	10%
Romania	16%	16%
North Macedonia	10%	10%
Ukraine	18%	18%
Georgia	15%	15%
Greece	22%	22%
The Netherlands	25%	25%
Belarus	18%	18%

Deferred tax assets and liabilities are also measured at these rates.

Deferred tax

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

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

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

The deferred taxes on the profits of the Group companies are assessed at a rate valid for 2022, which for the Bulgarian companies is 10% and for the subsidiaries abroad is as follows:

2.17. Non-current assets

2.17.1. Property, plant and equipment, rights of use

2.17.1.1. Property, plant and equipment

Items of property, plant and equipment are measured at cost less the amount of accrued depreciation and any impairment losses.

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

Initial acquisition

Initial valuation of items of property, plant and equipment is carried out:

- At acquisition cost, which includes: the purchase price (including customs duties and non-recoverable taxes), all direct costs of bringing an asset into working condition in accordance with its intended purpose - for assets acquired from external sources;
- At fair value: for those received as a result of a free transaction;
- Under assessment: accepted by the court, and all direct costs of bringing an asset into working condition in accordance with its purpose - for assets received as an in-kind contribution.

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

Subsequent measurement

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

Subsequent costs

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

Gains and losses on sale

In the case of a sale of tangible fixed assets, the difference between the carrying amount and the sale price of the asset is recognized as a gain or loss in the consolidated statement of profit or loss and other comprehensive income.

Write-off of tangible fixed assets on the balance sheet is at the time of sale or when the asset is definitively disposed of and after the write-off the asset is not expected to have any other economic benefits.

2.17.1.2. Rights of use

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

2.17.2. Goodwill

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

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

2.17.3. Intangible assets

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

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

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

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

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

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

2.17.4. Depreciation methods

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

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

Asset group	Useful life in years
Buildings	25-50
Machinery and equipment	2-25
Vehicles	2-6
Business inventory	3-25
Computers	2-5
Software	2
Intangible assets	5-7
Rights of use	over the shorter of the asset's life and the lease term on a straight-line basis

2.18. Investment property

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

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

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

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

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

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

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

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

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

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

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

Short-term employee benefits

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

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

Defined contribution plans

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

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

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

Termination benefits

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

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

2.21. Financial assets and liabilities

Recognition and derecognition

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

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

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

Classification and initial measurement of financial assets

Financial assets are initially measured at fair value, adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables that do not have a significant financial component.

The initial measurement of financial assets at fair value through profit or loss is not adjusted for transaction costs that are reported as current expenses.

The initial measurement of trade receivables that do not have a significant financial component represents the transaction price under IFRS 15.

Depending on the method of subsequent reporting, financial assets are classified into one of the following categories:

- debt instruments at amortized cost;
- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income, with or without reclassification in profit or loss, whether they are debt or equity instruments.

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

- the business model of the Financial Assets Management Group;
- the characteristics of the contractual cash flows of the financial asset.

All income and expenses relating to financial assets recognized in profit or loss are included in financial expenses, financial income or other financial items, except for impairment of trade receivables, which is presented in line with other expenses in the consolidated statement of profit or loss and other comprehensive income.

Subsequent valuation of financial assets

Debt instruments at amortized cost

Financial assets are measured at amortized cost if the assets meet the following criteria and are not designated for fair value through profit or loss:

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

This category includes non-derivative financial assets such as loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortized cost using the effective interest method. Discarding is not done when its effect is insignificant. The Group classifies in this category the cash and cash equivalents / cash, trade and other receivables as well as listed bonds.

Financial assets at fair value through profit or loss

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

Changes in the fair value of assets in this category are reflected in profit or loss. The fair value of financial assets in this category is determined by quoted prices in an active market or by using valuation techniques in the absence of an active market.

Financial assets at fair value through other comprehensive income

The Group recognizes financial assets at fair value in other comprehensive income if the assets meet the following conditions:

- The Group manages assets within a business model that aims to hold the financial assets to collect contractual cash flows and sell them; and
- According to the contractual terms of the financial asset at specific dates, cash flows arise, which are only principal payments and interest on the outstanding amount of the principal.

Financial assets at fair value through other comprehensive income include:

- Equity securities that are not held for trading and which the Group irrevocably has chosen at initial recognition to recognize in this category.
- Debt securities where the contractual cash flows are only principal and interest and the Group's business model is aimed at both the collection of contractual cash flows and the sale of financial assets.

In case of disposal of equity instruments in this category, any value reported in the revaluation reserve of the instruments is reclassified to retained earnings.

In case of release from debt instruments in this category, any amount reported in the revaluation reserve of the instruments is reclassified to profit or loss for the period.

Classification and measurement of financial liabilities

The financial liabilities of the Group include borrowings, liabilities under finance leases, trade and other financial liabilities.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Group has designated a financial liability as measured at fair value through profit or loss.

Financial liabilities are subsequently measured at amortized cost using the effective interest method, except for derivatives and financial liabilities that are designated for measurement at fair value through profit or loss (except for derivative financial instruments that are designated and effective as hedging tool).

All interest-related expenses and, if applicable, changes in the fair value of the instrument that are recognized in profit or loss are included in financial expenses or financial income.

Derivative financial instruments and hedge accounting

Derivative financial instruments are measured at fair value through profit or loss except for derivatives designated as hedging instruments for cash flow hedges that require specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic link between the hedged item and the hedging instrument;
- the effect of credit risk is not an essential part of the changes in value that result from this economic relationship;

- the hedging relationship's hedge ratio is the same as the one resulting from the amount of the hedged item that the Group actually hedges and the amount of the hedging instrument that the Group actually uses to hedge this amount of hedged items.

All derivative financial instruments used for hedge accounting are initially recognized at fair value and are reported at fair value in the consolidated statement of financial position.

To the extent that hedging is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognized in other comprehensive income and included in the hedge of the cash flow in equity. Any inefficiency in the hedging relationship is recognized immediately in profit or loss.

At the moment when the hedged item affects profit or loss, the gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as a reclassification adjustment to other comprehensive income. However, if a non-financial asset or liability is recognized as a result of the hedged transaction, gains or losses previously recognized in other comprehensive income are included in the initial measurement of the hedged item.

If the forecast transaction is no longer expected to occur, any related gain or loss recognized in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to be effective, hedge accounting is discontinued and the related gain or loss is recognized as a reserve in equity until the estimated transaction.

Impairment of financial assets

IFRS 9 requires the Company to recognize a provision for expected credit losses for all debt instruments that are not carried at fair value through profit or loss and for contract assets.

Instruments under the new requirements include loans and other financial assets measured at amortized cost / fair value through other comprehensive income, trade receivables, contract assets recognized and measured under IFRS 15, and credit commitments and some 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.

- **Net investment in financial leasing**

In determining the impairment of financial lease receivables, the Group is based on a three-step approach, which aims to reflect the deterioration of the credit quality of the financial instrument. At each reporting date after initial recognition, the Group assesses at which stage the financial asset that is subject to impairment testing relates. The stage determines the relevant impairment requirements. The Group uses a 5-point system to determine the credit rating of each transaction, and the criteria of the system used consider both the leasing asset, transaction parameters (down payment, term, residual value) and the financial condition of the individual client.

- **Cash**

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

- **Receivables on loans**

The Group has receivables from loans granted, which are categorized according to whether the borrower has a rating and depending on whether the receivables from such loans are overdue.

- **Trade and other receivables, contracted assets**

The Company uses a simplified approach to accounting for trade and other receivables as well as contract assets and recognizes impairment losses as expected credit losses over the entire period. They represent the expected shortfall in contractual cash flows, given the possibility of default at any time during the term of the financial instrument. The Company uses its accumulated experience, external indicators and long-term information to calculate the expected credit losses through customer allocation by industry and time structure of receivables and using a maturity of provisions.

- **Judicial and adjudicated receivables**

The Group's judicial and adjudicated receivables are categorized in Group 3, respectively as such they are individually considered by the management and each such receivable is assigned an individual impairment percentage.

2.22. Inventory

Materials and goods are valued at shipping cost. Their value is the sum of all purchase costs and other costs incurred in delivering them to their current location and status.

The write-off of materials and commodities upon their consumption is based on a specific or weighted average value depending on the segments.

The net realizable value of the inventories is stated at the sale price, less the completion costs and costs incurred to realize the sale and is determined with respect to marketing, obsolescence and development at expected sales prices.

When the inventory value of inventories is higher than the net realizable value, it is reduced to the net realizable value. The decrease is recorded as other current expenses.

2.23. Provisions, contingent liabilities and contingent assets

Provisions are recognized when it is probable that current liabilities resulting from a past event will result in an outflow of resources from the Group and a reliable estimate of the amount of the liability can be made. The timing or amount of cash outflow may be uncertain. A present obligation arises from the existence of a legal or constructive obligation as a result of past events, such as guarantees, legal disputes or burdensome contracts. Restructuring provisions are recognized only if a detailed formal restructuring plan has been developed and implemented or management has announced the main points of the restructuring plan to those who would be affected. Provisions for future operating losses are not recognized.

The amount recognized as a provision is calculated on the basis of the most reliable estimate of the costs required to settle a current liability at the end of the reporting period, taking into account the risks and uncertainties associated with the current liability. Where there are a number of similar obligations, the probable need for an outflow to settle the obligation is determined taking into account the group of liabilities as a whole. Provisions are discounted when the effect of time differences in the value of money is significant.

Third party benefits in respect of a liability that the Group is certain to receive are recognized as a separate asset. This asset may not exceed the value of the provision in question.

Provisions are revised at the end of each reporting period and adjusted to reflect the best estimate.

In cases where it is considered that an outflow of economic resources is unlikely to occur as a result of a current liability, a liability is not recognized unless it is a business combination (see [Note 2.5](#)). In a business combination, contingent liabilities are recognized when the cost of acquisition is allocated to the assets and liabilities acquired in the business combination. Contingent liabilities should be subsequently measured at the higher of the comparable provision described above and the amount initially recognized less accumulated depreciation.

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

2.24. Equity and earnings per share

2.24.1. Equity

Equity includes share capital, premium reserves and other reserves, as well as retained earnings and current financial result.

The share capital is presented at its nominal value according 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 consolidated statement of changes in equity.

Equity that does not belong to the economic group / non-controlling interest / represents part of the net assets, including the net result for the year of the subsidiaries, which can be attributed to participations that are not directly or indirectly owned by the Group.

2.24.2. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to shareholders, holders of ordinary shares by the weighted average number of ordinary shares outstanding for the period.

The weighted average number of shares is the number of ordinary shares outstanding at beginning of period, adjusted by the number of repurchased ordinary shares issued during the period multiplied by the average time factor. This factor expresses the number of days the specific shares were held in relation to the total number of days during the period.

In capitalization, bonus issue or split, the number of ordinary shares that are outstanding at the date of this event is adjusted to reflect the proportional change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the submitted the earliest period. Reduced earnings per share are not calculated as there are no dilutive potential issued shares.

2.25. Liabilities

Financial liabilities are recognized over the period of the loan by the amount of receipts received, the principal, less the transaction costs. In subsequent periods, financial liabilities are measured at amortized cost equal to the capitalized value when applying the effective interest method. In the consolidated statement of profit or loss and other comprehensive income, loan costs are recognized over the period of the loan.

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

Deferred income is recognized as liabilities includes payments received in respect of earnings for subsequent years.

2.26. Financial risk management

Factors that determine the financial risk

In carrying out its activities, the Group is exposed to a variety of financial risks:

- credit risk;
- liquidity risk;
- operational risk;
- insurance risk;
- reinsurance risk;
- capital risk;
- other risks due to Covid-19.

The overall risk management program focuses on the unpredictability of financial markets and aims to reduce any adverse effects on the Group's financial performance.

2.26.1. Currency risk

The Group is exposed to currency risk through payments in foreign currency and through its assets and liabilities denominated in foreign currency. Foreign currency exposures result in gains or losses that are recognized in the consolidated statement of profit or loss and other comprehensive income. These exposures comprise the Group's monetary assets that are not denominated in the currency used in the financial statements of local companies.

With the exception of the Insurance Business, the Group operates mainly in Bulgarian levs and in euro. Management believes that with the Bulgarian Currency Board operating in Bulgaria and the fixed exchange rate of the Bulgarian lev to the euro, the Group is not exposed to significant adverse effects of changes in the exchange rate.

The Group has no significant investments in countries other than the countries in which it operates - Bulgaria, Romania, Macedonia, Ukraine and Georgia. In cases where the local currency is exposed to significant currency risk, its management is achieved by investing in assets denominated in Euro.

The distribution of significant financial assets and liabilities exposed to currency risk by currency as of December 31, 2021 is as follows:

As of 31 December 2021

In BGN '000

	BGN	EUR	MKD	RON	Other currencies	Total
Cash and cash equivalents	81 390	44 216	1 362	15 041	10 123	152 132
Term deposits in banks	4 574	11 768	5 031	-	5 851	27 224
Financial leasing receivables	21 690	49 975	10 227	-	-	81 892
Government securities at fair value through profit or loss	-	67 396	-	-	-	67 396
Government securities at amortized cost	-	3 319	350	-	5 884	9 553
Corporate bonds at fair value through profit or loss	11 290	76 455	-	-	613	88 358
Open-end investment funds	103 553	38 103	4 641	-	-	146 297
Equity investments at fair value through profit or loss	24 594	17 814	1 184	4 011	441	48 044
Other financial assets	65 181	1 742	-	-	1 100	68 023
Reinsurers' share in insurance contract liabilities	9 685	1 075 297	-	-	-	1 084 982
Total	321 957	1 386 085	22 795	19 052	24 012	1 773 901

Subordinated debt	22 080	19 558	-	-	-	41 638
Loans from banks and non-bank financial institutions	27 206	975 768	10 058	-	5 687	1 018 719
Bond liabilities	18 076	180 700	-	-	-	198 776
Insurance contract liabilities	243 134	47 407	21 877	975 827	142 606	1 430 851
Total	310 496	1 223 433	31 935	975 827	148 293	2 689 984

The distribution of significant financial assets and liabilities exposed to currency risk by currency as of December 31, 2020 is as follows:

As of 31 December 2020

In BGN '000

	BGN	EUR	MKD	RON	Other currencies	Total
Cash and cash equivalents	10 266	47 719	1 388	2 236	7 191	68 800
Term deposits in banks	4 305	1 175	7 389	-	10 586	23 455
Financial leasing receivables	15 220	49 402	10 088	-	-	74 710
Government securities at fair value through profit or loss	-	96 246	-	-	-	96 246
Government securities at amortized cost	-	979	350	-	4 638	5 967
Corporate bonds at fair value through profit or loss	2 802	3 110	-	-	15 441	21 353
Open-end investment funds	29 607	38 869	4 284	-	-	72 760
Equity investments at fair value through profit or loss	40 970	8 619	1 275	3 658	316	54 838
Other financial assets	87 964	1 526	-	33	1 294	90 817
Reinsurers' share in insurance contract liabilities	3 943	665 822	-	43 156	-	712 921
Total	195 077	913 467	24 774	49 083	39 466	1 221 867

Subordinated debt	32 784	44 201	-	-	-	76 985
Loans from banks and non-bank financial institutions	26 339	135 378	9 922	-	2 702	174 341
Bond liabilities	17 813	125 539	-	-	19 990	163 342
Insurance contract liabilities	195 455	88 586	20 342	816 798	84 737	1 205 918
Total	272 391	393 704	30 264	816 798	107 429	1 620 586

2.26.2. Interest rate risk

The Group is exposed to the risk of changes in market interest rates, mainly with respect to its short-term and long-term financial liabilities with variable (floating) interest rates. The Group's policy is to manage interest expenses by using financial instruments with both fixed and floating interest rates. The interest rates on the majority of the Group's loans to banking institutions are based on one-month and / or quarterly and / or six-month EURIBOR, which at the time of preparing this report has stable levels - 0%. The companies in the Group pay a fixed margin to it between 2% and 6.0%. Therefore, the risk of interest rate changes is negligible.

The Group's exposure to interest rate risk is concentrated mainly in its investment portfolio. The Group controls this exposure through periodic review of its active positions. Cash flow assumptions as well as the impact of interest rate fluctuations on the investment portfolio are reviewed every six months. The purpose of these strategies is to limit large changes in assets related to changes in interest rates. The Group is also exposed to the risk of changes in future cash flows from fixed income securities resulting from changes in market interest rates.

The distribution of financial assets according to their sensitivity to interest rate risk as of December 31, 2021 is as follows:

As of 31 December 2021

In BGN '000

	Variable interest rate	Fixed interest rate	Interest-free	Total
Cash and cash equivalents	-	30 093	122 039	152 132
Term deposits in banks	-	27 224	-	27 224
Financial leasing receivables	51 807	27 140	2 945	81 892
Government securities at fair value through profit or loss	-	67 396	-	67 396
Government securities at amortized cost	-	9 553	-	9 553
Corporate bonds at fair value through profit or loss	-	88 358	-	88 358
Open-end investment funds	-	-	146 297	146 297
Equity investments at fair value through profit or loss	-	-	48 044	48 044
Other financial assets	-	67 036	987	68 023
Total	51 807	316 800	320 312	688 919

The distribution of financial assets according to their sensitivity to interest rate risk as of December 31, 2020 is as follows:

As of 31 December 2020

In BGN '000

	Variable interest rate	Fixed interest rate	Interest-free	Total
Cash and cash equivalents	-	11 970	56 830	68 800
Term deposits in banks	-	23 455	-	23 455
Financial leasing receivables	56 756	14 673	3 281	74 710
Government securities at fair value through profit or loss	-	96 246	-	96 246
Government securities at amortized cost	-	5 967	-	5 967
Corporate bonds at fair value through profit or loss	-	21 353	-	21 353
Open-end investment funds	-	-	72 760	72 760
Equity investments at fair value through profit or loss	-	1	54 837	54 838
Other financial assets	-	89 227	1 590	90 817
Total	56 756	262 892	189 298	508 946

2.26.3. Price risk

The Group's exposure to price risk is related to financial assets at fair value, which include shares and bonds traded on EU stock exchanges.

Under these instruments, there is a risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those related to interest rate and currency risk), whether or not these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting the market.

Price risk is managed by analyzing the companies in which investments are made on the basis of their operating activities.

2.26.4. Credit risk

The Group's credit risk is mainly related to trade and financial receivables.

The amounts presented in the consolidated statement of financial position are on a net basis, excluding provisions for uncollectible receivables, assessed as such by management, based on previous experience and current economic conditions.

The Group holds assets in a trading portfolio in order to manage credit risk. Credit risk is the risk that one party to a financial instrument will incur a financial loss for the other party to it by failing to meet an obligation. The Group has implemented policies and procedures to mitigate the exposure of the credit risk group.

The Group's investment policy requires strict application of the diversification rules on exposure limits for each type of instrument and for an individual counterparty, set out in the insurance legislation of each country. The Group does not conduct derivative transactions.

The Group invests its own funds mainly in bank deposits, securities issued by Member States of the European Union, bonds issued by financial institutions or other companies. In order to implement its investment policy, the Group uses professional services of investment intermediaries that have received permission to conduct transactions in the country and abroad.

Type of investment and rating <i>In BGN '000</i>	As of 31.12.2021	As of 31.12.2020
Government securities		
Rating AAA	19 753	22 470
Rating AA	37 095	51 893
Rating BBB	10 547	21 883
Rating BB	350	350
Rating B	9 204	5 617
Corporate bonds		
Rating BBB	17 123	3 050
Rating BB	110	121
Rating B	20 207	-
No rating	50 918	18 182
Shares		
Rating AA	-	407
Rating BBB	33 130	35 339
Rating BB	91	54
No rating	161 120	91 798
Total	359 648	251 164

The Group has exposures to government debt as follows:

Portfolio as of 31.12.2021 <i>In BGN '000</i>	Ukraine	Austria	Germany	Italy	France	Bulgaria	Romania	Northern Macedonia	Belarus	Total
Reported at fair value	-	17 620	19 753	9 951	19 474	356	242	-	-	67 396
Reported at amortized cost	7 025	-	-	-	-	-	-	350	2 178	9 553
Total	7 025	17 620	19 753	9 951	19 474	356	242	350	2 178	76 949

Portfolio as of 31.12.2020 <i>In BGN '000</i>	Ukraine	Austria	Belgium	Italy	France	The Netherlands	Germany	Romania	Belarus	Northern Macedonia	Total
Reported at fair value	-	22 174	7 585	21 503	22 134	22 098	372	380	-	-	96 246
Reported at amortized cost	3 704	-	-	-	-	-	-	-	1 913	350	5 967
Total	3 704	22 174	7 585	21 503	22 134	22 098	372	380	1 913	350	102 213

2.26.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they become due. The policy in this area is aimed at ensuring that sufficient liquidity is available to service the obligations when they become due, including in extraordinary and unforeseen situations. The objective of the management is to maintain a constant balance between the continuity and flexibility of financial resources through the use of adequate forms of funding.

Liquidity risk management is the responsibility of the Group's management and includes maintaining sufficient cash, negotiating adequate credit lines, preparing analysis and updating cash flow projections.

The table below presents an analysis of the consolidated liabilities of Eurohold Group by maturity, based on the remaining period from the date of the consolidated statement of financial position to the date of realization of the liabilities based on the agreed undiscounted payments:

Consolidated liabilities by residual term

At 31 December 2021 <i>In BGN '000</i>	Up 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Subordinated debt	19 558	-	-	22 080	-	41 638
Loans from banks and non-bank financial institutions	6 263	11 305	85 591	914 440	1 120	1 018 719
Bond liabilities	-	-	161 606	14 011	23 159	198 776
Non-current liabilities	-	-	-	105 778	784	106 562
Current liabilities	25 405	4 534	139 524	-	-	169 463
Trade and other payables	34 919	152 983	92 381	36 522	1 208	318 013
Liabilities under reinsurance operations	-	-	119 368	-	-	119 368
Insurance contract liabilities	-	-	1 228 819	184 397	17 635	1 430 851
TOTAL	86 145	168 822	1 827 289	1 277 228	43 906	3 403 390

At 31 December 2020	Up 1	1-3	3-12	1-5	Over 5	Total
<i>In BGN '000</i>	month	months	months	years	years	
Subordinated debt	-	-	19 558	24 643	32 784	76 985
Loans from banks and non-bank financial institutions	8 202	7 115	40 076	115 714	3 234	174 341
Bond liabilities	1 913	497	40 931	104 589	15 412	163 342
Non-current liabilities	-	-	-	12 377	1 968	14 345
Current liabilities	771	3 459	57 676	-	-	61 906
Trade and other payables	5 400	15 985	61 442	32 868	1 453	117 148
Liabilities under reinsurance operations	-	-	46 855	-	-	46 855
Insurance contract liabilities	-	-	728 289	469 682	7 947	1 205 918
TOTAL	16 286	27 056	994 827	759 873	62 798	1 860 840

2.26.6. Operational risk

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

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

The aim of the Group is to manage operational risk in such a way as to prevent financial losses and in the most effective way, while maintaining its good reputation and at the same time not hindering initiative and creativity in its actions.

2.26.7. Insurance risk

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

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

The property is subject to a number of risks, including theft, fire, business disruption and weather conditions. Compensation for phenomena such as storms, floods, landslides, fires, explosions, and rising crime rates occur on a regional scale, which means that each company manages the distribution of its geographical risk very carefully. In the event of an earthquake, each company expects the real estate portfolio to include high claims for structural real estate claims and large claims due to business disruptions, while transportation links are down and the property is closed due to renovations. Each company accepts the total risk exposure, which is ready to take in certain areas for a number of events such as natural disasters.

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

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

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

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

2.26.8. Reinsurance risk

The companies of the Group cede insurance risk to limit exposure to underwriting losses under various agreements that cover individual risks, group risks or defined lines of business, on co-insurance, on yearly renewable term. These reinsurance agreements spread the risk and minimise the effect of losses. The amount of each risk retained depends on Company's assessment of specific risk, which under certain circumstances reaches limits based on characteristics of coverage. In the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in case claim is paid. Each company, however, remains liable to its policyholders in respect to ceded insurance in case reinsurer fails to meet the obligations he assumes. In non-life business, the predominant use of reinsurance is intended to manage exposure to weather-related events, natural catastrophes, events involving multiple casualties, catastrophic fires and liabilities (general and motor third party liability). When selecting a reinsurer each company of the Group considers its relative reliability. Assessment of reinsurer's reliability is based on public rating information and internal researches.

2.26.9. Capital risk management

With capital management, the Group 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 Group currently monitors the security and capital structure based on the debt ratio, namely the net debt capital to the total amount of capital.

In 2016, a number of regulatory changes entered into force, which have a significant effect on the insurance market in the region and in particular on the Group, including Directive 2009/138 / EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) and others.

Net debt includes all liabilities, loans, debenture, trade and other payables less the carrying amount of cash and cash equivalents. For capital risk calculation, subordinated debt instruments are treated as equity.

The capital for the presented reporting periods can be analyzed as follows:

In BGN '000	31.12.2021	31.12.2020
Equity (net assets and subordinated debt instruments)	412 144	23 688
Total liabilities (excluding subordinated debt instruments and insurance contract liabilities)	1 962 180	578 279
Cash and cash equivalents, and time deposits with banks	(179 356)	(92 255)
Net debt	1 782 824	486 024
Total Equity and net debt	2 194 968	509 712
Indebtedness ratio % (Net debt to Equity and net debt)	81%	95%

The regulatory authorities for the various companies of the Group introduce rules for determining the solvency requirements and the amount of own funds and monitor compliance with them. The policy of the Group companies is to maintain stable levels of coverage of capital requirements, as well as to maintain the balance between high return and risk. Management is in the process of continuously analyzing the effect of the new regulatory framework on the Group's capital position and operations.

The increase in net debt in 2021 is mainly due to the companies acquired from the Energy Business. (*Note 51.1.1.*)

During the period, the company complied with all externally imposed capital requirements (ratio) to which it is subject.

2.26.10. Other risks

2.26.10.1. Covid-19 (Coronavirus)

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

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

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

Development of Covid-19 Pandemic (Coronavirus)

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

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

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

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

Effect on economic growth

The table below presents information on the expectations for economic growth of the Republic of Bulgaria, according to the data of the International Monetary Fund (April 2022: <https://www.imf.org/en/Publications/WEO/Issues/world-economic-outlook-april-2022>) including forecast data after the occurrence of the pandemic situation related to Covid-19 (Coronavirus).

	Historical data					Forecast	
	2017	2018	2019	2020	2021	2022	2023
Economic GDP growth	3.5%	3.1%	3.7%	(4.2)%	4.2 %	3.2	4.5%

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	2021	2022	2023
Economic GDP growth	2.6%	1.9%	1.5%	(6.3)%	5.5%	3.0%	2.2%

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

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

As can be seen from the above data, the Management takes into account the possible short-term risks to the 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		After the hostilities in Ukraine	
	Rating	Perspective	Rating	Perspective	Rating	Perspective
Romania	BBB	Stable	BBB	Negative	BBB	Negative
North Macedonia	BB+	Stable	BB+	Negative	BB+	Negative
Ukraine	B	Positive	B	Positive	CCC	-
Georgia	BB	Stable	BB	Stable	BB	Stable
Belarus	B	Stable	B	Negative	CCC	-
Russian Federation	BBB	Stable	BBB	Stable	N/A	N/A
Greece	BB	Stable	BB	Stable	BB	Stable
Poland	A-	Stable	A-	Stable	A-	Stable
Italy	BBB	Negative	BBB-	Stable	BBB-	Stable
Spain	A-	Stable	A-	Stable	A-	Stable
United Kingdom	AA	Negative	AA-	Stable	AA-	Stable

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

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

Analysis of the expected effect on the IFRS model 9

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

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

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

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

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

With regard to the model (including the complete and simplified one) for calculating the expected credit losses, the Management Board considers that it is not necessary to make a change in the general model. Management considers possible short-term risks to the overall economic development of the main countries in which the Company (Eurohold Group) operates, and in some markets the expected reduction in Gross Domestic Product would be significant, but also takes into account general expectations for rapid recovery in 2021 -2022 with expectations to return to and above average projected growth levels before Covid-19 (Coronavirus), and has therefore decided to review its model and update its expectations.

As sufficiently reliable macroeconomic statistics and information on medium-term levels of probability of default are available as of 31 December 2021, the Guide is:

- maintained the expected credit loss on exposures that are part of the simplified model (ie trade receivables);
- increased the expected credit loss of exposures that are part of the full model (ie deposits and cash in banking institutions), with an average increase of 3.58% for deposits and 4.12% for cash in banking institutions.
- As a result of the update in the statistical data, the impairment for expected credit losses accrued on receivables from leasing contracts increases. For receivables classified in Group 1 in 2021 the increase is 0.07% compared to 2020. The impairment of receivables from leasing contracts classified in Group 2 increases by 4.76%, and for those in Group 3 the expected credit losses increase by 3.22%

2.26.10.2. Military action in Ukraine

The hostilities in Ukraine, which began on February 24, 2022, caused a wide international response and affected the countries of Europe in various aspects. The expectation is that the military conflict will have a negative impact and affect to one degree or another all aspects of the international economy. Inflationary pressures continue to increase, with military action and rising quotations of all commodities expected to increase further.

This raises the need for the Group to analyze, based on current information, the potential effect on its financial condition and in particular on the models used to determine expected credit losses on financial assets in accordance with IFRS 9. Based on the analysis performed and taking into account of the collection of its receivables in the period after the beginning of the military conflict, until the date of preparation of these financial statements, the Management of the Group considers that in the short term there are no indications of deterioration of credit quality of counterparties. There are grounds for changing the model for calculating expected credit losses, including due to the lack of sufficiently reliable data. The long-term perspectives and potential effects on the collection and credit quality of the estimates are subject to constant monitoring and updating by the Management.

The potential risks of limiting supplies and limiting the volume of activity cannot be subject to specific parameterization. The general uncertainty and impossibility to form specific expectations and parameters of the effects of the military conflict give the management a reason to be conservative in their assessment and at the same time limit it in making a reliable assessment.

2.27. Determination of fair values

Fair value is the price that would have been obtained on the sale of an asset or paid on the transfer of an obligation in a typical transaction between market participants at the valuation date.

Fair value measurement implies that the transaction for the sale of the asset or the transfer of the liability is carried out:

- the underlying market for that asset or liability;
or
- in the absence of a major market - the most profitable market for that asset or liability.

The main or most advantageous market should be available to the Group.

In measuring the fair value of a non-financial asset, the ability of a market participant to generate economic benefits by using the asset to maximize its value or by selling it to another market participant that will use it in such a way is taken into account. The Group uses cost-appropriate valuation methods, for which there is sufficient available fair value measurement data, using as much as possible the relevant observable hypotheses and minimizing the use of non-observable ones.

All assets or liabilities that are measured at fair value or disclosed in the consolidated financial statements are categorized according to a fair value hierarchy described as follows and based on the lowest rank of observable assumptions that are significant for the fair value measurement as a whole:

- Level 1 - Adjusted (unadjusted) active market prices for identical assets or liabilities to which the Group may have access at the measurement date;
- Level 2 - Valuation techniques for which observable lower rank hypotheses that are relevant for fair value measurement are directly or indirectly observable;
- Level 3 - Valuation techniques for which observable lower case scenarios that are relevant for fair value measurement are unobservable.

The Group uses external appraisers to measure the fair value of significant assets, such as goodwill and investment property at the end of the financial year.

For the purpose of disclosing fair value, the Group has determined asset and liability classes based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Disclosures related to fair value for financial instruments and non-financial assets that are measured at fair value or when fair values are disclosed are summarized in the following notes:

The table below presents an analysis of the financial instruments at fair value through profit or loss according to the valuation methods used as at 31 December 2021 and 2020:

As of 31 December 2021

<i>In BGN '000</i>	<i>Note</i>	Level 1	Level 2	Level 3
Investment property	30	-	-	2 014
Government securities carried at fair value through profit or loss	33	67 396	-	-
Government securities reported at amortised cost	33	9 553	-	-
Corporate bonds at fair value through profit or loss	33	84 836	3 522	-
Equity investments at fair value through profit or loss	33	60 506	130 254	3 581
Total		222 291	133 776	5 595

During the period there were no transfers between level 1, level 2 and level 3 of assets measured at fair value.

As of 31 December 2020

<i>In BGN '000</i>	<i>Note</i>	Level 1	Level 2	Level 3
Exchange traded repurchased own bonds*	41	20 217	-	-
Investment property	30	-	-	9 652
Government securities carried at fair value through profit or loss	33	96 246	-	-
Government securities reported at amortised cost	33	5 967	-	-
Corporate bonds at fair value through profit or loss	33	21 353	-	281
Equity investments at fair value through profit or loss	33	50 688	72 760	4 150
Total		194 471	72 760	14 083

During the period there were no transfers between level 1, level 2 and level 3 of assets measured at fair value.

* Bond 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 December 31, 2021, the parent company does not hold repurchased own bonds. (as of 31.12.2020 - 10,500 from the EMTN Program in EUR).

2.28. Cash flows

The consolidated cash flow statement shows the Group's cash flows for operating, investing and financing activities during the year, changes in cash and cash equivalents for the year, cash and cash equivalents at beginning and end of the year.

Operating cash flows are calculated as a result for the year, adjusted for non-monetary operating positions, changes in net working capital and corporate tax.

Cash flows from investing activities include payments in connection with the purchase and sale of fixed assets and cash flows associated with the purchase and sale of businesses and activities. Purchase and sale of other securities that are not cash and cash equivalents are also included in investing activities.

Cash flows from financing activities include changes in the size or composition of share capital and related costs, borrowing and repayment of interest-bearing loans, purchase and sale of own shares and payment of dividends.

2.29. Lease

The Group as a lessee

The Group assesses whether the contract represents or contains elements of a Lease if, under this agreement, the right to control the use of an asset for a specified period of time is transferred for consideration. If it is established that the lease agreement recognizes the Group as an asset with a right of use and a corresponding obligation at the date on which the leasing asset is available for use.

A reassessment of whether a contract represents or contains elements of a lease is made only if the terms and conditions of the contract change.

Leasing assets and liabilities are initially measured at present value.

Leasing liabilities include the net present value of the following lease payments:

- fixed payments (including substantially fixed payments) minus any lease incentive receivables;
- variable lease based on an index or interest initially measured by the index or rate at the commencement date;
- amounts expected to be paid by the Group under guarantees of residual value;
- the cost of exercising a purchase option if the Group has reason to exercise that option, and
- payments of penalties for termination of the lease if the lease term reflects the fact that the Group exercises this option.

Lease payments that are made under reasonably defined extension options are also included in the liability measurement. The valuation of a lease contract with an option to extend the lease term should be taken plus 1 year to the fixed period. The Group acknowledges that this is the minimum for which there is assurance that an option contract may be extended.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The Group applies a three-step approach in determining the incremental borrowing rate based on:

- Yield of 10-years Government Bonds calculated as an average for the the last 3 years;
- financing spread adjustment - loans to new enterprises, non-financial corporations in local currency, to determine the initial initial interest rate for a period of 3 years (for real estate) or the average interest rate on financial leasing to unrelated persons for the last 3 years (for vehicles);
- specific lease adjustment related to the specific asset (at the discretion of each individual asset).

Applicable Rates at Eurohold Bulgaria AD:

	Buildings - Bulgaria	Buildings - Romania	Buildings - UK	Buildings - Greece	Buildings - Georgia	Buildings - North Macedonia	Vehicles - Bulgaria	Vehicles - North Macedonia
Incremental borrowing rate	4,05 %	4,54 %	1,31 %	4,54 %	7,03 %	5,81%	5,34 %	6,17 %

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

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

The Group as a lessor

The group as a lessor distinguishes between two types of leases: operational and finance. (*Note 2.14.2*).

3. Revenue from insurance business

	2021 BGN'000	2020 BGN'000 Restated
Gross premiums written from insurance	1 366 650	913 652
Received recoveries from reinsurers	425 719	264 155
Positive change in the gross provision for unearned premiums and unexpired risk reserve	8 393	-
Positive change in reinsurers' share in unearned premium reserve	269 689	8 523
Positive change in other technical reserves	133 150	32 305
Recourse income	3 909	-
Fees and commissions income	10 482	10 413
Investment income	104 123	83 411
Share of profit on investments in associates accounted for using the equity method	30 188	37 367
Income from the purchase of investments in subsidiaries	-	4 269
Other revenue	12 451	3 622
	2 364 754	1 357 717

4. Insurance segment expenses

	2021 BGN'000	2020 BGN'000 Restated
Paid claims, claims handling and prevention expenses	(822 552)	(558 932)
Change in the gross provision for unearned premiums and unexpired risk reserve	(214 632)	(28 639)
Change in the reinsurers' share the unearned premium reserve	(5 502)	-
Change in other technical reserves	(52 189)	(46 279)
Change in the reinsurers' share in the other reserves	(293)	-
Premiums ceded to reinsurers	(663 404)	(411 782)
Acquisition expenses	(324 161)	(211 521)
Investment costs, including:	(30 026)	(26 668)
<i>Impairment of investments in associates</i>	(8 879)	-
Other operating expenses	(89 152)	(70 914)
	(2 201 911)	(1 354 735)

5. Revenue from energy business

	2021*	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Open market customers	722 123	-
Household consumers	326 361	-
Business consumers	137 703	-
Connections fee revenue	12 108	-
Penalties for late payments	1 879	-
Revenues from services for research, repair and maintenance of electricity distribution network, and commercial metering devices	3 225	-
Revenues from information, communication, technological services (ICT) and others	1 428	-
Revenues from the Power System Security Fund	719	-
Other income	5 523	-
* for the period 1.8.2021 – 31.12.2021	1 211 069	-

6. Expenses of energy business

	2021*	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Costs for purchased electricity	(963 026)	-
Technological costs for electricity transmission	(42 041)	-
Balancing energy	(25 025)	-
Costs for transmission and access services	(1 140)	-
Other expenses	(47)	-
* for the period 1.8.2021 – 31.12.2021	(1 031 279)	-

7. Revenue from car sales and after sales

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Revenue from sale of cars and spare parts	35 010	31 477
Revenue from after sales and rent-a-car services	154	392
Gains from the sale of financial assets and instruments	11 255	833
	46 419	32 702

8. Revenue from lease business

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Revenue from services and sale of goods	17 949	15 480
Interest income	6 615	6 092
Gains from changes in exchange rates	2	1
Bargain purchase (<i>Note 51.1.2.</i>)	2 006	-
Other finance income	81	55
	26 653	21 628

9. Expenses of leasing business

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Interest expenses	(3 582)	(3 517)
Book value of goods sold	(5 071)	(3 922)
Foreign exchange losses	(61)	(55)
Other expenses	(251)	(208)
	(8 965)	(7 702)

10. Revenue from asset management and brokerage

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Interest income	496	458
Gains from sale of financial assets and financial instruments	101	3
Foreign exchange gains, net	7 800	6 435
Other revenue	1 881	1 039
	10 278	7 935

11. Expenses of asset management and brokerage

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Interest expenses	(87)	(71)
Losses from sales of financial assets and financial instruments	(6 990)	(6 316)
Foreign exchange losses, net	(152)	(44)
Other expenses	(282)	(281)
	(7 511)	(6 712)

12. Revenue from the activities of the parent company

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Gains from sale of financial assets and financial instruments	819	2 443
Interest income	15	-
Other revenue	558	585
	1 392	3 028

13. Expenses of the activities of the parent company

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Losses from sales of financial assets and financial instruments	(1 084)	(1 850)
	(1 084)	(1 850)

14. Other income/(expenses), net

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Other income/(expenses), net	6 316	2 486
	6 316	2 486

14. Other income

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	3 834	-
Automotive business	2 199	2 240
Leasing business	257	227
Asset management and brokerage	26	19
	6 316	2 486

Other revenues from the Energy Business segment represent revenues from surpluses of non-current assets and materials, as well as revenues from the sale of goods.

The other revenues of the Automotive and Leasing segments represent revenues from financing received in 2020 and 2021 in connection with overcoming the consequences of the Covid-19 pandemic under the government's employment retention program "Payment of compensation under Article 1 , para 3 of the Council of Ministers №55 / 30.03.2020 of an employer, established part-time work by the order of art. 138a, para 2 of the Labor Code ", acquired publicity as Measure" 60/40 ". The conditions and the procedure for payment of the compensations are regulated in the Council of Ministers №55 / 30.03.2020 and the subsequent Council of Ministers №151 / 03.07.2020 (for extension of the measure until 30.06.2020), Council of Ministers №278 / 12.10.2020 (for extension of the measure from October to December 2020) and CMD №416 of 30.12.2020 (extension of the period January - March 2021).

15. Other operating expenses

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Expenses on materials	(7 032)	(1 531)
Expenses on hired services	(65 991)	(21 682)
Employee benefits expenses	(79 485)	(30 084)
Other expenses	(8 818)	(5 826)
	(161 326)	(59 123)

15.1. Expenses on materials by segments

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	(586)	(551)
Energy business	(5 268)	-
Automotive business	(793)	(613)
Leasing business	(349)	(354)
Asset management and brokerage	(32)	(11)
Parent company	(4)	(2)
	(7 032)	(1 531)

The expenses on materials mainly include fuel costs for transport (BGN 1,152 thousand), spare parts for cars (BGN 1,154 thousand) and materials for repair and maintenance (BGN 1,775 thousand) of the Energy segment.

15.2. Expenses on hired services by segments

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
Insurance business	(16 090)	(12 892)
Energy business	(33 278)	-
Automotive business	(3 429)	(2 468)
Leasing business	(3 530)	(3 627)
Asset management and brokerage	(615)	(501)
Parent company	(9 049)	(2 194)
	(65 991)	(21 682)

The amounts for services provided by the registered auditors for an independent financial audit of the financial statements of the Group for 2021 amount to BGN 2 441 thousand. Other consulting services amounting to BGN 132 thousand are provided to companies by the Group of registered auditors for 2021.

The amounts for services provided by the registered auditors for an independent financial audit of the financial statements of the Group for 2020 amount to BGN 976 thousand. Other services are not provided to companies of the Group by the registered auditors for 2020.

15.3. Employee benefits expenses by segments

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
Insurance business	(25 759)	(20 411)
Energy business	(42 506)	-
Automotive business	(5 700)	(5 244)
Leasing business	(3 635)	(3 002)
Asset management and brokerage	(986)	(821)
Parent company	(899)	(606)
	(79 485)	(30 084)

15.4. Other expenses by segments

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
Insurance business	(5 559)	(4 056)
Energy business	(1 146)	-
Automotive business	(625)	(606)
Leasing business	(341)	(272)
Asset management and brokerage	(443)	(505)
Parent company	(704)	(387)
	(8 818)	(5 826)

16. (Accrued) impairment loss on financial assets by segments

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
(Accrued) impairment loss on financial assets	(22 824)	(2 555)
Recoverable impairment loss on financial assets	2 293	3 594
	(20 531)	1 039

16.1. (Accrued) impairment loss on financial assets by segments

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	(11 389)	(17)
Energy business	(7 039)	-
Automotive business	(951)	(340)
Leasing business	(2 739)	(2 102)
Asset management and brokerage	(77)	(46)
Parent company	(629)	(50)
	(22 824)	(2 555)

16.2. Recovered impairment loss on financial assets by segments

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	202	2 817
Automotive business	428	172
Leasing business	1 559	530
Asset management and brokerage	84	16
Parent company	20	59
	2 293	3 594

17. Financial expenses

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Interest expenses	(46 021)	(19 322)
Interest expenses – Right of use assets	(1 294)	(1 217)
Other financial expenses	(6 883)	(587)
	(54 198)	(21 126)

17.1. Interest expenses by segments

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	(5 601)	(4 159)
Energy business	(21 947)	-
Automotive business	(1 388)	(1 004)
Parent company	(17 085)	(14 159)
	(46 021)	(19 322)

17.2. Interest expenses – right of use assets by segments

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	(793)	(820)
Energy business	(160)	-
Automotive business	(171)	(212)
Leasing business	(62)	(62)
Asset management and brokerage	(44)	(47)
Parent company	(64)	(76)
	(1 294)	(1 217)

17.3. Other financial expenses by segments

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(6 051)	-
Automotive business	(623)	(305)
Parent company	(209)	(282)
	(6 883)	(587)

18. Financial income

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Interest revenue	823	152
Other financial income	592	-
	1 415	152

18.1. Interest revenue by segments

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	3	152
Automotive business	820	-
	823	152

18.2. Other financial income by segments

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	592	-
	592	-

19. Foreign exchange gains/(losses), net

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Automotive business	(10)	(6)
Parent company	57	1 439
	47	1 433

20. Goodwill impairment by segments

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	(645)	-
Automotive business	(19 529)	-
	(20 174)	-

20.1. Insurance business

As of December 31, 2021, goodwill of BGN 645 thousand was written off reported on the occasion of the acquisition of Euroins Georgia. (Note 38.1)

20.2. Automotive business

As a result of the assessments in 2021, a need to be recognised impairment loss of goodwill related to the Automotive Business. For 2021 the goodwill in the amount of BGN 19 529 thousand has been written off. (Note 38.3.)

21. Depreciation and amortization by segments

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business incl.	(7 870)	(7 635)
<i>Right of use assets</i>	(4 419)	(4 372)
Energy business incl.	(43 044)	-
<i>Right of use assets</i>	(2 325)	-
Automotive business incl.	(1 933)	(1 969)
<i>Right of use assets</i>	(754)	(881)
Leasing business incl.	(6 476)	(5 620)
<i>Right of use assets</i>	(348)	(285)
Asset management and brokerage incl.	(224)	(189)
<i>Right of use assets</i>	(173)	(163)
Parent company incl.	(679)	(679)
<i>Right of use assets</i>	(611)	(611)
	(60 226)	(16 092)

22. Tax expenses

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Income tax expense	(3 764)	(1 966)
Deferred tax expenses	(6 767)	(906)
	(10 531)	(2 872)

22.1. Tax expenses by segment

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	(3 906)	(2 781)
Energy business	(5 833)	-
Automotive business	(488)	(30)
Leasing business	(93)	(8)
Asset management and brokerage	(211)	(53)
	(10 531)	(2 872)

Deferred tax assets and liabilities have arisen as a result of:

Deferred tax assets

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Property, plant and equipment	303	-
Unused paid leave	174	105
Impairment of goods	79	159
Regulation of thin capitalization - interest rates	154	238
Loss	9 141	10 697
Right of use	-	49
Other provision	5 075	296
	14 926	11 544

Note 34

Deferred tax liabilities

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Property, plant and equipment	2	37
Unused leave	-	5
Recognized DTL as a result of a business combination	22 242	-
Regulation of thin capitalization - interest rates	-	46
Depreciation	108	254
	22 352	342

Note 46

23. Cash and cash equivalents

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Cash on hand	2 535	3 646
Deposits up to 3 months	148 928	64 133
Restricted cash	113	681
Cash equivalents	863	575
<i>Impairment ECL - IFRS9</i>	<i>(307)</i>	<i>(235)</i>
	152 132	68 800

23.1. Cash and cash equivalents by segments

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	66 960	59 993
Energy business	76 826	-
Automotive business	303	1 708
Leasing business	3 015	3 017
Asset management and brokerage	4 913	3 815
Parent company	115	267
	152 132	68 800

24. Time deposits at banks by segments

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	28 057	23 594
<i>Impairment</i>	<i>(833)</i>	<i>(139)</i>
	27 224	23 455

25. Reinsurers' share in insurance contract liabilities

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>Restated BGN'000</i>
Unearned premium reserve	438 957	172 455
Reserves on unexpired risks	-	5 561
Claims reserve, incl.:	646 501	524 128
<i>Reserve on incurred but not reported claims (IBNR)</i>	<i>415 726</i>	<i>329 046</i>
<i>Reserve for claims reported but not settled (RBNS)</i>	<i>230 775</i>	<i>195 082</i>
Other insurance contract liabilities	(476)	10 777
	1 084 982	712 921

26. Receivables from insurance business

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Receivables from direct insurance	162 652	108 227
Receivables from reinsurers or cedants	20 550	16 741
Receivables from recourse and subrogation	10 796	24 160
	193 998	149 128

27. Trade receivables

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Trade receivables	427 375	18 234
<i>Impairment</i>	<i>(65 744)</i>	<i>(1 405)</i>
Financial lease receivables	30 670	24 260
Advances paid	20 958	3 252
Other	50	1 302
<i>Impairment</i>	<i>-</i>	<i>(35)</i>
	413 309	45 608

27.1. Trade receivables by segments

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	36	603
Energy business	413 219	-
<i>Impairment</i>	<i>(63 263)</i>	<i>-</i>
Automotive business	9 660	14 980
<i>Impairment</i>	<i>(847)</i>	<i>(917)</i>
Leasing business	3 831	2 469
<i>Impairment</i>	<i>(1 024)</i>	<i>(487)</i>
Asset management and brokerage	2	102
<i>Impairment</i>	<i>-</i>	<i>(3)</i>
Parent company	20	84
<i>Impairment</i>	<i>(3)</i>	<i>(2)</i>
	361 631	16 829

27.2. Advances paid by segments

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	675	1,069
Energy business	19 649	-
Automotive business	95	1,877
Leasing business	539	306
	20 958	3 252

27.3. Other receivables by segments

	31.12.2021 <i>BGN'000</i>	31.12.2020 <i>BGN'000</i>
Automotive business	10	1 302
<i>Impairment</i>	-	(35)
Leasing business	40	-
	50	1 267

28. Other receivables

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i> Restated
Insurance business	45 073	29 482
<i>Impairment</i>	(12 154)	(2 014)
Energy business	106 437	-
<i>Impairment</i>	(12 223)	-
Automotive business	6 704	17 486
<i>Impairment</i>	(72)	(73)
Leasing business	1 150	1 397
<i>Impairment</i>	(102)	(115)
Asset management and brokerage	69	102
Parent company	930	1 314
<i>Impairment</i>	(588)	(16)
Prepaid expenses	5 162	10 208
Receivables under court procedures	42 119	2 640
<i>Impairment</i>	(39 075)	(1 871)
Tax receivables	9 888	802
	153 318	59 342

28.1. Prepaid expenses by segments

	31.12.2021 <i>BGN'000</i>	31.12.2020 <i>BGN'000</i>
Insurance business	43	8 994
Energy business	4 347	-
Automotive business	108	765
Leasing business	628	336
Parent company	36	113
	5 162	10 208

28.2. Receivables under court procedures by segments

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	38 846	-
<i>Impairment</i>	<i>(36 945)</i>	-
Automotive business	5	91
Leasing business	3 283	2 549
<i>Impairment</i>	<i>(2 145)</i>	<i>(1 871)</i>
	3 044	769

28.3. Tax receivables by segments

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	71	29
Energy business	9 236	-
Automotive business	74	436
Leasing business	313	111
Parent company	194	226
	9 888	802

29. Property, plant and equipment

	Land, plots BGN'000	Land, plots- rights of use BGN'000	Buildings BGN'000	Buildings- rights of use BGN'000	Machinery and equipment BGN'000	Machinery and equipmen- right of use BGN'000	Vehicles BGN'000	Vehicles- rights of use BGN'000	Furniture and fittings BGN'000	Assets under construction BGN'000	Other BGN'000	Total BGN'000
Cost												
At 1 January 2020	5 170	169	13 893	47 042	10 571	-	65 524	51	7 682	726	3 135	153 963
Additions	-	-	96	8 584	718	-	13 027	-	283	172	371	23 251
Acquired on the purchase of subsidiaries ***	-	-	2 084	-	213	-	133	-	110	-	-	2 540
Disposals	-	-	(107)	(4 923)	(757)	-	(17 223)	-	(266)	(31)	(24)	(23 331)
Other changes	(301)	-	(1 044)	2 328	(411)	-	(1 438)	-	(118)	(120)	-	(1 104)
At 31 December 2020	4 869	169	14 922	53 031	10 334	-	60 023	51	7 691	747	3 482	155 319
Additions	-	4	1 514	16 355	197	-	15 457	530	880	-	600	35 537
Acquired on the purchase of subsidiaries *	37 200	-	162 964	23 500	1 742 153	5 372	51 143	668	3 744	48 084	4 888	2 079 716
Disposals	(12)	-	(57)	(17 318)	(3 574)	(47)	(17 687)	(286)	(245)	(3 090)	-	(42 316)
Write-offs for sale to subsidiaries **	(4 357)	-	(3 371)	(4 957)	(3 370)	-	(5 157)	-	-	-	(365)	(21 577)
Assets held for sale **	-	-	-	(5 071)	(1 871)	-	(1 332)	-	(2 420)	-	(404)	(11 098)
Other changes	176	-	1 647	1 388	3 553	2 724	4 734	30	1 829	(6 309)	397	10 169
At 31 December 2021	37 876	173	177 619	66 928	1 747 422	8 049	107 181	993	11 479	39 432	8 598	2 205 750
Depreciation												
At 1 January 2020	-	40	5 054	7 102	7 360	-	20 354	19	4 740	5	2 188	46 862
Depreciation for the year	-	42	474	8 340	954	-	9 183	-	732	-	179	19 904
Acquired on the purchase of subsidiaries ***	-	-	181	-	80	-	39	-	38	-	-	338
Disposals	-	-	(3)	(964)	(743)	-	(6 877)	-	(250)	-	(14)	(8 851)
Other changes	-	-	(590)	(104)	(303)	-	(1 865)	32	(90)	(135)	-	(3 055)
At 31 December 2020	-	82	5 116	14 374	7 348	-	20 834	51	5 170	(130)	2 353	55 198
Depreciation for the year	-	44	2 272	9 409	32 586	584	9 413	245	971	2	359	55 885
Assets held for sale **	-	-	-	-	456	-	1 065	-	-	-	49	1 570
Acquired on the purchase of subsidiaries *	-	-	90 634	9 482	1 043 034	2 831	44 010	533	3 153	120	3 174	1 196 971
Disposals	-	-	(26)	(1 885)	(504)	(14)	(5 489)	(72)	(149)	-	(178)	(8 317)
Write-offs for sale to subsidiaries **	-	-	(528)	(1 016)	(2 506)	-	(1 704)	-	-	-	(336)	(6 090)
Other changes	-	-	-	(4 495)	(1 806)	63	(431)	-	(685)	-	456	(6 898)
At 31 December 2021	-	126	97 468	25 869	1 078 608	3 464	67 698	757	8 460	(8)	5 877	1 288 319
Net book value:												
At 1 January 2020	5 170	129	8 839	39 940	3 211	-	45 170	32	2 942	721	947	107 101
At 31 December 2020	4 869	87	9 806	38 657	2 986	-	39 189	-	2 521	877	1 129	100 121
At 31 December 2021	37 876	47	80 151	41 059	668 814	4 585	39 483	236	3 019	39 440	2 721	917 431

*Energy business** Automotive business *** Insurance business

In 2021 and 2020, the Group did not recognize an impairment loss on machinery, plant and equipment because, based on the review of impairment of property, plant and equipment, the Group's management has not identified any indications that the carrying amount of assets exceeds their recoverable amount.

29.1. Land and buildings by segments

	31.12.2021 <i>BGN'000</i>	31.12.2020 <i>BGN'000</i>
Insurance business	6 235	5 970
Energy business	110 435	-
Automotive business*	1 357	8 705
	118 027	14 675

- * The Group has pledged the following own real estate as collateral for its liabilities as of 31.12.2021:
- first mortgage on land and buildings in the city of Varna, Yanosh Hunyadi Str. EUR 3.4 million;
 - second mortgage on land and buildings in the city of Varna, Yanosh Hunyadi Str. at 3.7 million euros.

29.2. Land and buildings by segments – Rights of use

	31.12.2021 <i>BGN'000</i>	31.12.2020 <i>BGN'000</i>
Insurance business	20 888	19 417
Energy business	13 220	-
Automotive business	3 193	14 907
Leasing business	1 498	1 461
Asset management and brokerage	931	971
Parent company	1 376	1 988
	41 106	38 744

29.3. Machinery and equipment by segments

	31.12.2021 <i>BGN'000</i>	31.12.2020 <i>BGN'000</i>
Insurance business	2 047	1 949
Energy business	666 191	-
Automotive business	377	997
Leasing business	38	40
	668 653	2 986

29.4. Machinery and equipment by segments – Rights of use

	31.12.2021 <i>BGN'000</i>	31.12.2020 <i>BGN'000</i>
Energy business	4 585	-
	4 585	-

29.5. Vehicles by segments

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	2 300	3 706
Energy business	8 559	-
Automotive business	3 604	10 457
Leasing business*	23 870	24 745
Asset management and brokerage	206	151
Parent company	73	130
	38 612	39 189

* The Group has pledged cars as collateral for bank loans and lease obligations. The book value of the cars pledged as collateral as of December 31, 2021 amounts to BGN 16 908 thousand (December 31, 2020: BGN 23 779 thousand).

29.6. Vehicles by segments – rights of use

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	232	-
Leasing business	4	-
	236	-

29.7. Furniture and fittings and other assets by segments

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	1 400	814
Energy business	2 351	-
Automotive business	876	2 685
Leasing business	140	118
Asset management and brokerage	43	32
Parent company	3	1
	4 813	3 650

29.8. Assets under construction by segments

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	25	120
Energy business	39 333	-
Automotive business	82	749
Leasing business	-	8
	39 440	877

30. Investment property

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Net book value as of 1 January	9 652	15 703
Disposal	(7 724)	(6 305)
Revaluation/(Impairment)	41	-
Other changes	45	-
Acquired in business combination*	-	254
Net book value as of 31 December	2 014	9 652

* *Insurance business*

31. Intangible assets by segments

	Software	Licenses	Other	Total
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Cost				
At 1 January 2020	9 247	119	1 792	11 158
Additions	1 938	14	126	2 078
Acquired upon purchase of subsidiaries - Insurance business	363	-	12	375
Disposals	(61)	(5)	(227)	(293)
Other changes	(585)	-	(6)	(591)
At 31 December 2020	10 902	128	1 697	12 727
Additions	3 486	1 310	4 627	9 423
Acquired upon purchase of subsidiaries - Energy business	18 524	28 773	95 311	142 608
Disposals	-	-	(1 894)	(1 894)
Write-offs for sale to subsidiaries *	(480)	-	-	(480)
At 31 December 2021	32 432	30 211	99 741	162 384
Amortisation				
At 1 January 2020	6 599	114	899	7 612
Amortisation for the year	683	-	96	779
Acquired upon purchase of subsidiaries - Insurance business	137	-	9	146
Disposals	(47)	-	-	(47)
Other changes	(121)	-	-	(121)
At 31 December 2020	7 251	114	1 004	8 369
Depreciation for the year	1 909	2 087	2 159	6 155
Acquired upon purchase of subsidiaries - Energy business	8 598	17 499	5 530	31 627
Disposals	(67)	-	-	(67)
Write-offs for sale to subsidiaries *	(151)	-	-	(151)
At 31 December 2021	17 540	19 700	8 693	45 933
Net book value:				
At 1 January 2020	2 648	5	893	3 546
At 31 December 2020	3 651	14	693	4 358
At 31 December 2021	14 892	10 511	91 048	116 451

* Automotive business

The Group has reviewed for impairment of intangible assets as of December 31, 2021 and December 31, 2020. No indicators have been identified that the carrying amount of assets exceeds their recoverable amount, as a result, no impairment loss is recognized in the consolidated financial statements.

32. Inventories by segments

	31.12.2021 BGN'000	31.12.2020 BGN'000
Insurance business	281	438
Energy business	24 117	-
Automotive business	6 871	24 128
Leasing business	1 899	2 068
	33 168	26 634

The Group has pledged the following inventories as collateral for its liabilities:

- pledge on spare parts with a minimum value of EUR 400 thousand to secure a target credit line for bank guarantees and revolving credit, granted to the companies in the group in the Auto Union in the amount of EUR 3.4 million;
- pledge on cars and spare parts with a minimum value of EUR 2.4 million to secure a target credit line for bank guarantees and revolving credit, granted to the companies in the Auto Union group in the amount of EUR 3.4 million;
- pledge on spare parts with a minimum value of EUR 250 thousand to secure a target credit line for a revolving loan granted to Auto Italia EAD in the amount of EUR 400 thousand;
- pledge on all cars and spare parts of Bulvaria Sofia EAD for securing a target credit line for revolving credit, granted to Bulvaria Sofia EAD in the amount of EUR 500 thousand;
- Leasing - inventories (goods) are provided as collateral for loans received.

At the end of the reporting period, the management reviews the available inventories - materials, goods to determine whether there are those whose net realizable value is lower than their carrying amount. In this review as of December 31, 2021, the Group has not recognized an impairment of its inventories. As at 31 December 2020 the Group has recognized an impairment of its inventories in the amount of BGN 77 thousand (BGN 46 thousand Automotive business and BGN 31 thousand Leasing) *Note 2.9*.

33. Financial assets and liabilities by segments

33.1 Financial assets by segments

	31.12.2021 BGN'000	31.12.2020 BGN'000
Government bonds measured at FVTPL, incl.:	67 396	96 246
<i>Insurance business</i>	66 437	95 494
<i>Asset management and brokerage</i>	959	752
Government bonds measured at amortised cost, incl.:	9 553	5 967
<i>Insurance business</i>	9 553	5 967
Total government bonds	76 949	102 213
Corporate bonds measured at FVTPL, incl.:	88 358	21 353
<i>Insurance business</i>	81 690	20 001
<i>Energy business</i>	5 984	
<i>Asset management and brokerage</i>	677	1 345
<i>Parent company</i>	7	7
Total corporate bonds	88 358	21 353

Capital investments measured at FVTPL, incl.:	194 341	127 598
<i>Insurance business</i>	174 604	125 528
<i>Energy business</i>	16 751	-
<i>Asset management and brokerage</i>	2 986	2 070
Total capital investments	194 341	127 598
Other financial assets measured at amortised cost, incl.:	68 869	91 081
<i>Insurance business</i>	57 982	83 800
<i>Asset management and brokerage</i>	10 887	7 281
<i>Impairment</i>	(846)	(264)
Total other financial assets	68 023	90 817
	427 671	341 981

All other financial assets of the Group (other than those disclosed in [Note 33.1](#)) are carried at amortized cost.

33.2. Financial liabilities at amortized costs

	Note	31.12.2021 BGN'000	31.12.2020 BGN'000
Subordinated debts	39	41 638	76 985
LIABILITIES			
Bank and non-bank loans	40	1 018 719	174 341
Obligations on bond issues	41	198 776	163 342
Trade and other payables	42,43,44	594 038	193 399
		1 853 171	608 067

Liabilities and subordinated debt instruments are stated at amortized cost.

Liabilities by segments are presented in the relevant notes - see [Notes 39-44](#).

34. Deferred tax assets by segments

	31.12.2021 BGN'000	31.12.2020 BGN'000
Insurance business	8 940	10 804
Energy business	5 286	-
Automotive business	372	510
Leasing business	328	230
	14 926	11 544

See [Note 22.1](#)

35. Investments associates and other investments

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business*	988	6 457
Asset management and brokerage	2 370	4 392
	3 358	10 849

* *Investments in Associates*

35.1. Insurance business

The investment of the insurance business is an associated participation in RCO Euroins Ltd.

RCO Euroins Ltd. was established on April 13, 2003 with the place of establishment of the Russian Federation (Registration Certificate PSRN 1037714037426 / 08.05.2003). Legal address of the Company: 214000, Smolensk Region, Smolensk, ul. Glinki 7, floor 2, office 9.

The company started insurance activity in 2003 and operates under insurance license SL 3954 (personal insurance), SI 3954 (property insurance) and OS 3954-03 (Civil Liability Insurance) issued by the Central Bank of the Russian Federation on 07 July 2015. Registration number in the insurance register 3954.

Company's name	Establishment	% of participation		Type of relation	Method of recognition in the consolidation	BGN'000	
		2021	2020			2021	2020
RCO Euroins Ltd	Russian Federation	48,61%	48,61%	Associated	Equity Method	988	6 457

The Group did not assume contingent liabilities connected to the shareholding in RCO Euroins LTD.

The Group determined that there is a significant influence due to the peculiarities of the legislation of the Russian Federation and in particular Law 4015-1 on the organization of insurance activities, which does not allow a foreign investor to own more than 49% of the capital of a local insurer for licensing for the purpose of carrying out insurance activity. These restrictions do not allow a foreign investor to control the activities of insurance companies in the country.

35.1.1. Measurement method

For the purposes of the consolidated financial statements of Eurohold Group, the investment is presented using the equity method in accordance with the applicable accounting standards.

35.1.2. Summarized financial information

The table below provides summary financial information about the associate. The disclosed information presents the amounts as stated in the report of RCO Euroins Ltd, and not the Group's share in these amounts.

<i>Summary of the statement of financial position</i>	31.12.2021 BGN '000	31.12.2020 BGN '000
Total assets	66 410	48 957
Total liabilities	46 115	35 673
Net assets	20 295	13 284
Equition of book value		
Net assets at January 01	13 284	16 352
Movement	7 010	(3 068)
Net assets at December 31	20 295	13 284
Share %	48.6	48.6
Share BGN thousands acc.to Equity method	9 866	6 457
Impairment (<i>Note 4</i>)	(8 878)	-
Share BGN thousands after repairment	988	6 457

<i>Summary of the statement of profit or loss and other comprehensive income</i>	2021 BGN '000	2020 BGN '000
Gross Written Premiums	72 259	61 889
Interest income	7 004	626
Depreciation	(1 245)	(177)
Profit from continuing activities after taxes	5 678	2 318
Profit from continuing activities after taxes	5 678	2 318
Other comprehensive income	-	(756)
Total comprehensive income	5 678	1 562
Received Dividends	-	269

35.1.3. Impairment of investments in associates

In 2021 impairment loss of BGN 8 878 thousand was accrued. In 2020, there is no need to recognize impairment of investments in associates. (*Note 4*)

35.2. Asset management and brokerage

The investments of the Asset management and brokerage segment includes long-term financial assets at fair value through profit or loss. The participations are not significant.

Equity securities (shares) include participations as follows:

Issuer	2021 BGN '000	Participation %	2020 BGN '000	Participator %
Central Depository AD	1	0.01	1	0.01
EF ASSET MANAGEMENT AD	381	19.96	238	19.96
Varengold Bank AG, Germany	1 988	2.29	4 153	6.19
	2 370		4 392	

36. Other financial investments by segments

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	669	1 580
Energy business	75	-
Asset management and brokerage	281	281
Parent company	9	9
<i>Impairment</i>	<i>(9)</i>	<i>(9)</i>
	1 025	1 861

37. Non-current receivables

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Finance lease receivables	51 222	50 450
Subsidiaries	31 048	799
<i>Impairment</i>	<i>-</i>	<i>(15)</i>
	82 270	51 234

37.1 Non-current receivables

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	6 944	-
Energy business	7	-
Automotive business	24 061	642
Leasing business	36	120
Asset management and brokerage	-	22
Parent company	-	-
	31 048	784

38. Goodwill

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Euroins Insurance Group AD (<i>Note 38.1.</i>)	164 478	165 123
Euro-Finance AD	2 620	2 620
Electrohold Trade EAD (<i>Note 38.2.</i>)	2 500	-
Eurolease Group EAD	1 803	1 803
Eurolease Rent-a-Car EOOD	1 312	1 312
Sofia Motors EOOD	10	10
Motobul EAD (<i>Note 38.3.</i>)	-	12 538
Bulvaria Varna EOOD (<i>Note 38.3.</i>)	-	5 591
Daru Car EOOD (<i>Note 38.3.</i>)	-	1 400
	172 723	190 397

The Group's management has performed the necessary procedures to perform a test for impairment of recognized goodwill on the acquisition of subsidiaries, for which purpose external appraisers have been hired

and work is carried out in accordance with generally accepted international valuation standards. In the test, it is assumed that each individual company acts as a "cash-generating entity" (CTM). The financial budgets, as well as other medium- and long-term plans and intentions for the development and restructuring of the activities within the Group have been used as a basis for the cash flow forecasts (before taxes). The recoverable amount of each cash-generating unit is determined based on its value in use. The key assumptions used in the calculations are determined specifically for each company with a reputation, treated as a separate cash-generating unit, and according to its specifics of activity, business environment and risks.

38.1. Insurance business

The test results show that the recoverable amount of goodwill exceeds the carrying amount and there are no indications of impairment of goodwill. However, the Group has chosen to impair its reputation in the acquisition of Euroins Georgia in connection with the Company's unsatisfactory financial performance since its acquisition and the hostilities in Ukraine launched on 24 February 2022 and expectations of destabilization in the region. The reported impairment expense amounts to BGN 654 thousand. (*Note 20.1*)

38.2. Energy business

On July 27, 2021, the acquisition of seven subsidiaries of the Czech energy company CEZ Group in Bulgaria was officially completed. In accordance with the chosen accounting policy, the Group has recognized goodwill as a result of performed business combinations in the amount of BGN 2 500 thousand, due to the expected synergies as a result of acquired intangible assets and relationships with customers. The total amount of goodwill was allocated only to CEZ Trade Bulgaria EAD (current name - Electrohold Trade EAD) due to an insignificant part due to CEZ Distribution Bulgaria AD and CEZ Electro Bulgaria AD.

38.3. Automotive business

In 2021, based on the annual review of investments, the Group's Management has determined that there are indications for impairment of investments in the subsidiaries of Auto Union AD. The main indicators for this are the observed excess of the amount of investment over the company's equity. In addition, account has been taken of the general downturn in the automotive industry, stock market volatility, and continuing economic uncertainty, which have led to reduced demand for new cars and correspondingly declining revenues and margins, significant reductions in volume and / or cessation of activities. Companies in which investments have been made in accordance with the implementation of the future plans of the Group's management. The loss of markets and the complication of transport and logistics activities, as well as indications of a trend of deterioration of key financial indicators on a global scale require the performance of impairment tests.

As a result of the assessments made in 2021, the need to recognize a loss from impairment of goodwill was identified. For 2021 the impairment of goodwill amounts to BGN 19 529 thousand, including reported impairment of goodwill in the amount of BGN 1 400 thousand in connection with a company classified as held for sale (*Note 20.2*)

As of 31.12.2020 the results of the test do not indicate that the carrying amount of OGPP exceeds its recoverable amount, therefore no need for impairment has been identified.

39. Subordinated debts

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Subordinated debts, issued – Insurance segment	19 558	19 558
Subordinated debts, not issued, Teir 1 capital:	22 080	57 427
<i>Insurance business</i>	14 879	24 643
<i>Parent company</i>	7 201	32 784
	41 638	76 985

39.1. Insurance business

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

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

39.2. Parent company

Following a decision of the Management Board, a partial repayment in the amount of BGN 25,932 thousand of the subordinated debt instrument, representing unissued tier 1 capital to Starcom Holding AD, was made. A new contract for subordinated debt to Starcom Holding AD has been concluded, with a limit of BGN 50,000 thousand. As of December 31, 2021, BGN 450,000 have been utilized, and the prepaid debt service and debt management costs amount to BGN 101,000. The subordinated debt has no fixed maturity and Starcom Holding AD cannot demand its repayment, regardless of whether there is a case of non-performance under the agreement. Eurohold Bulgaria AD has the right (but is not obliged) to repay amounts from the loan principal, corresponding to each consecutive tranche received after the expiration of 5 (five) years from the date of receipt of the respective tranche. Early collection of the principal of the subordinated debt is not allowed, except in cases of liquidation or insolvency, after payment of the amounts due to all privileged creditors, as well as to all other chirographic creditors. The interest due is 5% (five percent) on an annual basis on the attracted amounts for the period of their actual use.

40. Bank and non-bank loans by segments

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	142	21 872
Energy business	859 791	-
Automotive business	30 348	15 835
Leasing business	86 657	81 244
Parent company	41 781	55 390
	1 018 719	174 341

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

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business, incl.	-	21 866
<i>Loans from non-bank financial institutions</i>	-	21 866
Energy business, incl.	851 035	-
<i>Bank loans</i>	638 391	-
<i>Loans from non-bank financial institutions</i>	212 644	-
Automotive business, incl.:	1 442	1 915
<i>Bank loans</i>	1 442	1 915
Leasing business, incl.:	54 077	53 870
<i>Bank loans</i>	51 060	53 870
<i>Loans from non-bank financial institutions</i>	3 017	-
Parent company, incl.:	9 006	41 297
<i>Bank loans</i>	9 006	41 297
	915 560	118 948

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

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business, incl.	142	6
<i>Bank loans</i>	93	5
<i>Loans from non-bank financial institutions</i>	49	1
Energy business, incl.	8 756	-
<i>Bank loans</i>	8 756	-
<i>Loans from non-bank financial institutions</i>	-	-
Automotive business, incl.:	28 906	13 920
<i>Bank loans</i>	28 906	13 915
<i>Loans from non-bank financial institutions</i>	-	5
Leasing business, incl.:	32 580	27 374
<i>Bank loans</i>	30 041	27 374
<i>Loans from non-bank financial institutions</i>	2 539	-
Parent company, incl.:	32 775	14 093
<i>Bank loans</i>	32 775	14 093
	103 159	55 393

Collateral for loans to banking and non-banking financial institutions are listed in [Note 29.1](#), [Note 29.5](#) and [Note 54.4](#)

Information on liabilities to banking and non-banking financial institutions

	Limit	Original currency	Interest rate	Maturity	31.12.2021	31.12.2021 Incl.Principal	31.12.2020	31.12.2020 Incl.Principal
					BGN'000	BGN'000	BGN'000	BGN'000
Insurance business								
Bank creditor 1	10 000	EUR	6.50%	31.3.2025	-	-	19 165	19 163
Bank creditor 2	18	BGN	12.75%	31.10.2022	11	11	5	5
Bank creditor 3	4 372	BYN	4% per annum + commission 2 2% of the amount due on 01.01	12.08.2027	131	130	2 702	2 702
Energy business								
Syndicated loan	360 000	EUR	3.50%	21.06.2026	604 463	620 996	-	-
Creditor 1	113 990	EUR	13%	26.01.2027	212 644	208 591	-	-
Bank creditor 1	116 000	EUR	6M EURIBOR+ 1. 80%	30.04.2027	42 684	42 991	-	-
Automotive business								
Bank creditor 1	9 203	EUR	2.6%	10.02.2022	18 000	18 000	-	-
Bank creditor 2	800	EUR	1M EURIBOR + 3.5%	31.03.2022	1 782	1 782	809	809
Bank creditor 2	500	EUR	1M EURIBOR + 3.5%	30.04.2022	964	964	760	760
Bank creditor 2	400	EUR	1M EURIBOR + 3.5%	31.03.2022	782	782	782	782
Bank creditor 2	1 144	EUR	1M EURIBOR + 3.5%	31.03.2022	1 050	1 050	1 050	1 050
Bank creditor 2**	750	EUR	1M EURIBOR + 2.9%	30.09.2021	-	-	1 467	1 467
Bank creditor 2*	50	EUR	1M EURIBOR + 3.5%	31.12.2021	-	-	78	78
Bank creditor 3	146	EUR	-	21.12.2021	-	-	195	195
Bank creditor 4*	1 760	EUR	1M EURIBOR + 3.5%	10.12.2021	-	-	663	663
Bank creditor 4*	1 360	EUR	1M EURIBOR + 3.5%	10.12.2021	-	-	1 187	1 187
Bank creditor 4*	870	EUR	1M EURIBOR + 2.25%	10.12.2021	-	-	1 257	1 257
Bank creditor 4*	2 500	EUR	1m EURIBOR + 2.0%	30.06.2023	-	-	4 889	4 889
Bank creditor 5*	2 400	EUR	AIR of FIB in EUR +3.7641% , min 3.95%	30.11.2022	4 338	4 338	2 286	2 286
Bank creditor 5	665	EUR	AIR of FIB in EUR +2.8871% min 3.00%	15.06.2027	1 300	1 300	-	-

	Limit	Original currency	Interest rate	Maturity	31.12.2021	31.12.2021 Incl.Principal	31.12.2020	31.12.2020 Incl.Principal
Bank creditor 5	240	EUR	3M EURIBOR + 4%	20.09.2022	176	176	407	407
Bank creditor 6	1 000	EUR	3M EURIBOR+3% not less than 3%	15.12.2022	1 956	1 956	-	-
Creditor 4		EUR	-	31.12.2020	-	-	5	-
Lease business								
Bank creditor 1	2 000	BGN	1m.Euribor+3.5%/min.3.5%	01.08.2021	-	-	193	193
Bank creditor 2	4 500	EUR	3m.Euribor+2.75%/min 2.75%	20.04.2026	7 323	7 323	7 986	7 986
Bank creditor 2	700	EUR	6m.Euribor+4.75%/min.4.75%	20.09.2023	1 108	1 108	1 358	1 358
Bank creditor 2	1 500	EUR	3m.Euribor+5.25%/min.5.25%	20.09.2027	2 267	2 267	2 884	2 884
Bank creditor 3	10 244	EUR	3m.Euribor+3.5%/min 3.5%	20.02.2027	12 926	12 926	15 428	15 428
Bank creditor 3	4 150	EUR	3m.Euribor+2.5%/min.2.5%	20.12.2022	1 534	1 534	3 788	3 788
Bank creditor 3	850	EUR	3m.Euribor+2.5%/min.2.5%	30.01.2025	1 541	1 541	1 282	1 282
Bank creditor 3	3 000	EUR	3 M Euribor + 3%/min. 3%	08.06.2030	645	645	115	115
Bank creditor 4	2 850	EUR	6m.Euribor+5.25%/min.5.25%	20.04.2026	4 473	4 473	3 388	3 388
Bank creditor 5	358	EUR	SBIR + 3.8051%/min.3.95%	15.02.2024	551	551	-	-
Bank creditor 5	6 000	BGN	AIR + 4.8927% /min. 5%	30.11.2026	5 000	5 000	-	-
Bank creditor 6	1 000	EUR	1m.Euribor+4.25%	28.02.2025	1 328	1 328	1 366	1 366
Bank creditor 7	723	BGN	3m Euribor + 3%/min 3%	2021	-	-	255	255
Bank creditor 7	2 600	EUR	3m.Euribor+3.5%/min.3.5%	05.09.2022	105	105	837	837
Bank creditor 7	227	EUR	3m.Euribor+3%/min.3%	05.05.2022	62	62	208	208
Bank creditor 7	5 000	EUR	3m. Euribor + 2.95%-3.5%/min 2.95%-3.5% (acc.to the deals)	27.11.2026	7 112	7 112	4 562	4 562
Bank creditor 7	2 000	EUR	3m. Euribor + 2.95% - 3.5%/min. 2.95% - 3.5%	18.10.2027	2 577	2 577	-	-
Bank creditor 7	4 500	EUR	5.25%	31.12.2029	8 730	8 730	8 360	8 360
Bank creditor 8	5 000	EUR	ODI+2.3%/min 2.3%	29.02.2024	4 553	4 553	6 857	6 857
	Limit	Original currency	Interest rate	Maturity	31.12.2021	31.12.2021 Incl.Principal	31.12.2020	31.12.2020 Incl.Principal

Bank creditor 9	3 500	EUR 3m.Euribor+2.8%	30.11.2023	1 938	1 938	3 020	3 020
Bank creditor 9	2 000	EUR Prime+2.72%/min.2.72%	09.09.2023	1 505	1 505	2 562	2 562
Bank creditor 9	7 000	EUR Prime+2.72%/min.2.85%	15.09.2022	1 713	1 713	4 574	4 574
Bank creditor 9	500	EUR Prime+2.85%/min.2.85%	16.05.2023	266	266	464	464
Bank creditor 9	5 000	EUR Prime+1.72%/min.2.72%	24.09.2027	8 714	8 714	5 203	5 203
Bank creditor 9	744	EUR PRIME + 2.32% /min.2.32%	15.10.2022	264	264	506	506
Bank creditor 9	1 000	EUR PRIME + 2.85% /min.2.85%	19.02.2024	841	841	1 403	1 403
Bank creditor 9	1 000	EUR PRIME + 1.85% /min.2.85%	24.03.2026	1 308	1 308	1 013	1 013
Bank creditor 9	550	EUR PRIME + 2.8% /min.2.8%	30.09.2023	292	292	536	536
Bank creditor 9	1 234	EUR PRIME + 2.32% /min.2.32%	21.10.2022	1 179	1 179	1 382	3 096
Bank creditor 9	1 262	EUR PRIME + 2.32% /min.2.32%	21.05.2024	1 246	1 246	1 714	-
Creditors 1***	-	7%-14%	2026	5 556	5 520	-	-
Parent company							
Bank creditor 1	15 000	EUR 6,0%+ EURIBOR	12.2021	-	-	10 704	10 561
Bank creditor 1	10 000	EUR 6,0%+ EURIBOR	03.2025	12 158	12 048	15 176	15 060
Bank creditor 2	20 000	EUR 6,5%	07.2022	29 623	29 337	29 510	29 337
TOTAL				1 018 719	1 031 073	174 341	173 902

* Loan to a company sold in 2021.

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

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

41. Bond liabilities by segments

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Automotive business	13 699	14 606
Leasing business	5 373	5 212
Parent company	179 704	143 524
	198 776	163 342

41.1. Bond liabilities - non-current by segments

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Automotive business	8 800	13 542
Leasing business	5 211	2 524
Parent company	42 717	123 493
	56 728	139 559

42.2. Bond liabilities – current by segments

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Automotive business	4 899	1 064
Leasing business	162	2 688
Parent company	136 987	20 031
	142 048	23 783

Information on bond issues

	Coupon	Original currency	Maturity	31.12.2021 Nominal in '000	31.12.2020 Nominal in '000
Automotive					
Corporate bonds*	4.50%	BGN	12.2022	5 058	6 800
Corporate bonds	3.85%	BGN	06.2028	8 800	8 800
Leasing **					
Corporate bonds	4.75%	BGN	03.2022	1 500	1 500
Corporate bonds	4.00%	BGN	05.2025	6 000	6 000
Corporate bonds	3.75%	EUR	07.2023	1 250	1 250
Corporate bonds	3m.Euribor + 3.95%	EUR	07.2021	-	5 800
Parent company					
EMTN Programme	6.50%	EUR	12.2022	70 000	70 000
EMTN Programme***	8.00%	EUR	12.2026	10 000	-
EMTN Programme***	8.00%	PLN	12.2021	-	45 000
Corporate bonds ****	3.25%	EUR	11.2027	30 000	30 000

* The company Auto Union AD is an issuer of bonds issued on the Bulgarian Stock Exchange with ISIN: BG2100025126. The issue was put on the market on November 7, 2013 and matures on December 10, 2022. The issue has 2 principal and interest payments per year with an interest rate of 4.5% calculated on the basis of ACT / 365 L. As of December 31, 2020. Auto Union AD reports a due principal and interest payment due as of December 10. According to the terms of the issue, the issuer has the opportunity to delay payment within 30 days. The company pays all amounts due within these deadlines. The amount of the matured principal and interest payments as of December 31, 2020 are: principal in the amount of BGN 250 thousand interest in the amount of BGN 131 thousand. The matured payments in question were repaid in full on 08.01.2021.

** The bond maturing on 05.2025 has insurance collateral to cover the principal and interest due. The bond maturing on 7.2021 is secured by a pledge on receivables under leasing contracts and leasing assets. The bonds maturing in 7.2023 and 03.2022 are unsecured.

*** As of 31.12.2021 the bond issue with ISIN: XS1542984288 represents a restructured bond loan (under the EMTN program) with extended maturity until 29.12.2026, changed currency from PLN to EUR and changed frequency of interest payments from six-month to one-month per year.

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

Trade and other liabilities

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Non-current liabilities (<i>Note 42</i>)	106 562	14 345
Current liabilities (<i>Note 43</i>)	169 463	61 906
Trade and other liabilities (<i>Note 44</i>)	318 013	117 148
	594 038	193 399

42. Non-current liabilities

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Other noncurrent liabilities	94 212	2 467
Lease liabilities	7 175	11 878
Deferred income	5 175	-
	106 562	14 345

42.1. Other liabilities -non-current

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	16 768	119
Energy business	16 397	-
Automotive business	608	1 521
Leasing business	936	795
Parent company	59 503	32
	94 212	2 467

42.2. Lease liabilities – non-current by segments

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Automotive business	2 595	6 919
Leasing business	4 441	4 863

Asset management and brokerage	139	96
	7 175	11 878

42.3. Deferred income – non-current by segments

	31.12.2021 <i>BGN '000</i>	31.12.2020 <i>BGN '000</i>
Energy business	5 175	-
	5 175	-

43. Current liabilities

	31.12.2021 <i>BGN '000</i>	31.12.2020 <i>BGN '000</i>
Payables to employees	24 595	4 536
Social-security liabilities	7 183	3 248
Tax liabilities	21 316	6 619
Other current liabilities	60 706	33 960
Lease liabilities	3 942	6 377
Deferred income	18 569	219
Provisions	33 152	6 947
	169 463	61 906

43.1. Payables to employees by segments

	31.12.2021 <i>BGN '000</i>	31.12.2020 <i>BGN '000</i>
Insurance business	4 271	3 243
Energy business	19 262	-
Automotive business	451	952
Leasing business	536	268
Parent company	75	73
	24 595	4 536

43.2. Social-security liabilities by segments

	31.12.2021 <i>BGN '000</i>	31.12.2020 <i>BGN '000</i>
Insurance business	2 652	2 765
Energy business	4 247	-
Automotive business	149	386
Leasing business	123	81
Parent company	12	16
	7 183	3 248

43.3. Tax liabilities by segments

	31.12.2021 <i>BGN '000</i>	31.12.2020 <i>BGN '000</i>
Insurance business	10 294	3 936
Energy business	8 855	-
Automotive business	1 261	1 976
Leasing business	278	417
Asset management and brokerage	99	77

Parent company	529	213
	21 316	6 619

43.4. Other current liabilities by segments

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	25 318	30 059
Energy business	32 712	-
Automotive business	384	910
Leasing business	1 870	1 460
Asset management and brokerage	44	587
Parent company	378	944
	60 706	33 960

43.5. Current lease liabilities by segments

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Automotive business	654	2 699
Leasing business	3 264	3 678
Asset management and brokerage	24	-
	3 942	6 377

43.6. Current deferred income by segments

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	-	8
Energy business	18 483	-
Automotive business	18	211
Leasing business	68	-
	18 569	219

43.7. Provisions by segments

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	2 813	6 408
Energy business*	29 810	-
Automotive business	90	259
Asset management and brokerage	439	280
<i>*See Note 54.</i>	33 152	6 947

44. Trade and other liabilities

44.1. Trade and other liabilities by segments

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	30 080	4 179
Energy business	195 937	-
Automotive business	17 044	43 153
Leasing business	4 643	1 644
Asset management and brokerage	46	60
Parent company	23 106	27 522
	270 856	76 558

44.2. Leasing liabilities – rights of use, by segments

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	21 580	20 793
<i>Short-term</i>	2 780	2 713
<i>Long-term</i>	18 800	18 080
Energy business	18 102	-
<i>Short-term</i>	5 256	-
<i>Long-term</i>	12 846	-
Automotive business	3 365	15 124
<i>Short-term</i>	608	2 499
<i>Long-term</i>	2 757	12 625
Leasing business	1 585	1 533
<i>Short-term</i>	482	269
<i>Long-term</i>	1 103	1 264
Asset management and brokerage	975	1 001
<i>Short-term</i>	115	102
<i>Long-term</i>	860	899
Parent company	1 550	2 139
<i>Short-term</i>	342	686
<i>Long-term</i>	1 208	1 453
	47 157	40 590

45. Payables to reinsurers

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	119 368	46 855
	119 368	46 855

46. Deferred tax liabilities by segments

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	2	2
Energy business	22 242	-
Automotive business	66	203
Leasing business	42	137
	22 352	342

See Note 22.1.

47. Insurance contract liabilities

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i> Restated
Unearned premium reserve, gross amount	498 812	285 730
<i>Reinsurers' share in unearned premium reserve</i>	<i>(438 957)</i>	<i>(172 455)</i>
Reserves on unexpired risks, gross amount	120	8 537
<i>Reinsurers' share in unexpired risks reserve</i>	<i>-</i>	<i>(5 561)</i>
Reserve on incurred but not reported claims, gross amount	554 558	544 839
<i>Reinsurers' share in reserve on incurred but not reported claims</i>	<i>(415 726)</i>	<i>(329 046)</i>
Reserve for claims reported but not settled, gross amount	357 762	342 783
<i>Reinsurers' share in reserve for claims reported but not settled</i>	<i>(230 775)</i>	<i>(195 082)</i>
Other technical reserve, gross amount	14 629	19 255
<i>Reinsurers' share in other technical reserves</i>	<i>476</i>	<i>(10 777)</i>
Mathematical reserves	4 970	4 774
	1 430 851	1 205 918

48. Share capital and share premium

48.1. Share capital

	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Issued shares	260 500	197 526
Treasury shares	(77)	(97)
Share capital	260 423	197 429
Number of shares with voting rights	260 500 000	197 525 600

As of 31.12.2021, 77 227 numbers of voting shares of Eurohold Bulgaria AD are held by companies in the Eurohold Group (as of 31.12.2020 – 97 227 voting shares).

The share capital as of 31.12.2021 is distributed as follows:

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

The shares held by members of the Supervisory Board and the Management Board as of 31.12.2021 are 34 330 shares (as of 31.12.2020 there are 67 800 shares).

48.2. Share premium

	31.12.2021 BGN '000	31.12.2020 BGN '000
Share premium - issuing securities	144 030	49 568
	144 030	49 568

On 13.07.2021 an increase in the capital of the Parent Company was registered, carried out under the conditions of public offering. As a result, 62 974 400 new shares were subscribed, each with a nominal value of BGN 1 and an issue value of BGN 2.50. BGN 157 436 thousand were fully paid into the Company's accumulation account, as a result of which the company's capital was increased from BGN 197 525 600 to BGN 260 500 000, and the premium reserve for securities issue was increased from BGN 49 568 thousand to BGN 144 030 thousand.

48.3 Earnings per share

Net earnings per share are calculated by dividing the earnings for the year attributable to ordinary holders of shares by the Group by the weighted average number of ordinary shares outstanding during the year. The calculation is based on the consolidated report of Eurohold Bulgaria AD.

Basic earnings per share are calculated by dividing the earnings for the year attributable to ordinary holders of shares of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the data on earnings and shares used in the calculation of basic earnings per share.

	2021	2020 Restated
Weighted average number of share, (pcs)	227 470 766	194 413 860
Net profit / (loss) for the year related to the Owners of the Parent Company (thousand BGN)	46 874	(69 344)
Net profit / (loss) for the year from continuing activities related to the Owners of the Parent Company (thousand BGN)	45 893	(67 805)
Earnings per share, (BGN)	0.206	(0.357)
Earnings per share from continuing operations, (BGN)	0.202	(0.349)
Earnings per share from discontinued operations (BGN)	0.004	(0.008)

49. Net profit/ (loss) for the year

	31.12.2021	31.12.2020
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	<i>BGN '000</i>	<i>BGN '000</i> Restated
Current result attributable to the shareholders	46 874	(69 344)
Current result attributable to the non-controlling interest	15 974	(1 215)
	62 848	(70 559)

49.1. Net profit (loss) for the year by segments

	31.12.2021 <i>BGN '000</i>	31.12.2020 <i>BGN '000</i> Restated
Insurance business	79 350	(54 966)
Energy business	17 806	-
Automotive business	(15 796)	(3 192)
Leasing business	2 132	(544)
Asset management and brokerage	2 102	223
Parent company	(116 388)	(16 754)
Discontinued Operations (Automotive business)	5 793	4 733
Profit/(Loss) attributable to the non-controlling interest	(15 974)	1 215
Intra-group eliminations of dividends and other adjustments	87 849	(59)
	46 874	(69 344)

50. Non-controlling interest

	31.12.2021 <i>BGN '000</i>	31.12.2020 <i>BGN '000</i> Restated
Non-controlling interest - attributable to the profit	15 974	(1 215)
Non-controlling interest - attributable to the capital	171 441	20 096
	187 415	18 881

50.1. Non-controlling interest - attributable to the profit by segments

	31.12.2021 <i>BGN '000</i>	31.12.2020 <i>BGN '000</i> Restated
Insurance business	1 189	(400)
Energy business	5 342	-
Automotive business	1 494	1 447
Leasing business	-	(52)
<i>Eliminations</i>	<i>7 949</i>	<i>(2 210)</i>
	15 974	(1 215)

50.2. Non-controlling interest attributable to equity per segments

	31.12.2021 <i>BGN '000</i>	31.12.2020 <i>BGN '000</i> Restated
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Insurance business	40 673	12 678
Energy business	145 329	-
Automotive business	-	5 011
Leasing business	1 413	1 192
	187 415	18 881

The following table summarizes the information related to the Parent company's subsidiaries that have non-controlling interests prior to intragroup eliminations.

For the year ending 31.12.2021

<i>In BGN '000</i>	Place of business	Segment	NCI %	Share of NCI-voting rights	Financial result-NCI	Total NCI	Paid dividends during the year
Euroins Insurance Group AD	Bulgaria	Insurance	9.90%		8 926	40 673	No
Incl. indirect					1 189	5 955	No
Eastern European Electric Company II B.V.	The Netherlands	Energy	-		5 342	145 329	No
Incl. indirect					5 342	145 329	No
Avto Union AD	Bulgaria	Automotive	-	NO SPECIAL RIGHTS FOR ACQUISITION OF SHARES	1 494	-	Yes
Incl. indirect					1 494	-	Yes
Eurolease Group AD	Bulgaria	Leasing	9.99%		212	1 413	No
Incl. indirect					-	(229)	No
TOTAL					15 974	187 415	

For the year ending 31.12.2020

<i>In BGN '000</i>	Place of business	Segment	NCI %	Share of NCI-voting rights	Financial result-NCI	Total NCI	Paid dividends during the year
Euroins Insurance Group AD	Bulgaria	Insurance	5.59%		(2 608)	12 678	No
Incl. indirect					(400)	4 040	No
Avto Union AD	Bulgaria	Automotive	-	NO SPECIAL RIGHTS FOR ACQUISITION OF SHARES	1 447	5 011	Yes
Incl. indirect					1 447	5 011	Yes
Eurolease Group AD	Bulgaria	Leasing	9.99%		(54)	1 192	No
Incl. indirect					(52)	(235)	No
TOTAL					(1 215)	18 881	

51. Acquisition and disposal of companies

51.1. Acquisition in 2021

51.1.1. Energy business

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

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

As a result of the transaction are acquired a:

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

Purchase remuneration – cash outflow at the acquisition date

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

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

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

*Detailed information in the table below.

**Consolidated amount; Eliminated investment in CEZ Information and Communication Technologies Bulgaria EAD at the amount of BGN 6 000 thousand.

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

The total amount of the goodwill is allocated only to CEZ Trade Bulgaria EAD due to negligible part attributable to CEZ Distribution Bulgaria AD and CEZ Electro Bulgaria AD.

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

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

Non-controlling interest

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

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

Following the acquisition of shares in November 2021 in CEZ Distribution AD and CEZ Electro AD, the share of NKU has changed and as of 31.12.2021 is as follows:

Entity	At the controlling interest acquisition date	As at 31 December 2021	Change as a result of additional acquisition
CEZ Razpredelenie Bulgaria AD (Group)	33%	11.81%	(21.19%)
CEZ Electro Bulgaria AD	33%	30.66%	(2.34%)

See Note 50 *Non-controlling interest*.

Other disclosures

(1) Acquisition expenses

The acquisition expenses are equal to BGN 10 294 thousand.

(2) Acquired receivables

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

(3) Right of use assets

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

(4) Revenue and contribution in result

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

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

(5) Additional acquisition

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

- Up to 88.19% by acquiring additional 408 552 shares or 21.19% of CEZ Razpredelenie Bulgaria AD's capital for the amount of BGN 119 mio and
- Up to 69.34% by acquiring 117 shares or 2.34% of CEZ Electro Bulgaria AD's capital for the amount of BGN 3 mio.

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

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

	CEZ Razpredelenie Bulgaria AD	CEZ ICT Bulgaria EOOD	CEZ Electro Bulgaria AD	CEZ Trade Bulgaria EAD	CEZ Bulgaria EOOD	Free Energy Project Oreshets EOOD	Bara group EOOD
LIABILITIES							
Non-current liabilities							
Employee benefit liabilities	12 672	306	1 376	19	2 012	-	-
Contract liabilities	8 038	-	-	-	-	-	-
Deferred tax liabilities	11 134	675	-	-	-	-	-
Deferred tax liabilities IFRS3	3 101	1 888	2 267	2 620	27	736	-
Long-term bank loans	71 333	-	-	-	-	-	-
Lease liabilities	10 373	743	2 564	1 232	4 624	-	-
Other non-current liabilities	227	-	-	-	-	-	-
	116 878	3 612	6 207	3 871	6 663	736	-
Current liabilities							
Trade and other payables	43 872	2 216	51 802	29 294	501	66	71
Payables to related parties*	14 016	445	29 279	2 944	1 157	90	45
Short-term loans from EEEC BV, NL	92 629	-	-	7 509	-	-	28 266
Retirement benefit obligations-long-term	13 089	528	1 711	774	4 414	1	1
Lease liabilities	1 322	103	896	108	661	-	-
Payables to CEZ a.s. under derivative financial instruments	-	-	-	998	-	-	-
Short-term bank loans	7 188	-	2 843	24 665	-	-	-
Tax payables	1 868	268	831	631	928	80	-
Provisions	8 961	-	21 244	11	-	-	-
Retirement benefit obligations – short-term	831	16	-	1	151	-	-
Contract liabilities	7 846	-	-	-	-	-	-
	191 622	3 576	108 606	66 935	7 812	237	28 383
TOTAL LIABILITIES	308 500	7 188	114 813	70 806	14 475	973	28 383

	CEZ Razpredelenie Bulgaria AD	CEZ ICT Bulgaria EOOD	CEZ Electro Bulgaria AD	CEZ Trade Bulgaria EAD	CEZ Bulgaria EOOD	Free Energy Project Oreshets EOODM	Bara group EOOD
NET ASSETS	705 175	37 007	170 365	51 135	5 764	15 877	(27 291)
Share capital	1 928	6 000	50	500	200	160	5
Statutory reserves	3 533	600	65 383	50	36	16	-
Reserve from adjustment to fair value	28 042	17 000	20 401	23 576	243	6 622	-
Retained earnings (Loss not covered)	671 672	13 407	84 531	27 009	5 285	9 079	(27 296)

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

- CEZ Razpredelenie Bulgaria AD;
- CEZ Electro Bulgaria AD;
- CEZ Trade Bulgaria EAD;
- CEZ Bulgaria EOOD;
- CEZ Information and Communication Technologies Bulgaria EAD;
- Free Energy Project Oreshets EOOD;
- BARA Group EOOD

51.1.2. Leasing business

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

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

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

Assets	Fair value 000 BGN	Book value 000 BGN
Properties, machines and equipment	170	170
Intangible assets	10	10
Inventory	139	139
Lease receivables	11 165	11 165
Trade and other receivables	952	952
Deferred tax assets	340	340
Cash and cash equivalents	2 171	2 171
Tota assets	14 947	14 947

Liabilities	Fair value BGN'000	Book value BGN '000
Loans	6 234	6 234
Payables to related parties	5 991	5 991
Trade and other liabilities	573	573
Total liabilities	12 798	12 798
Net identifiable assets and liabilities	2 149	2 149
Profit from a bargain purchase	2 006	2 006

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

Acquisition price

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

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

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

51.2. Acquisitions 2020

Euroins Insurance Group AD acquired 93.12% of CSCJ "ERGO" Insurance Company "Belarus" on April 29, 2020. The value of the investment amounts to BGN 3,433 thousand.

On January 2, 2021 the General Assembly of CJSC "ERGO" Insurance Company "Belarus" adopted a decision to invalidate the owned own shares (1,448 shares) and to reduce the capital accordingly. On February 11, 2021 the Ministry of Finance of Belarus registered the amendment. As a result, Euroins Insurance Group AD is registered as the sole owner of the capital of CJSC "ERGO" Insurance Company "Belarus".

51.3. Disposals and discontinued operations

Automotive business

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

○ On 27.10.2021 Auto Union AD, in its capacity as sole owner of the capital of Star Motors EOOD signed a preliminary contract for the sale of the company in question, which is the official importer of cars with the Mazda brand for Bulgaria, and through its subsidiary Star Motors DOOEL and for the Republic of Northern Macedonia. The buyer is M Trux Bulgaria EOOD. The documents for the forthcoming concentration have been submitted to the Commission for Protection of Competition, as the approval of the CPC is with Decision of 09.12.2021, the same was published on 14.01.2022. The final contract for sale of the company is dated 11.05.2022. At the date of preparation of the interim consolidated report, the contract has not yet been registered. The new owner was registered in the Trade Register at the Registry Agency on May 17, 2022.

○ On March 17, 2022, Auto Union AD signed a preliminary contract for the sale of Daru Car EAD. As of the date of preparation of these consolidated financial statements, the transaction is in the process of fulfilling the conditions set out in the contract for concluding a final contract and transferring the company's shares. As at the date of the current consolidated financial statements, the final agreements for the transfer of the shares have not been signed.

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

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

51.3.1. Profit for the year from discontinued operations

In BGN '000

	2021	2020
Revenues from operating activities		
Revenues from sales of cars and spare parts	102 034	119 475
Revenues from repair services and car rental	8 254	10 520
	110 288	129 995
Operating expenses		
Book value of sold cars and spare parts	(92 302)	(109 939)
Operating profit	17 986	20 056
Other operating expenses, including:	(10 907)	(13 489)
<i>Material costs</i>	(755)	(1 026)
<i>Costs for external services</i>	(2 673)	(3 673)
<i>Compensation costs</i>	(6 519)	(7 653)
<i>Other expenses</i>	(960)	(1 137)
(Accrued) / recovered impairment loss on financial assets net	(106)	(156)
Profit before interest, depreciation and taxes	6 973	6 411
Financial costs	(1 015)	(1 602)
Financial income	30	28
Profit before depreciation and taxes	5 988	4 837
Depreciation costs	(3 384)	(4 591)
Profit before taxes	2 604	246
Tax expenses	(129)	(338)
Net profit for the year from discontinued operations related to:	2 475	(92)
The owners of the parent company	981	(1 539)
Non-controlling participation	1 494	1 447

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

In BGN '000

31.12.2021

ASSETS	
Cash	351
Trade and other receivables	2 114
Property, plant and equipment	1 959
Intangible assets	386
Inventory	3 323
Deferred tax assets	27
Land and buildings	3 360
TOTAL ASSETS	11 520
LIABILITIES	
Non-current liabilities	244
Current liabilities	1 189
Trade and other liabilities	7 488
Deferred tax liabilities	6
TOTAL LIABILITIES	8 927

51.3.3. Cash flows generated by discontinued operations and disposal group

<i>In BGN '000</i>	2021	2020
Operating activity	3 571	5 126
Investment activity	(9 035)	184
Financial activity	(6 611)	(8 189)
TOTAL CASH FLOWS FROM DISCONTINUED ACTIVITIES	(12 075)	(2 879)

52. Change in liabilities arising from financing activities

<i>In BGN '000</i>	<i>Note</i>	As of 1 January 2021	Cash flows from financing activities		Non-monetary adjustments		As of 31 December 2021
			proceeds	Payments*	Effect of changes in exchange rates	Other changes	
Retained earnings		(258 257)	-	-	-	(1 587)	(259 844)
Subordinated debts	39	76 985	391	(35 696)	(1)	(41)	41 638
Loans from financial and non-financial institutions	40	174 341	969 306	(206 276)	-	81 348	1 018 719
Bond liabilities	41	163 342	14 659	(27 256)	171	47 860	198 776
Total:		156 411	984 356	(269 228)	170	127 580	999 289

* Includes principals, fees, interest, fees and commissions.

In BGN '000

	Note	As of 1 January 2020	Cash flows from financing activities		Non-monetary adjustments		As of 31 December 2020
			proceeds	Payments*	Effect of changes in exchange rates	Other changes	
Retained earnings		(37 167)	-	-	-	(151 746)	(188 913)
Subordinated debts	39	19 558	24 643	(1 831)	-	34 615	76 985
Loans from financial and non-financial institutions	40	140 735	86 592	(57 799)	-	4 813	174 341
Bond liabilities	41	157 664	64 675	(19 022)	(1 366)	(38 609)	163 342
Total:		280 790	175 910	(78 652)	(1 366)	(150 927)	225 755

* Includes principals, fees, interest, fees and commissions.

53. Presentation of the financial position on current and non-current basis

The Group presents a consolidated statement of financial position on a liquidity basis. The presentation below aims to provide information on the amounts / items that are expected to be recovered or settled more than 12 months after the end of the reporting period for each amount / item of assets and liabilities.

In BGN '000

	Note	31.12.2021	31.12.2020 Restated
ASSETS			
Non-current assets			
Lands and buildings	29, 29.1-2	159 133	53 419
Machinery, equipment and facilities	29, 29.3-8	756 339	46 702
Intangible assets	31	116 065	4 358
Investment property	30	2 014	9 652
Investments in associates and other enterprises	35	3 358	10 849
Non-current receivables	37	82 270	51 234
Receivables from insurance operations	26	9 037	13 707
Other financial investments	36	1 025	1 861
Deferred tax assets	34	14 926	11 544
Goodwill	38	172 723	190 397
		1 316 890	393 723
Current assets			
Cash and cash equivalents	23	152 132	68 800
Time deposits in banks	24	27 224	23 455
Inventory	32	33 168	26 634
Share of reinsurers in technical provisions	25	1 084 982	712 921
Receivables from insurance operations	26	184 961	135 421
Trade receivables	27	413 309	45 608
Other receivables	28	153 318	59 342
Financial assets	33	427 671	341 981
		2 476 765	1 414 162
Assets held for sale	51.3.2	11 520	-
TOTAL ASSETS		3 805 175	1 807 885

In BGN '000

	Note	31.12.2021	31.12.2020 Restated
Non-current liabilities			
Subordinated debt instruments	39	22 080	57 427
Loans from banks and non-bank financial institutions	40	915 560	118 948
Bond liabilities	41	56 728	139 559
Non-current liabilities	42	106 562	14 345
Trade and other liabilities	44	37 574	34 321
Insurance contract liabilities	47	202 032	108 641
Deferred tax liabilities	46	22 352	342
		1 362 888	473 583
Current liabilities			
Subordinated debt instruments	39	19 558	19 558
Loans from banks and non-bank financial institutions	40	103 159	55 393
Bond liabilities	41	142 048	23 783
Current liabilities	43	169 463	61 906
Trade and other liabilities	44	280 439	82 827
Liabilities under reinsurance operations	45	119 368	46 855
Insurance contract liabilities	47	1 228 819	1 097 277
Liabilities directly attributable to assets held for sale	51.3.2	8 927	-
Total liabilities, subordinated debts and insurance contract liabilities		2 071 781	1 387 599

54. Contingent liabilities and commitments, provisions for court cases

54.1. Litigation

Parent company

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

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

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

Asset management and brokerage

In 2019, on the grounds of Order No. 3-137 dated 23 April 2019 of the Vice President of the FSC and Head of 'Supervision over Investment Activities' Department, an inspection of EURO-FINANCE AD was started. The inspection was suspended on 16 September 2021 with a Fact Findings Report No. P-04-261 on the results of an inspection of compliance with the provisions of the legislation relevant to the activities of EURO-FINANCE AD as an investment intermediary.

The pecuniary sanctions under the enacted criminal decrees issued in the framework of the inspection have been paid by the investment intermediary, the remainder of them being appealed against in court in order for their legality to be checked.

As at the date of preparation of this annual financial report, EURO-FINANCE AD has 8 pending administrative criminal cases of appeal against penalty decrees issued. In relation to the contested penalty decrees, it cannot be predicted with firmness whether EURO-FINANCE AD will bear substantial legal costs and payments of administrative penalties. However, in view of the fact that some of the penalty decrees were confirmed at first instance, the penalties imposed under them were provided for by EURO-FINANCE AD, so that the principle of precaution be observed. EURO-FINANCE AD has provided for liabilities in the amount of EUR 439 thousand because if these penalty decrees are confirmed by the court and enter into force, a serious payment of administrative penalties will have to be paid.

Energy segment

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

Electrodistribution Grid West AD (prev. Cez Razpredelenie AD)

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

A significant judgement is applied by the management in estimation their potential effects (i.e. whether the liability should be recognized, or a contingency should be disclosed and whether the potential outflows can be reliably estimated) due to the inherent uncertainties over the final outcome of these litigations and proceedings and their complexity. In-house lawyers and outsourced lawyers have assisted the management in forming the significant judgement. As at 31 December 2021, the total amount of provisions for payables amounts to BGN 9 101 thousand (31 December 2020: BGN 10 922 thousand), including:

- a) under court claims against the Company, at the amount of BGN 6 730 thousand (31 December 2020: BGN 7 469 thousand), estimated based on the amount of the counterclaim against the Company, the stage of the litigation and the expert assessment of the probable outcome of the respective case;
- b) under penal ruling issued currently being appealed against by the Company, at the amount of BGN 40 thousand (31 December 2020: BGN 220 thousand), estimated based on the payables stated in the penal rulings issued;
- c) under administrative sanctions against the Company, at the amount of BGN 1 305 thousand (31 December 2020: BGN 1 140 thousand), estimated based on the amounts in the 19 acts by EWRC regarding the fulfilment of conditions in the issued license No Л135 07/13.08.2004 and the expert opinion of technical and legal specialists regarding the object of the sanction and the Company's past experience and the court's past practice in similar cases; and
- d) under probable additional state receivables in relation to expenses for social security contributions and corporate tax regarding the provision of food vouchers for the 2014-2015-2016 period, at the amount of BGN 1 027 thousand (31 December 2020: BGN 1 027 thousand), assessed based on calculations regarding the methodology applied by the NRA bodies in the latest tax audit which commenced in 2019 and was completed in 2020. For 2021, the amount was updated, and the penalty interest component was added, based on the historical experience about the recurring outcome of similar inspections.
- e) under monetary sanctions imposed for violation on the grounds of Art. 37a, Para 1 of CPA with object: "ban on abuse of dominant position in negotiation under a complaint by Fast Pay HD AD" at the amount of BGN 9 thousand and claims for abuse of dominant position on the grounds of Art, 21 of CPA, at the amount of BGN 1 057 thousand, confirmed and paid in 2021.

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

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

Therefore, the management has decided to include them fully within current liabilities. The net effect of the accrued/(reversed) provision for court claims in 2021 amounts to BGN (749) thousand reversed net, and respectively – BGN 15 thousand accrued net, provision of penal rulings (2020: accrued provision for court claims, net – BGN 1 117 thousand, and provisions for penal rulings, net – BGN 1 692 thousand).

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

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

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

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

In 2020, the receivables from renewable sources electricity producers against CEZ Razpredelenie, at the amount of BGN 2 106 thousand based on the court's repeal of any item of Decision No Л-33, were written-off due to the expiration of the five-year limitation period. In the financial statements as at 31 December 2021, this provision amounts to BGN 149 thousand (31 December 2020: BGN 249 thousand). The remaining portion of recognized provisions under court claims and proceedings include various cases in which the Company is involved as claimant or defendant, at the total amount of BGN 6 581 thousand.

Sanctions

As of 31 December 2021, the Company has a provision for sanctions from state administration bodies in the amount of BGN 2 371 thousand (2020: BGN 3 453 thousand). The Company has considered the risk of unfavourable outcome in connection with the imposed sanctions. The Company does not disclose additional information under paragraph 92 of IAS 37. Provisions are as follows:

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

• Proceedings No 305/2013 for the detection of any violations under Art 15 and Art 21 of the CPA and Art 101 and 102 TFEU (Forbidden Agreements, Decisions and Agreed Practices, Abuse of Monopoly or Dominant Position) by the companies of CEZ in Bulgaria, EVN and Energo-Pro on actions taken to prevent the opening of the electricity market. With Decision № 1008/23.07.2014 issued by Commission for protection of competition (CPC) to CEZ Razpredelenie Bulgaria AD, CEZ Electro Bulgaria AD and CEZ Trade Bulgaria AD were brought charges for alleged abuse of dominant position. The Company has provided detailed response-objection against Decision No 1008 accompanied with respective evidence. On 22 October 2014 open hearing of legal proceedings was held, then the CPC has not acted nor ruled otherwise act. In July 2015 the CPC sent a letter with a request for additional information from the CEZ Razpredelenie Bulgaria. Responses are provided in a timely manner.

By order 726/29.06.2017 the CEZ Razpredelenie Bulgaria AD was claimed to commit violations of art. 21 of LPC, which is an abuse of a dominant position in the market for electricity distribution services to commercial users of medium and low voltage through the distribution grid of the Company in its capacity as an electricity distribution grid operator that can prevent, restrict or distort competition and affect the interests of consumers by applying a common strategy that discriminates against independent traders outside the economic Group of CEZ and restricts the trading of electricity at freely negotiated prices by:

1. exchange of substantial information between enterprises of the group CEZ for customers who switch from supply at regulated to supply at freely negotiated prices;

2. obstruction of the process of initial switching of the end supplier to a supplier at freely negotiated prices through: delay in issuing an access certificate, refusal to produce standardized load profiles, refusal to sign framework contracts with independent traders. By decision of December 14, 2017, the CPC enforced a penalty of BGN 1 057 thousand to the Company, for which the Company accrued a provision. The Company appealed the penalty imposed. The first court hearing was on 17 September 2018. By Decision No 15629/13.12.2018 on administrative case No 1262/ 2018 the Supreme Administrative Court, IV Chamber, 3-member committee, rejected the appeal of CEZ Razpredelenie Bulgaria AD against Decision No 1475/14.12.2017 of the Competition Protection Commission on correspondence file No CPC 305/554/2013. The Company appealed against the first instance ruling on time. By means of a ruling dated 22 May 2019 of the five-member committee of SAC, the first-instance ruling was repealed, and the case was returned for consideration by another committee at the Sofia Region Administrative Court. At SRAC, case 797/2019 was initiated and expert examination was commissioned.

By means of the final SAC ruling dated 26 January 2021, the appeal against the CPC Decision was rejected and on 26 January 2021 Decision No 1475/ 14.12.2017 on correspondence file No CPC 305/554/2013 was enforced. The violation of Art. 21 of CPA was upheld, and a monetary sanction was imposed at the amount of BGN 1 057 thousand. The sanction was paid in 2021.

•On 16 December 2019, in the public register of proceedings pursuant to the Competition Protection Act kept by CPC, proceeding No K3K/1033/2019 was initiated upon the request of Fast Pay HD AD against CEZ Razpredelenie AD, CEZ Electro Bulgaria AD and CEZ Bulgaria AD on the grounds of Art. 37a, Para 1 of CPA with object: ban on abuse with a stronger negotiating position. On 5 March 2020 a request was received from CPC to provide information and expert opinion on the complaint of Fast Pay HD AD within a 14-day period. Within the required term, CEZ Razpredelenie Bulgaria AD provided the information and expert opinion requested. By means of Ruling No 466 dated 11.06.2020 CPC declared that a violation was made of Art. 37a, Para 1 of CPA by CEZ Razpredelenie Bulgaria AD, imposed a pecuniary sanction for the violation made at the amount of BGN 10 000 and ordered the immediate suspension of the violation. The Company appealed against the CPC ruling within the statutory term and took the necessary measures to suspend the violation. Administrative case No 788/2020 was initiated at the Sofia Region Administrative Court, and a court hearing was scheduled for 23 November 2020. The court hearing was re-scheduled and held on an earlier date – 9 November 2020. By means of Ruling No 1281 dated 03.12.2020 the Sofia Region Administrative Court rejected the Company's appeal. CEZ Razpredelenie Bulgaria AD appealed against the decision within the statutory term at the Supreme Administrative Court. CEZ Razpredelenie Bulgaria AD appealed the decision within the statutory time limit to the Supreme Administrative Court. Adm. d. 54 1354/2021 and a court hearing was held on 16.03.2021. With Decision N° 3855 of 25.03.2021, the SAC finally confirmed Decision N° 466 of 11.06.2020 of the CPC. The property sanction imposed on the Company in the amount of BGN 10 000 has been paid.

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

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

All 206 penal decisions were appealed by CEZ Razpredelenie Bulgaria AD before the administrative penal body and the local competent court. 206 penal administrative proceedings were initiated. Currently, 204 of proceedings are completed with final decisions, of which 96 with confirmed paid penal decisions and the other 108 with cancelled penal decisions. The Company accounts for a provision at the amount of BGN 40 thousand (*Note 43.7*)

•By means of Order No 3-E-131/30.07.2020 of the Chairperson of the Energy and Water Regulatory Commission, an inspection was assigned of CEZ Razpredelenie Bulgaria AD in relation to fulfilment of its license requirements. During the inspection, electricity metering devices were installed for a period of 7 days at 69 connection points in different areas of the licensed territory. The protocols of findings containing the metering results were sent to the EWRC. At 19 (nineteen) connection points, the values of supply voltage do not meet the applicable standard. Pursuant to this finding, Protocol of Findings No E-5/ 20.11.2020 was issued, and on 14 January 2021 EWRC issued CEZ Razpredelenie Bulgaria AD with 19 acts for ascertaining penal violations. The violations consist in the fact that over the period of metering the electricity supplied CEZ Razpredelenie Bulgaria AD supplied to 19 installations electricity whose quality did not meet the indicators set in the Methodology for reporting compliance with the target indicators and control over the quality indicators for electricity and servicing of grid operators, public suppliers and end suppliers, by means of which the electricity distribution Company violated the provision of Art. 206, Para 3 of the Energy Act. It is claimed in the acts that the violations have a recurring nature, due to the enforced resolution No 7/2020 regarding the same violation in another period and for another customer. Therefore, the Company was advised by its legal advisors to accrue a provision at the amount of BGN 1 140 thousand. On 19 May 2021, 19 penal decrees were served, each of which imposed a property sanction worth BGN 60 000 or a total amount of BGN 1 140 000. The Company appealed all penal decrees within the statutory period before the competent court. On the same date - 19.05.2021, EWRC handed over 4 separate penal decrees, which were issued on complaints from customers for the supply of electricity that does not meet the established quality indicators. The imposed property sanction on each of them amounts to BGN 60 000 or a total amount of BGN 240 000. The Company also appeals against these penal decrees within the statutory period before the competent court (*Note 43.7*).

The total amount of provisions for property sanctions imposed by the EWRC as of 31.12.2021 is BGN 1 345 thousand

3) Provision for tax payables related to NRA inspection

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

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

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

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

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

The Company has appealed against the tax inspection deed on the grounds of Art. 152 of the Taxation and Social Security Procedure Code (TSSPC) on time. Within an agreement concluded for extending the resolution period to 3 months from the date of expiry of the legal term under Art. 155, Para 1 of TSSPC, Appeal and Taxation and Insurance Practice confirmed the inspection deed. On 23 April 2019 the Company filed a complaint with the Sofia City Administrative Court, on the grounds of Art. 156, Para 1 of TSSPC, against the inspection deed. Administrative case No 6480/2019 has been initiated at 3rd division of SCAC. In September 2021, the ACCG revoked the Revision Act № P-29002917006121-091-001 of 15.10.2018. The decision was not appealed by the NRA before the Supreme Administrative Court and the amount was reimbursed to the Company in full, together with interest due.

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

The tax inspection was completed with the issue of Inspection Deed No P-29002918007944-091-001/02.07.2019 at the amount of BGN 574 thousand for obligations and interest charges for income security, health instance, for additional pension insurance – universal pension fund and additional pension insurance – professional pension fund. The inspection deed was confirmed by means of Decision No 1599/20.09.2019 of the Director of Appeal and Taxation and Insurance Practice Directorate – Sofia, as a result of which the Company filed a complaint with the Sofia City Administrative Court, on the grounds of Art. 156, Para 1 of TSSPC, against the inspection deed. Administrative case No 12811/2019 of SCAC. The amounts of both inspection deed were paid.

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

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

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

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

Electrohold Trade AD (prev. CEZ Electro Bulgaria AD)

In 2021 the Company has a provision for litigation amounting to BGN 3 833 thousand on the basis of the probable outcome of several litigations, which are at a different stage but are pending at the present moment.

Under a claim filed by Receiver CHB EOOD, a creditor in the insolvency proceedings of Future Energy OOD – in bankruptcy, a proceeding under a commercial case № 1375/2019 was initiated against the Company on the inventory of the Sofia City Court. Receiver CHB EOOD filed a claim to set aside in respect of the creditors of the bankruptcy of Future Energy OOD - in bankruptcy of the set-off of counterclaims and utilization of Bank Guarantee confirmed by the Settlement Agreement concluded on 12 March 2018 between CEZ Electro Bulgaria AD, Future Energy OOD – in bankruptcy and Karpoleon Bulgaria EOOD. By means of a Ruling dated 30 June 2020, the court rejected the claims filed by Receiver CHB EOOD for declaring as null the repayment of a cash payable of BGN 3 350 thousand. By means of the Ruling, the court upheld the claim of Receiver CHB EOOD against a bank guarantee

of BGN 500 thousand, drawn by CEZ Electro Bulgaria AD, thereby sentencing CEZ Electro Bulgaria EAD to pay to Future Energy PPD the amount of BGN 500 thousand to fill in the bankruptcy amount. CEZ Electro Bulgaria AD appealed the Ruling in the part sentencing the Company to return the guarantee drawn at the amount of BGN 500 thousand. CEZ Electro Bulgaria EAD and Receiver CHB EOOD appealed against the Ruling. CEZ Electro Bulgaria AD submitted a reply to the claim, requesting the court to uphold Ruling 914 dated 30 June 2020 in the part appealed against by Receiver CHB EOOD. By means of a Resolution dated 7 October 2020, the court amended its Ruling in the part regarding costs. Receiver CHB EOOD submitted a claim for correction of an evident factual error in the Ruling – the bank guarantee has not been drawn as default penalty, but as compensation for damages.

On 27 January 2021 court proceedings No 80/2021 were initiated at the Appellate Court - Sofia. During the open court hearing on the case held on 26 November 2021, the court granted the parties 7 days to submit written notes and announced the case for resolution. CEZ Electro Bulgaria AD submitted its written notes within the provided deadline. With decision № 79 of 04.02.2022 of the Appellate Court - Sofia the court confirmed decision № 914 of 30.06.2020 of the previous instance in the part by which CEZ Electro Bulgaria AD was sentenced to pay to Future Energy OOD (in bankruptcy) BGN 500 thousand for invalid set-off of a bank guarantee. The court declared the set-off invalid with the agreement. With the decision CEZ Electro Bulgaria AD was sentenced to pay to Future Energy OOD (in bankruptcy) BGN 3,350 thousand together with interest, as well as to pay a state fee for first and appellate instance. Receiver CB EOOD applied for the issuance of a writ of execution. CEZ Electro Bulgaria AD filed a cassation appeal with the Supreme Court of Cassation (SCC), as well as a request to suspend the preliminary execution of the decision. On 09.02.2022 under item № 249 according to the inventory of the Supreme Court of Cassation for 2022, on the grounds of Art. 282, para. 2 of the Civil Procedure Code, a ruling was issued suspending the execution of the appellate decision № 79 / 04.02.2022 on item № 80/2021 on the list of the Court of Appeal - Sofia in the parts with which "CEZ Electro Bulgaria AD was sentenced to pay to Future Energy OOD (in bankruptcy) the amount of BGN 500 thousand and BGN 3 350 thousand together with the due legal interest. According to the legal forecast for the probable outcome of the case the total amount of accrued provision is at the amount of BGN 703 thousand, including claim BGN 500 thousand and interest in the amount of BGN 203 thousand.

On 29 September 2021, a claim was received №20211100901536 of the Sofia City Court, VI-13 panel, filed by Fast Pay HD AD. The claim is for BGN 100 thousand, as a partial claim of BGN 1 688 thousand principal and BGN 10 thousand, as a partial claim of BGN 641 thousand - moratorium interest for the period from 01.11.2017 until 29.07.2021. The formation of an opinion and a ruling was requested within the second possible main claim regarding the nullity of the Contract for the collection of amounts from clients from 01.11.2017 between the parties.

The claims for the principal have been filed on three possible grounds (according to the petitum), and it is the duty of the court to give a final qualification:

- Art. 105, para. 1 of the Law on Protection of Competition ("LPC"), claiming that "CEZ Electro Bulgaria" AD is guilty within the meaning of the provision of an entity that owes compensation for violation of the LPC, as a special tort claim. It is argued that the compensation should cover the "normal prices" due for this type of activity, which also determines the causal link between the infringement and the damage suffered;
- A request was made for an incidental ruling of the court regarding the nullity of the Contract for collection of amounts from clients from 01.11.2017 between the parties (in the text specifically referred to as invalid Article 9, Article 21, and Article 22) and awarding compensation of the same amount on the grounds of unjust enrichment (Art. 55, para. 1, item 1 of the Law on Obligations and Contracts).
- For awarding remuneration under a Contract for collection of amounts from clients from 01.11.2017 under Art. 37 of the Commercial Law (for commercial representation), as well as legal interest for delay from the date of the claim.

The indicated moratorium, as well as legal interest is claimed for each of the first two claims. Evidential requests have been formulated. A large amount of written evidence is presented. The company has filed a response to the statement of claim, challenging the claims. On 21.01.2022, the Company, through its legal representative, received an additional claim filed by the other party. A response to the additional claim was filed with the Sofia City Court.

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

Provision for sanctions imposed

1) Ruling No 1475 dated 14 December 2017 of the CPC

Ruling 1475 dated 14 December 2017 was issued under the case file of CPC 305/553/2013 by which CPC imposed to CEZ Electro Bulgaria AD a penalty in the amount of BGN 1 136 400. The first instance court decision confirmed the penalty imposed by CPC. The decision was appealed, and proceedings were initiated before SAC. On 7 March 2019, a public court hearing was held, at which the court stated it would issue a decision. By means of decision of 22 May 2019 of the SAC was repealed the first instance decision with the arguments that the allegation for conducted violation of the competition rules was not grounded. Thus, the file was returned to the first instance court for new reconsideration. It was initiated a procedure under file № 797/2019 before the Administrative Court - Sofia District. By means of Ruling No 423 dated 30 April 2020, the Administrative Court - Sofia District repealed Ruling No 1475/14.12.2017 on court case No CPC 305/553/2013 of the CPC in the part in which a violation was made pursuant to Art. 21 of CPA by CEZ Razpredelenie Bulgaria AD and CEZ Electro Bulgaria AD, thereby imposing a pecuniary sanction on each of the companies. The Ruling stated that CEZ Electro Bulgaria AD has not abused its dominant market position. The Ruling was appealed against by CPC by means of a cassation appeal to the Supreme Administrative Court. By means of its ruling, SAC rejected the common claim of CEZ Razpredelenie Bulgaria AD and CEZ Electro Bulgaria AD against Ruling No 1475/14.12.2017 of CPC under the case file of CPC 305/553/2013, thereby sentencing CEZ Electro Bulgaria AD to pay a pecuniary sanction at the amount of BGN 1 136 thousand and court expenses at the amount of BGN 200 to CPC. The ruling is final and is not subject to appeal. The pecuniary sanction and the expenses were paid by the Company on 12 February 2021 to the CPC account.

2) Ruling No 466 dated 11 June 2020 of the CPC

On 11 June 2020 CPC issued Ruling No 466/11.06.2020 under the case file of CPC 1033/2019, thereby ascertaining that CEZ Electro Bulgaria AD, CEZ Razpredelenie Bulgaria AD and CEZ Bulgaria EAD violated Art. 37a, Para 1 of CPA and imposing pecuniary sanctions on the three companies for the violations made thereby; the sanction of CEZ Electro Bulgaria AD amounting to 0.5% of its net revenue from counterpart's cash payments of amounts due and subject to the violation in 2019, which is BGN 4 194 thousand. The CPC Ruling was appealed against at the Administrative Court – Sofia District. The Administrative Court – Sofia District issued Ruling No 1281/03.12.2020, thereby rejected as ungrounded the appeal filed by CEZ Bulgaria EAD, CEZ Razpredelenie Bulgaria AD and CEZ Electro AD against CPC Ruling No 466/11.06.2020 under the case file of CPC 1033/2019. The same ruling sentenced the three companies to pay the court expenses for the proceedings, amounting to BGN 3 thousand. The Ruling was appealed against by CEZ Electro Bulgaria AD at the Supreme Administrative Court, and at an open hearing held on 16 March 2021 the case was set for resolution. By means of Ruling No 3855/25.03.2021 SAC upheld Ruling No 1281 dated 3 December 2020 of the SAC upheld the Ruling of the Administrative Court – Sofia District and rejected as ungrounded the appeal filed by CEZ Bulgaria EAD, CEZ Razpredelenie Bulgaria AD and CEZ Electro AD against CPC Ruling No 466/11.06.2020 under the case file of CPC 1033/2019. The decision is final and not subject to appeal. A provision has been accrued for the fine imposed. The pecuniary sanction and the expenses were paid by the Company on 12.04.2021 to the CPC account.

54.2. Guarantees and guarantees provided

Parent company

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

Business direction	Amount EUR '000 as of 31.12.2021	Amount BGN '000 as of 31.12.2021	Maturity (EUR'000)			
Bank loans for working capital	6 000	11 735	6 000	-	-	-
Bank loans for investment purposes	5 000	9 779	-	-	5 000	-

Leasing

On April 21, 2020, Eurolease Auto EAD provided a guarantee in the amount of BGN 10,000 in favor of the National Social Security Institute, maturing on May 30, 2023.

On December 21, 2020, Eurolease Rent a Car EOOD provided a guarantee in the amount of EUR 4,000 in favor of Fraport Twin Star Airport Management AD due on January 31, 2023.

On 18.10.2021 Eurolease Rent a Car EOOD issued a guarantee in the amount of EUR 10,922.40 in favor of Sofia Airport AD due on 01.11.2021.

Insurance business

Insurers that offer compulsory motor third party liability insurance present a bank guarantee in accordance with the Statute of the National Bureau of Bulgarian Motor Insurers (NBBAZ). As at December 31, 2021 and 2020, two of the Bulgarian companies in the Group (IC Euroins AD and IC EIG Re EAD) provide separate bank guarantee amounting to EUR 600 thousand each in favor of NBBAZ, as the funds securing the bank guarantees are blocked on the current account of the two companies.

In connection with the participation of IC Euroins AD through its branch in the Hellenic Republic in the so-called friendly settlement agreement between the insurers that offer compulsory motor third party liability insurance on the territory of the Hellenic Republic, a bank guarantee has been established in favor of the Greek Association of Insurers. As at December 31, 2021 the bank guarantee is amounting to EUR 243 thousand (BGN 475 thousand) and the funds are blocked on a deposit account of the Branch .

Restricted deposits amounting to BGN 636 thousand (2020: 494 thousand) of Euroins Insurance AD, North Macedonia in the National Insurance Bureau under the provisions of North Macedonian Law on Insurance Supervision Members' deposits are kept in separate bank accounts. The Bureau is not allowed to invest the assets and is obliged to return the deposits if the members cease to provide Motor vehicle insurances. A restricted deposit from Euroins Romania amounting to BGN 1,381 thousand is also included. (2020: BGN 1,096 thousand).

On February 20, 2020, a contract was signed with the Municipal Bank for financial collateral with the provision of a pledge in the amount of EUR 2,500 million under a bank loan agreement with Starcom Holding AD. Euroins Insurance Group AD in its role of collateral retains its right of ownership over the financial collateral. By signing the contract, Euroins Insurance Group AD gives an irrevocable order to block the funds, as it has no right to dispose of them. On August 28, 2021, an application was submitted by Starcom Holding AD for early repayment of the liabilities of Starcom Holding AD under the bank loan agreement, for which the blocked amounts on the account of Euroins Insurance Group AD were used. Starcom Holding undertakes to refund the amount paid to EIG AD.

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

Energy business

Electrodistribution Grid West AD (prev. Cez Razpredelenie AD)

a) Suppliers of the Company have established bank deposit collateral in its favour for the performance of contracts concluded therewith for the delivery of materials and services. The amount of securities valid as at 31 December 2021 is BGN 14 300 thousand (31 December 2020: 14 148 thousand);

b) According to the Rules on the conditions and procedure for granting access to the electricity transmission and distribution grids, where it is stated that a guaranteed collateral of customers eligible for transactions at freely negotiated prices is to be provided in favour of the Company's incorporated bank guarantees amounting at BGN 1 905 thousand at 31 December 2021 (31 December 2020: BGN 1 690 thousand).

54.3. Guarantees and guarantees received

Established guarantees in favor of the Company:

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

* Automatic renewal until the Procurator is released from liability.

54.4. Pledge of shares

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

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

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

54.5. Undrawn loan facilities

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

55. Reporting a change in accounting policy

55.1. Change of accounting policy

In 2020, Euroins Romania (Insurance business) changed its accounting policy regarding the methodology used to calculate technical reserves, and reclassified deferred regulatory fees. As a result of the change in the accounting policy, the following adjustments are made in 2020 and previous periods:

- a)** „Reinsurers’ share in insurance contract liabilities” reported effect in the amount of BGN 189,660 thousand. in an increase, respectively recalculated to BGN 712,821 thousand from BGN 523,261 thousand;
- b)** "Insurance contract liabilities" reported effect in the amount of BGN 368,988 thousand in increase, respectively recalculated to BGN 1,205,918 thousand from BGN 836,930 thousand;
- c)** "Other receivables" reported effect in the amount of BGN 9,084 in a decrease, as they were recalculated to BGN 189,185 thousand from BGN 198,271 thousand.
- d)** "Net earned premiums" reported effect in the amount of BGN 5,557 thousand in decrease, as they were recalculated to BGN 482,467 thousand from BGN 488,024 thousand.
- e)** "Claims incurred, net from reinsurance" reported effect in the amount of BGN 21,954 thousand in increase, as they were recalculated to BGN (305,716) thousand from BGN (283,762) thousand.
- f)** "Other operating expenses" reported an effect of BGN 495 thousand, an increase, respectively recalculated to (BGN 69,313 thousand) from (BGN 69,808) thousand.
- g)** "Net profit per share, in BGN" reported an effect of BGN 0.132 in a decrease per share, and was recalculated from BGN (0.225) to BGN (0.357).

55.2. Disclosure of the effects of the change in accounting policy in the statement of financial position as of 31.12.2020

31 December 2020 BGN thousand	Effects of change in accounting policy		
	Before restatement	Restatement	Restated
Reinsurers' share in insurance contract liabilities a)	523 261	189 660	712 921
Other receivables c)	68 426	(9 084)	59 342
Land and buildings	53 247	172	53 419
TOTAL ASSETS a) c)	1 627 137	180 748	1 807 885
Accumulated loss	(36 496)	(152 417)	(188 913)
Profit/(Loss) for the year	(43 807)	(25 537)	(69 344)
Non-controlling interest	29 167	(10 286)	18 881
Total equity a) b) c)	134 943	(188 240)	(53 297)
Insurance contract liabilities b)	836 930	368 988	1 205 918
Total liabilities, subordinated debts and Insurance contract liabilities b)	1 492 194	368 988	1 861 182
TOTAL EQUITY AND LIABILITIES a) b) c)	1 627 137	180 748	1 807 885

55.3. Disclosure of the effects of the change in accounting policy in the statement of profit or loss and other comprehensive income for 2020

2020 BGN thousand	Effects of change in accounting policy		
	Before restatement	Restatement	Restated
Revenue from operating activities			
Revenue from insurance business d) e)	1 383 842	(26 125)	1 357 717
	1 449 135	(26 125)	1 423 010
Expenses of operating activities			
Expenses of insurance business e) f)	(1 353 844)	(891)	(1 354 735)
	(1 398 483)	(891)	(1 399 374)
Gross Operating Profit d) e) f)	50 652	(27 016)	23 636
EBITDA d) e) f)	(4 946)	(27 016)	(31 962)
EBTDA d) e) f)	(24 487)	(27 016)	(51 503)
EBT d) e) f)	(40 579)	(27 016)	(67 595)
Net profit/(loss) for the year d) e) f)	(43 543)	(27 016)	(70 559)
Net profit, attributable to:			
Equity holders of the parent d) e) f)	(43 807)	(25 537)	(69 344)
Non-controlling interests d) e) f)	264	(1 479)	(1 215)
<i>Net profit per share, in BGN g)</i>	<i>(0.225)</i>	<i>(0.132)</i>	<i>(0.357)</i>

56. Related party transactions and balances

The related parties of the Group are as follows:

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

Subsidiaries of Starcom Holding AD:

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

As of 31.12.2021 the Group has the following transactions and balances with related parties:

Related party balances	31.12.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Receivables on loans from Starcom Holding AD	39 830	32 130
Receivables from repo transactions from Starcom Holding AD	4 935	2 206
Other receivables from Starcom Holding AD	1 234	1 193
Other receivables from Hanson Asset Management Ltd, UK	81	194
Loan liabilities to Starcom Holding AD	99 003	3 255
Subordinated debt payables to Starcom Holding AD	22 080	57 427
Other liabilities to Starcom Holding AD	5 895	20 536
Other liabilities to First Investment Bank, Russia	606	-
Trade liabilities originating from purchase of investments in debt instruments from Starcom Holding AD	1 536	3 898
Dividend liabilities to Starcom Holding AD	101	101

Related party transactions	2021	2020
	<i>BGN '000</i>	<i>BGN '000</i>
Commission fee income from Starcom Holding AD	429	186
Commission fee income from First Investment Bank, Russia	1	-
Rental income from Hanson Asset Management Ltd, UK	410	358
Revenue from services rendered to Starcom Holding AD	30	11
Interest income Starcom Holding AD	1 784	874
Interest expenses on loans received from Starcom Holding AD	3 816	1 323
Other expenses from Hanson Asset Management Ltd, UK	1	-

The composition of key management personnel is disclosed in *Note 1*. The remuneration and other short-term benefits of key management personnel for 2021 are disclosed in the remuneration report for 2021 available at: <https://www.eurohold.bg/files/documents/articles/de975d297ec40ef65719196d504d9e4a.pdf>

57. Events after the end of the reporting period

57.1. COVID-19 (Coronavirus)

In connection with the coronavirus pandemic, announced in March 2020 and currently ongoing, the Group takes all necessary measures to preserve the health of employees and minimize the impact of the crisis at this stage of its occurrence. The actions are in accordance with the instructions of the the Bulgarian health authorities and strictly follow the orders of all national institutions.

Management is closely monitoring the situation and looking for ways to reduce its impact on the Group, but fluctuations in stock prices on global stock exchanges could affect the fair value of the Company's investments if the negative trend continues. The economic environment in Bulgaria, which has so far relied on government support measures, may slow or deteriorate due to inflation, shortages of raw materials, disrupted supply channels, demand for goods and financial services or volatility in financial markets, which could long-term indirectly affect the Company or its subsidiaries.

57.2. Parent company

(1) New loan from the International Investment Bank

On January 28, 2022, a loan agreement was concluded with the International Investment Bank, Russia, and the entire amount was fully utilized on January 31, 2022. The principal amounts to EUR 7 million, the interest rate - 5% on an annual basis, and the maturity date is January 28, 2029.

(2) New bond loan

Bond loan in the amount of EUR 40 000 000 with ISIN: BG2100002224 was registered by Central Depository AD on March 8, 2022. The issue is the third in a row of ordinary, commemorative, dematerialized, interest-bearing, secured, non-convertible, freely transferable bonds under the terms of primary private (non-public) placement within the meaning of Art. 205, para. 2 of the CA. The nominal and issue value of each bond is EUR 1 000 (thousand). The maturity date of the issue is March 8, 2029, and the principal is repaid once at maturity. Interest payments are made every six months, as of the date of registration of the issue (March 8, 2022), at a fixed nominal interest rate - 3.25% on an annual basis.

The current bond issue is secured by insurance concluded between the issuer Eurohold Bulgaria AD, as an insurer and EUROINS Insurance Company AD, UIC 121265113, as an insurer, for the benefit of all bondholders.

The purpose of the debenture loan is to raise funds that will be used to purchase receivables, with the following parameters:

1. Reduction of the Issuer's indebtedness by repaying maturing short-term and / or long-term liabilities of the Company;
2. Support for the operational activities of the issuer's existing subsidiaries, which may be supported by:
 - o increase of share capital of a subsidiary;
 - o granting an interest loan to a subsidiary of the issuer or its subsidiary.
3. Part of the raised funds, the Issuer may use to finance new acquisitions of participations in companies in the sectors in which Eurohold Bulgaria AD operates, through its subsidiaries;
4. Providing working capital for the needs of the issuer.

In case, after issuing the bond issue, the Issuer has a free monetary resource, it intends to repurchase such part of the bond as it deems appropriate and re-sell it if necessary for cash for the purposes specified above.

(3) Interest payment

The third interest payment on the issue of corporate bonds with the issuer Eurohold Bulgaria AD and ISIN code BG2100013205 was made on May 26, 2022.

(4) Newly established company

With a decision of 23.5.2022 Eurohold Bulgaria AD establishes ELECTROHOLD GREEN EOOD, UIC 206955898. The capital amounts to BGN 20,000 and is fully paid. It is divided into 20 shares of BGN 1,000 each. The entry in the Commercial Register is on May 27, 2022.

The main activity of the company is consulting and investment activities, construction and maintenance of photovoltaic power plants, trade in solar panels and accessories, real estate transactions, representation, mediation and agency of Bulgarian and foreign legal entities in the country and abroad, and any other activity, not expressly prohibited by law.

57.3. Eastern European Electric Company II, The Netherland

(1) On March 17, 2022, Eurohold Bulgaria AD increased the capital of its subsidiary Eastern European Electric Company II, the Netherlands, with a cash contribution of EUR 2 000 000.

(2) In March 2022, Eastern European Electric Company B.V., the Netherlands - the holding company consolidating the energy business of Eurohold Bulgaria AD through its subsidiary Eastern European Electric Company II B.V. (EEEC), increased its shares in the capital of the electricity distributor - CEZ Distribution Bulgaria AD to 98.93% (by acquiring additional 207 107 shares or 10.74%), and the electricity supplier - CEZ Electro Bulgaria AD to 96.92% (by acquiring additional 1 379 shares or 27.58%). The additionally acquired shares are made by Utilization under Mechanism B1 in the amount of BGN 25.7 million and Mechanism B2 in the amount of BGN 16.7 million and share premium contribution provided by EEEC III in the amount of BGN 9.1 million.

(3) New corporate identity and a new branding

According to publicly announced information, Electrohold will be the new name of CEZ's companies in Bulgaria from the end of April 2022. In addition to changing the names, the companies in the Group will present a new corporate identity and a new branding.

Previous name	New name
CEZ Razpredelenie Bulgaria AD	Electricity Distribution Networks Zapad AD (ERM Zapad AD)
CEZ IKT Bulgaria EAD	Electrohold ICT EAD
CEZ Electro Bulgaria AD	Electrohold Sales AD
CEZ Bulgaria EOOD	Electrohold Bulgaria EOOD
CEZ Trade Bulgaria EAD	Electrohold Trade EAD

57.4. Auto Union AD

(1) On November 16, 2021, Avto Union AD, in its capacity as sole owner of the capital of Star Motors EOOD, signed a preliminary contract for its sale. Star Motors EOOD is the official importer of Mazda cars for Bulgaria, and through its subsidiary Star Motors DOOEL for the Republic of Northern Macedonia. The deal was finalized on May 11, 2022 with the signing of a final contract. The new owner was entered in the Commercial Register on 17.5.2022.

(2) On March 17, 2022, Avto Union AD, in its capacity as sole owner of the capital, signed a preliminary contract for the sale of its subsidiary Daru Car EAD. The company is an official BMW service. The deal is currently being approved by regulators.

57.5. Eurolease Group AD

(1) Eurolease Group AD consolidates the investments of Eurohold Bulgaria AD in the leasing business. On March 14, 2022, Eurolease Group AD, in its capacity of sole owner of the capital, Eurolease Rent Car EOOD signed a preliminary contract for its sale. The deal is currently being approved by regulators.

(2) On April 5, 2022, on the account of Amigo Leasing EAD in the Commercial Register and the Register of Non-Profit Legal Entities, a change of its name was entered and as of this date the name under which it operates is now Financy EAD.

(3) On 15.04.2022, on the account of Mogo Bulgaria EOOD, in the Commercial Register and the register of non-profit legal entities, a change of his name was entered and as of this date the name under which he operates is now Amigo Finance EOOD.

57.6. Euroins Insurance Group AD

(1) On January 28, 2022 a meeting of the Board of Directors of EIG AD was held, at which a decision was made for the Company to participate in increasing the capital of Euroins Georgia AD by purchasing 329,939 shares with a total value of 1,501,222.45 Georgian lari from the unsubscribed 1,261,716 shares of ZD Euroins Georgia AD. Based on this, EIG AD will become the owner of 1,950,291 shares.

(2) On January 28, 2022 a Debt Substitution Agreement was concluded between Auto Union AD, in its capacity of creditor, Eurohold Bulgaria AD, in its capacity of underwriter and EIG AD, in its capacity of initial debtor. Eurohold AD replaces EIG AD as a debtor, and in turn becomes a creditor of EIG AD.

(3) The bond loan issued on 18 December 2014 in the form of 100 bonds available, subordinated, unsecured as of the date of issue with a face value of EUR 100 thousand each in the amount of EUR 10,000 thousand (BGN 19,558 thousand).) and maturity 18 December 2021 was repaid in full on 05 January 2022 together with the last interest payment.

57.7. Military conflict between Ukraine and Russia

There are force majeure circumstances that may affect business activities in all areas worldwide. This is due to the military actions taken by Russia and its invasion of Ukraine.

As a result of the war, a number of countries around the world, including the European Union, have imposed drastic sanctions on Russia, and in part on Belarus, which supports it.

Eurohold Bulgaria owns, through its subsidiary Euroins Insurance Group AD, investments in insurance companies in Ukraine, Russia and Belarus. Eurohold Bulgaria has liabilities under bank loans to the International Economic Bank, Russia and the International Bank for Economic Cooperation, Russia.

Management of the Group is concerned about the development of the military conflict between Russia and Ukraine, and assesses its impact on the Group's business by analysing the impact on both sides of the conflict.

Currently, the current military situation is a non-corrective event, at the same time it is extremely dynamic and the leadership at this stage cannot make a qualitative and quantitative assessment of the impact of the war on the Group, and will be assessed over time depending on its development, as well as from: the effects of the imposed sanctions on the Russian and Belarusian states and the effects of the reverse sanctions that Russia will impose on the states that do not support it. As the situation is extremely dynamic, the Group's management is not able to fully assess all future indirect effects, but the impact may be negative. This, in turn, could lead to a change in the carrying amounts of the Company's assets, which are determined in the separate financial statements when performing a number of judgments and assumptions by management and reporting the most reliable information available at the date of estimates.

Management will continue to monitor the potential impact and will take all possible steps to mitigate the potential effects.

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

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DECLARATION BY THE RESPONSIBLE PERSONS

DECLARATION
in accordance with article 100m, paragraph 4, item 4 of
Public Offering of Securities Act

The undersigned,,

1. Kiril Boshov –Executive Director of Eurohold Bulgaria AD
2. Milena Guentcheva – Procurator of Eurohold Bulgaria AD
3. Ivan Hristov – Financial controller of Eurohold Bulgaria AD (Complier of the financial statement)

WE DECLARE that, to the best of our knowledge:

1. The annual consolidated financial statements for 2021, prepared in accordance with the applicable accounting standards, accurately and fairly reflect the information on the assets and liabilities, financial condition and profit or loss of Eurohold Bulgaria AD;
2. The Annual Consolidated Activity Report for 2021 contains a reliable overview of the development and results of the activities of Eurohold Bulgaria AD, as well as a description of the main risks and uncertainties facing the company.

Declarants:

- | | |
|----------------------|---|
| 1. Kiril Boshov | <p>KIRIL
IVANOV
BOSHOV</p> <p>Digitally signed
by KIRIL IVANOV
BOSHOV
Date: 2022.06.14
21:37:41 +03'00'</p> |
| 2. Milena Guentcheva | <p>MILENA
MILTCHOVA
GUENTCHEV
A</p> <p>Digitally signed by
MILENA
MILTCHOVA
GUENTCHEVA
Date: 2022.06.14
21:24:37 +03'00'</p> |
| 3. Ivan Hristov | <p>Ivan
Dimitrov
Hristov</p> <p>Digitally signed
by Ivan Dimitrov
Hristov
Date: 2022.06.14
21:16:55 +03'00'</p> |

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
EUROHOLD BULGARIA AD
Sofia, 43, Christopher Columbus Blvd.

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Eurohold Bulgaria AD and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" section of our report, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation.

Basis for Qualified Opinion

1. The Group has disclosed the carrying amount of goodwill of BGN 172 723 thousand as of 31 December 2021 in note 38 "Goodwill" to the consolidated financial statements. Group's management has performed impairment testing of goodwill as of year end. Impairment loss of BGN 20 174 thousand was recognised in 2021 on the basis of valuations and certain assumptions. Due to the inherent uncertainties caused by the specifics of the insurance business, the continuing negative impact of the Covid-19 coronavirus pandemic and the uncertain economic situation as a result of the high inflation and the expectations of the increasing negative impact of the war in Ukraine, we were unable to obtain sufficient appropriate audit evidence regarding the extent to which the assumptions and judgements used in the valuations about the future development of the subsidiaries from "Insurance" segment are justified and reflect the possible effects of the above factors. Accordingly, we were unable to determine whether and to what extent adjustments are necessary to the carrying amount of goodwill related to the insurance business of the Group of BGN 164 478 thousand as of 31 December 2021.

2. Group's share of reinsurers in the claim reserves is BGN 646,501 thousand as of 31 December 2021, as disclosed in note 25 "Share of reinsurers in technical reserves" to the consolidated financial statements. These reinsurance contract assets are the actual or estimated amounts to be netted from the gross amount of claim reserves in accordance with Group's financial commitments under reinsurance contracts, which are usually characterized by a high degree of subjectivity and complexity. In determining the amount of the share of reinsurers in the claims reserve for one of the subsidiaries in the Group, being BGN 421 191 thousand as of 31 December 2021, management has made the relevant calculations based on contractual terms, and by applying certain judgements and estimates, and subsequent analysis of events that have occurred or are expected to occur. We were unable to obtain sufficient appropriate audit evidence as to whether the assumptions used in the estimates for this subsidiary are reasonable. Accordingly, we were unable to determine whether and to what extent adjustments to the Group's expected recoverability of the reinsurances contract assets are necessary as of 31 December 2021.

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 Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independent Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements of Bulgarian Independent Financial Audit Act, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to note 57 "Events after the end of the reporting period" to the consolidated financial statements, which discloses the non-adjusting event related to the military invasion of the Russian Federation in the Republic of Ukraine on 24 February 2022 and the general uncertainty on the global markets as a result of the hostilities. Many countries have imposed sanctions on the assets and operations owned by Russia and certain related corporations and individuals. The economic consequences of the military conflict in Ukraine cannot be quantified, but the expectations are for significant negative economic impact that will affect many sectors of the economy, both in Bulgaria and in European Union. The intentions of Group's management are to take all necessary measures to limit any potential future negative effects of the sanctions against the Russian Federation, which have an indirect effect on all spheres of economic activity worldwide and in Bulgaria. However, the possibility of future negative impact on revenues, forecasts for future development, cash flows and Group's profit as a result of the ongoing military conflict, imposed restrictions and other factors cannot be ruled out. Our opinion has not been modified in regard to this issue.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters are considered as part of our audit of the consolidated financial statements as a whole and the formation of our opinion on it, and we do not provide a separate opinion on these issues. In addition to the matters described in the "Basis for Qualified Opinion" section we have determined the matters described below to be the key audit matters to be communicated in our report.

Assessment of the adequacy of insurance reserves	
Group's disclosures regarding the assessment of the adequacy of insurance reserves are presented in notes 2.9 "Uncertainty of accounting estimates", 2.14.1 "Insurance business", and 47 "Insurance reserves" to the consolidated financial statements	
Key audit matter	How this matter was addressed during the audit
<p>As of 31 December 2021, the insurance reserves of the Group, presented in the consolidated statement of financial position, amount to BGN 1,430,851 thousand and are 38% of Group's total liabilities.</p> <p>The valuation of insurance reserves requires the use of professional judgment by applying a set of statistical and mathematical models and rules that are consistent with Group's accounting policies and regulatory requirements in the various jurisdictions with respect to those reserves.</p> <p>In accordance with generally accepted practices in the insurance industry, the Group uses valuation models for the purposes of calculating insurance reserves. The complexity of the models could lead to errors as a result of inconsistent or incomplete data or difficulties in applying the models. Insurance reserves represent estimates of future payments of reported and not yet reported claims for losses and related expenses as of a certain date. This requires a significant assessment in terms of factors and assumptions, including claims</p>	<p>We gained understanding and assessed whether selected key controls have been put in place and meet the operational efficiency requirements regarding the determination of insurance reserves. We analysed the actuarial methodology, the reliability of the data used in the actuarial valuations, as well as the assumptions and processes used by management, which are related to the valuation of insurance reserves.</p> <p>In this area, our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> – analysis and verification of the consistent application of the existing accounting policy for assessment and presentation of Group's insurance reserves in accordance with the requirements of IFRS, as adopted by EU and the applicable regulatory framework; – analysis of the changes in the accounting policy compared to prior periods for a specific

<p>development model and regulatory changes. In particular, business lines giving rise to long-term claims are generally more difficult to predict and are subject to greater uncertainty than those related to short-term claims.</p> <p>The adequacy test of Group's insurance reserves was made in order to confirm that they are adequate and sufficient for the expected future payments.</p> <p>Due to the importance of assessing the adequacy of insurance reserves for the consolidated financial statements and the fact that assumptions for determining insurance reserves inherently involve significant judgments, complexity and uncertainty, we have identified the adequacy of insurance reserves as a key audit matter.</p>	<p>subsidiary of the Group, as well as an assessment of the extent to which the change has led to a more appropriate presentation in the consolidated financial statements;</p> <ul style="list-style-type: none"> - tests for the completeness and accuracy of the claims data used by Group's actuaries in the assessment of non-life insurance reserves; - assessment whether the methodology used is appropriate through a critical analysis of key assumptions and judgments; - analysis of the professional qualification, competence, experience and objectivity of the actuary responsible for the preparation of the assessment of the amount of insurance reserves and claims under insurance contracts; - our audit team also included members with appropriate actuarial qualifications and experience to verify and analyse the appropriateness of the key assumptions of the applied methodology for calculating insurance reserves, including the assessment of the adequacy of reserves; - performance of independent calculation of the expected development of claims in respect of selected lines of business, focusing on the largest and most uncertain non-life insurance reserves; assessment of the adequacy of the unexpired risks reserve and the reserve for incurred but not reported claims; assessment based on future development of the reserve for outstanding claims; - verification of the reliability of the test for adequacy of insurance reserves, made by management, which is the main test, which confirms that the reserves are sufficient to cover future payments; - performance of reconciliation and testing of the data used in the actuarial models and the data in the accounting registers; - assessment of the completeness, appropriateness and adequacy of the disclosures in the consolidated financial statements in respect of insurance reserves.
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Business Combination of the Group	
Group's disclosures regarding the performed business combinations in 2021, including those in the Energy segment are included in notes 2.5 "Business Combinations" and 51.1 "Acquisitions in 2021"	
Key audit matter	How this matter was addressed during the audit
<p>In 2021 the Group performed business combinations related to the acquisition of several companies in the Energy segment, one company in the Lease segment and sale of companies in the Cars segment.</p> <p>The most significant of the transactions was the acquisition of seven subsidiaries from the Czech energy company CEZ Group, as a result of which the Group has control over these companies as of 31 December 2021 and their financial results for the period from August to December 2021 are included in the consolidated financial statements.</p> <p>Management has used significant judgments and estimates and also valuation reports made by independent external appraisers in determining the fair value of the net identifiable assets and liabilities at the date of the business combination, including identifying intangible assets, allocating the price and determining the outcome of the transaction.</p> <p>The remuneration paid for the acquisition of control over these companies in July 2021 amounted to BGN 655 203 thousand, and the recognized goodwill was BGN 2 500 thousand. In November 2021 the Group increased its participation in two of the companies by 21.19% and 2.34% respectively and paid BGN 122,036 thousand. Information on the calculations and results of the business combination is disclosed in note 51.1.1 "Energy Business".</p> <p>The most significant estimates and assumptions influencing the effect of business combination in 2021 in the Energy segment are:</p> <ul style="list-style-type: none"> – determining the components of the remuneration; – identification of the identifiable assets and liabilities, including intangible assets; – determining the fair value of identifiable assets and liabilities; and – allocation of the purchase price to the acquired assets and liabilities and the remaining goodwill as a result. <p>Due to the significance of the above transactions for the Group in 2021 and the use of judgments and estimates in determining the fair value of identifiable assets and liabilities, including intangible assets, we identified the business combinations made in 2021 as a key audit matter.</p>	<p>During our audit, our audit procedures included, but are not limited to:</p> <ul style="list-style-type: none"> – involving our in-house appraisers to assist us in verifying the allocation of the purchase price and the fair value measurement; – assessment of the nature and components of the purchase price; – analysis of the identified assets and liabilities at the date of the business combination; – analysis as to whether the acquired intangible assets are properly identified and the assumptions used in determining their fair value are reasonable and appropriate; – critical analysis and assessment of whether the methodology used in the fair value measurement is appropriate and in accordance with applicable regulations and best practice; – verification of the accuracy of the calculations when applying the estimation models, including on a sample basis for certain assets and liabilities; – verification of the calculations for determining the value of goodwill; and – assessment of the completeness, relevance and adequacy of the disclosures in the consolidated financial statements in respect of business combinations. <p>The purchase price allocation to the fair value of identifiable assets and liabilities were found to be reasonable and the disclosures made in the consolidated financial statements are in accordance with applicable accounting standards.</p>

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed a qualified opinion on those statements on 15 May 2021.

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

Management is responsible for the other information. The other information comprises the annual consolidated management report, including the consolidated corporate governance statement and the consolidated non-financial declaration, prepared in accordance with Bulgarian Accountancy Act, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or whether our knowledge obtained in the audit may indicate that there is a material misstatement or otherwise the other information 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 of this report, we have not been able to obtain sufficient and appropriate audit evidence on the matters identified in this section. Accordingly, we are not in a position to conclude whether the other information does not contain material misstatement in relation to these matters.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and Bulgarian Independent Financial Audit Act 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 consolidated financial statements.

As part of our 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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

In addition to our responsibilities for reporting under ISAs, described above in section "Information Other than the Consolidated Financial Statements and Auditor's Report Thereon", regarding annual consolidated management report, including the consolidated corporate governance statement and the consolidated non-financial declaration, we have performed the additional procedures contained in the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). The procedures on the existence, form and contents of the other information have been carried out in order to state whether the other information includes the elements and disclosures in accordance with Chapter Seven of Bulgarian Accountancy Act and Public Offering of Securities Act (Article 100m, paragraph (10) in relation to Article 100n, paragraph (8), subparagraphs (3) and (4) of Bulgarian Public Offering of Securities Act) applicable in Bulgaria.

Statement Pursuant to Article 37, Paragraph (6) of Bulgarian Accountancy Act

Based on the procedures performed, we describe the outcome of our work:

- (a) the information in the consolidated management report is consistent with the consolidated financial statements for the same reporting period, on which we have issued qualified opinion in the section "Report on the Audit of the Consolidated Financial Statements" above;
- (b) the consolidated management report is prepared in accordance with the applicable legal requirements;
- (c) as a result of the acquired knowledge and understanding of the activities of the Group and the environment in which it operates, we have found no cases of material misrepresentation in the consolidated management report, except for the possible effect of the matter described in section "Information Other than the Consolidated Financial Statements and Auditor's Report Thereon" of the "Report on the Audit of the Consolidated Financial Statements";
- (d) the consolidated corporate governance statement for the financial year contains the required information in accordance with the applicable legal requirements, including Article 100n, paragraph (8) of Bulgarian Public Offering of Securities Act;
- (e) the consolidated non-financial declaration is prepared and made available in accordance with the requirements of Bulgarian Accountancy Act.

Statement Pursuant to Article 100m, Paragraph (10) of Bulgarian Public Offering of Securities Act

Based on the procedures performed and our knowledge of the Group and the environment in which it operates, in our opinion, there is no material misstatement in the description of the main characteristics of the internal control system and of the risk management system of the Group in connection with the financial reporting process and also in the information pursuant to Article 10, paragraph 1, items "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, which are included in the consolidated corporate governance statement.

Reporting on compliance of the electronic format of the consolidated financial statements included in the annual consolidated financial report on the activity under Art. 100n, paragraph 5 of Bulgarian Public Offering of Securities Act with the requirements of ESEF Regulation

We have undertaken a reasonable assurance engagement on the compliance of the electronic format of the consolidated financial statements of Eurohold Bulgaria AD for the year ended on 31 December 2021 included in the digital file „74780000J0W85Y204X80-20211231-BG-CON.zip“, with the requirements of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (“ESEF Regulation”). Our opinion is only regarding the electronic format of the consolidated financial statements and does not include the other information contained in the annual consolidated financial report on the activity under art. 100n, para. 5 of Bulgarian Public Offering of Securities Act.

Description of Subject Matter Information and Applicable Criteria

Management has prepared the electronic format of Group’s consolidated financial statements for the year ended 31 December 2021 in accordance with ESEF Regulation in order to comply with Bulgarian Public Offering of Securities Act. The rules for preparation of the consolidated financial statements in this electronic format are described in the ESEF Regulation and in our opinion, they are applicable criteria for providing reasonable assurance.

Responsibilities of Management and Those Charged with Governance

Group’s management is responsible for the application of the requirements of ESEF Regulation in preparing the electronic XHTML format of the consolidated financial statements. These responsibilities include the selection and application of suitable iXBRL tags in accordance with the taxonomy of ESEF Regulation, as well as the application of such internal controls, which are necessary for the preparation of the electronic format of Group’s annual consolidated financial statements, that are free from material misstatements in accordance with ESEF Regulation.

Those charged with governance are responsible for overseeing the process for preparation of Group’s annual consolidated financial statements and application of ESEF Regulation.

Auditor’s Responsibilities

Our responsibility is to obtain reasonable assurance about whether the electronic format of the consolidated financial statements complies with ESEF Regulation. We applied the “Guidance on issuing an opinion on the application of ESEF Regulation by issuers whose securities are admitted to trading on a regulated market in the European Union” of Institute of Certified Public Accountants (ICPA)” in Bulgaria and conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised))”. The standard requires that we comply with ethical requirements, design and perform audit procedures to obtain reasonable assurance whether the electronic format of Group’s consolidated financial statements have been prepared in accordance with the applicable criteria described above. The nature, timing and extent of our procedures depend on our professional judgement, including the risk of material misstatements whether due to fraud or error, in applying the requirements of ESEF Regulation.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAE 3000 (Revised) will always detect a material misstatement when it exists.

Quality Control Requirements

We have applied the requirements of International Standard on Quality Control (ISQC) 1 and accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements of the registered auditors in Bulgaria. We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independent Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and adopted by BICPA, together with the ethical requirements of Bulgarian Independent Financial Audit Act.

Summary of the Work Performed

The purpose of the designed and performed procedures was to obtain reasonable assurance whether the electronic format of the consolidated financial statements has been prepared in all material aspects in compliance with the requirements of ESEF Regulation. In performing procedures for assessing compliance with the requirements of ESEF Regulation on electronic (XHTML) format of Group's consolidated financial statements, we used professional judgement and applied professional skepticism. We also:

- obtained an understanding of the internal control and processes, related to the application of ESEF Regulation in preparing Groups' consolidated financial statements in XHTML format with iXBRL tags;
 - checked that the enclosed XHTML format is valid;
 - reconciling the data in the electronic format of the consolidated financial statements with the audited consolidated financial statements;
 - evaluated the completeness of Group's tagging of the consolidated financial statements using the XBRL markup language;
 - evaluated the appropriateness of the use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified; and
 - evaluated the use of anchoring in relation to the extension elements in accordance with ESEF Regulation.
- We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on compliance of the electronic format of the consolidated financial statements with ESEF Regulation

Based on the performed procedures, our opinion is that the electronic format of the consolidated financial statements of the Group for the year ended 31 December 2021, contained in the attached electronic file „7478000J0W85Y204X80-20211231-BG-CON.zip“, on which we are issuing a qualified audit opinion, has been prepared in all material respects in accordance with the requirements of the ESEF Regulation.

Reporting Pursuant to Article 59 of Bulgarian Independent Financial Audit Act in relation to Article 10 of Regulation (EC) № 537/2014

In accordance with the requirements of Bulgarian Independent Financial Audit Act and in relation with Article 10 of Regulation (EC) № 537/2014, we report additionally the information as follows:

- Grant Thornton OOD was appointed as statutory auditor of the consolidated financial statements of Eurohold Bulgaria AD for the year ended on 31 December 2021 by the general meeting of shareholders, held on 18 October 2021, for a period of one year.
- The audit of the consolidated financial statements of the Company for the year ended on 31 December 2021 has been made for first consecutive year.
- In support of our audit opinion, we have provided a description of the most significant assessed risks of material misstatement, a summary of the auditor's response and where relevant, key observations arising with respect to those risks in the section „Key audit matters“ of this report.
- We confirm that our audit opinion is consistent with the additional report to the audit committee, which was provided in accordance with Article 60 of Bulgarian Independent Financial Audit Act.
- We declare that prohibited non-audit services referred to in Article 64 of Bulgarian Independent Financial Audit Act were not provided.
- We confirm that we remained independent of the Group in conducting the audit.
- For the period to which our joint statutory audit refers, we have not provided services in addition to the statutory audit which have not been disclosed in the consolidated management report or the consolidated financial statements.

Mariy Apostolov
Managing partner

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by MARIY
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Grant Thornton Ltd., reg. № 032
Audit firm

Silvia Dinova
Registered auditor responsible for the audit

SYLVIA BORISLAVOVA
DINOVA
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BORISLAVOVA DINOVA
Date: 2022.06.14 22:40:19
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14 June 2022
Bulgaria, Sofia, 26, Cherni Vrah Blvd.