

EUROHOLD BULGARIA



**ANNUAL
CONSOLIDATED REPORT 2020**



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

The consolidated annual report of Eurohold Bulgaria AD has been prepared on the basis of Article 100n of the Public Offering of Securities Act (POSA), Art. 44-52 of the Accounting Act, Art. 187e and Art. 247 of the Commercial Act

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Translation:

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

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

Eurohold Bulgaria AD
2020

ANNUAL CONSOLIDATED FINANCIAL STATEMENT

Eurohold Bulgaria AD
Consolidated Statement of profit or loss and other comprehensive income
for the year ended 31 December

<i>In thousand BGN</i>	<i>Note</i>	2020	2019 restated
Revenue from operating activities			
Revenue from insurance business	3	1 383 842	1 323 840
Revenue from car sales and after sales	5	162 697	244 757
Revenue from leasing business	6	21 628	25 301
Revenue from asset management and brokerage	8	7 935	4 521
Revenue from the activities of the parent company	10	3 028	2 390
		1 579 130	1 600 809
Expenses of operating activities			
Expenses of insurance business	4	(1 353 844)	(1 253 824)*
Cost of cars and spare parts sold		(138 314)	(211 190)
Expenses of leasing business	7	(7 702)	(8 751)
Expenses of asset management and brokerage	9	(6 712)	(3 178)
Expenses of the activities of the parent company	11	(1 850)	(1 164)
		(1 508 422)	(1 478 107)*
Gross Operating Profit		70 708	122 702*
Other income/(expenses), net	12	2 486	(1 080)
Other operating expenses	13	(72 612)	(74 642)
(Accrued)/recovered impairment loss on financial assets, net	14	883	(1 630)
		1 465	45 350*
EBITDA			
Financial expenses	15	(22 699)	(19 908)
Financial income	16	179	112
Foreign exchange gains/(losses), net	17	1 405	(303)
		(19 650)	25 251*
EBTDA			
Depreciation and amortization	18	(20 683)	(20 578)*
		(40 333)	4 673*
EBT			
Tax expenses	19	(3 210)	(1 966*)
Net profit for the year		(43 543)	2 707*
Net profit, attributable to:			
Equity holders of the parent		(43 807)	480*
Non-controlling interests		264	2 227*
<i>Net profit per share, in BGN</i>	44.3	(0.225)	0,002*

* Some of the amounts disclosed in this consolidated financial statement do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction and changes in accounting policies disclosed in Note 50.

Prepared by:

Signed on behalf of

Procurator:

the Management Board:

/Ivan Hristov/

/Kiril Boshov/

/Milena Guentcheva/

Date: 7.5.2021

„ZAHARINOVA NEXIA“ Ltd, Audit firm

Consolidated financial statement on which we have issued an audit report dated 15.05.2021

*Dimitrina Zaharinova
Manager
Zaharinova Nexia Ltd.
Registration number 138*

*Dimitrina Zaharinova
Registered auditor, responsible
for the audit
Registration number 0415*

Eurohold Bulgaria AD
Consolidated Statement of profit or loss and other comprehensive income
for the year ended 31 December (continued)

In thousand BGN	Note	2020	2019 restated
Net profit for the period	45	(43 543)	2 707*
Other comprehensive income			
<i>Other comprehensive income to be reclassified subsequently to profit or loss:</i>			
Net loss from change in the fair value of financial assets through other comprehensive income		1 002	(8)
Exchange differences on translating foreign operations		(11 000)	1 158
Other comprehensive income for the year, net of tax		(9 998)	1 150*
Total comprehensive income for the year, net of tax		(53 541)	3 857*
Total comprehensive income, attributable to:			
Equity holders of the parent		(53 294)	1 602*
Non-controlling interests		(247)	2 255*
		(53 541)	3 857*

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Eurohold Bulgaria AD
Consolidated statement of financial position
as of December 31, 2020

In thousand BGN	Note	31.12.2020	31.12.2019 restated
ASSETS			
Cash and cash equivalents	20	68 800	91 690
Fixed-term deposits at banks	21	23 455	15 787
Reinsurers' share in technical reserves	22.1	523 261	463 829
Insurance receivables	22.2	149 128	127 796
Trade receivables	23	45 608	47 078*
Other receivables	24	68 426	60 178*
Machinery, plant and equipment	25, 25.3-5	46 702	53 023*
Intangible assets	27	4 358	3 546
Inventory	28	26 634	42 168
Financial assets	29	341 981	261 899
Deferred tax assets	30	11 544	13 061
Land and buildings	25, 25.1-2	53 247	53 906
Investment property	26	9 652	15 703
Investments in associates and other investments	31	10 849	12 587*
Other financial investments	32	1 861	5 650
Non-current receivables	33	51 234	54 199
Goodwill	34	190 397	190 397
TOTAL ASSETS		1 627 137	1 512 497*

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Eurohold Bulgaria AD
Consolidated statement of financial position
as of December 31, 2020 (continued)

<i>In thousand BGN</i>	<i>Note</i>	31.12.2020	31.12.2019 restated
EQUITY AND LIABILITIES			
Equity			
Issued capital	44.1	197 526	197 526
Treasury shares	44.1	(97)	(1 353)
Share Premium	44.2	49 568	49 568
General reserves		7 641	7 641
Revaluation and other reserves		(68 559)	(58 160)*
Retained earnings/(losses)		(36 496)	(37 167)*
Profit for the year	45	(43 807)	480*
Equity attributable to equity holders of the parent		105 776	158 535*
Non-controlling interests	46	29 167	33 502*
Total equity		134 943	192 037*
Subordinated debts	35	76 985	19 558
LIABILITIES			
Bank and non-bank loans	36	174 341	140 735
Obligations on bond issues	37	163 342	157 664
Non-current liabilities	38	14 345	23 242
Current liabilities	39	61 906	45 239*
Trade and other payables	40	117 148	139 749
Payables to reinsurers	41	46 855	26 193
Deferred tax liabilities	42	342	397
		578 279	533 219*
Insurance reserves	43	836 930	767 683
		836 930	767 683
Total liabilities and subordinated debts		1 492 194	1 320 460*
TOTAL EQUITY AND LIABILITIES		1 627 137	1 512 497*

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Eurohold Bulgaria AD
Consolidated statement of cash flows
for the year ended 31 December

<i>In thousand BGN</i>	<i>Note</i>	2020	2019
			restated
Operating activities			
Profit for the period before tax:		(40 333)	4 673*
Adjustments for:			
Depreciation and amortization	18	20 683	20 578*
Foreign exchange gain/(loss)		(1 307)	304
Dividend income		(44)	(88)
Insurance reserves change, net of reinsurance		9 190	36 197
Increase in impairment loss		24 500	4 706
Revaluation of investments		(694)	(8 661)
Gain on purchase of investments in subsidiaries		(4 269)	-
Gain on investment sales		(3 045)	(10 015)
Net investment income (interest income and expense)		4 511	7 129
Other non-monetary adjustments		(1 051)	(7 449)
Operating profit before change in working capital		8 141	47 374*
Change in trade and other receivables		(37 694)	(61 977)*
Change in inventory		15 534	18 454
Change in trade and other payables and other adjustments		8 221	24 534*
Cash generated from operating activities		(5 798)	28 385
Interest (paid)/received		2 676	(4 380)
Income tax paid		(2 405)	(467)
Net cash flows from operating activities		(5 527)	23 538
Investing activities			
Purchase of property, plant and equipment		(3 856)	(3 670)
Proceeds from the disposal of property, plant and equipment		1 193	20 651
Loans granted		(84 462)	(61 371)
Repayment of loans, including financial leases		49 353	67 814
Interest received on loans granted		1 852	3 531
Purchase of investments		(319 416)	(136 890)
Sales of investments		252 499	169 845
Dividends received		3 540	4 816
Effect of exchange rate changes		558	(318)
Other proceeds/(payments) from investing activities, net		3 051	1 550
Net cash flows from investing activities		(95 688)	65 958

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Eurohold Bulgaria AD
Consolidated statement of cash flows
for the year ended 31 December (continued)

<i>In thousand BGN</i>	<i>Note</i>	2020	2019
			restated
Financing activities			
Proceeds from loans		175 910	54 028
Repayment of loans		(59 301)	(55 381)
Lease repayments		(22 039)	(26 032)
Payment of interest, charges, commissions on investment loans		(16 171)	(16 122)
Dividends paid		(317)	(3 276)
Other proceeds/(payments) from financing activities, net		243	(563)
Net cash flows from financing activities		78 325	(47 346)
Net increase / (decrease) in cash and cash equivalents		(22 890)	42 150
Cash and cash equivalents at the beginning of the year	20	91 690	49 540
Cash and cash equivalents at the end of the year	20	68 800	91 690

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Eurohold Bulgaria AD
Consolidated Statement of Changes in Equity
For the year ended 31 December

In thousand BGN	Share capital	Share premium	General reserves	Revaluation and other reserves	Retained earnings/ (losses)	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance as of 31 December 2018	197 449	49 568	7 641	(57 616)*	(38 250)	158 792	40 382	199 174
Error correction*	-	-	-	-	(2 069)	(2 069)	(108)	(2 177)
Change in accounting policy*	-	-	-	-	5 181	5 181	224	5 405
Balance as of 1 January 2019 (recalculated)	197 449	49 568	7 641	(57 616)	(35 138)	161 904	40 498	202 402
Treasury shares repurchased	(1 276)	-	-	-	-	(1 276)	-	(1 276)
Dividends	-	-	-	-	(2 469)	(2 469)	(859)	(3 328)
Change in non-controlling interest due to transactions without change of control	-	-	-	(1 666)	440	(1 226)	(8 392)	(9 618)
Profit for the year	-	-	-	-	480*	480*	2 227*	2 707*
Other comprehensive income:								
Revaluation reserve from recalculations in the foreign currency presentation	-	-	-	1 130	-	1 130	28	1 158
Changes in the fair value of financial assets through other comprehensive income	-	-	-	(8)	-	(8)	-	(8)
Change in the fair value of investments in associates	-	-	-	5 217	-	5 217	309	5 526
Total other comprehensive income	-	-	-	6 339	-	6 339	337	6 676
Total comprehensive income	-	-	-	6 339	480*	6 819*	2 564*	9 383*
Balance as of 31 December 2019(recalculated)	196 173	49 568	7 641	(52 943)	(36 687)*	163 752*	33 811*	197 563*
Other corrections*	-	-	-	(5 217)	-	(5 217)	(309)	(5 526)
Balance as of 1 January 2020(recalculated)	196 173	49 568	7 641	(58 160)*	(36 687)*	158 535*	33 502*	192 037*

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Eurohold Bulgaria AD
Consolidated Statement of Changes in Equity
As of December 31, 2020 (continued)

Balance as of 1 January 2020 (recalculated)	196 173	49 568	7 641	(58 160)*	(36 687)*	158 535*	33 502*	192 037*	
Treasury shares repurchased	1 256	-	-	-	-	-	1 256	-	1 256
Dividends	-	-	-	-	-	-	-	(637)	(637)
Change in non-controlling interest due to transactions without change of control	-	-	-	(912)	191	(721)	(3 451)	(4 172)	
Profit for the year	-	-	-	-	(43 807)	(43 807)	264	(43 543)	
Other comprehensive income:									
Revaluation reserve from recalculations in the foreign currency presentation	-	-	-	(10 433)	-	(10 433)	(567)	(11 000)	
Change in the fair value of investments in associates	-	-	-	946	-	946	56	1 002	
Total other comprehensive income	-	-	-	(9 487)	-	(9 487)	(511)	(9 998)	
Total comprehensive income	-	-	-	(9 487)	(43 807)	(53 294)	(247)	(53 541)	
Balance as of 31 December 2020	197 429	49 568	7 641	(68 559)	(80 303)	105 776	29 167	134 943	

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Date: 7.5.2021

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Consolidated statement of profit or loss by Business Segments for 2020

In thousand BGN	Note	2020	2020	2020	2020	2020	2020	2020
		Consolidated	Insurance business	Automotive	Leasing business	Asset management and brokerage	Parent company	Elimination
Revenue from operating activities								
Revenue from insurance business	3	1 383 842	1 385 699	-	-	-	-	(1 857)
Revenue from car sales and after sales	5	162 697	-	170 301	-	-	-	(7 604)
Revenue from leasing business	6	21 628	-	-	22 613	-	-	(985)
Revenue from asset management and brokerage	8	7 935	-	-	-	9 101	-	(1 166)
Revenue from the activities of the parent company	10	3 028	-	-	-	-	3 836	(808)
		1 579 130	1 385 699	170 301	22 613	9 101	3 836	(12 420)
Expenses of operating activities								
Expenses of insurance business	4	(1 353 844)	(1 362 969)	-	-	-	-	9 125
Cost of cars and spare parts sold		(138 314)	-	(138 451)	-	-	-	137
Expenses of leasing business	7	(7 702)	-	-	(7 927)	-	-	225
Expenses of asset management and brokerage	9	(6 712)	-	-	-	(6 710)	-	(2)
Expenses of the activities of the parent company	11	(1 850)	-	-	-	-	(1 911)	61
		(1 508 422)	(1 362 969)	(138 451)	(7 927)	(6 710)	(1 911)	9 546
Gross profit								
Other income/(expenses), net	12	2 486	-	2 240	227	20	-	(1)
Other operating expenses	13	(72 612)	(37 910)	(22 751)	(8 195)	(1 865)	(3 197)	1 306
(Accrued)/recovered impairment loss on financial assets, net	14	883	2 800	(324)	(1 572)	(30)	9	-
		1 465	(12 380)	11 015	5 146	516	(1 263)	(1 569)
EBITDA								
Financial expenses	15	(22 699)	(5 062)	(3 241)	(62)	(48)	(16 251)	1 965
Financial income	16	179	-	755	-	-	-	(576)
Foreign exchange gains/(losses), net	17	1 405	-	(34)	-	-	1 439	-
		(19 650)	(17 442)	8 495	5 084	468	(16 075)	(180)
EBTDA								
Depreciation and amortization	18	(20 683)	(7 727)	(6 586)	(5 620)	(192)	(679)	121
EBT		(40 333)	(25 169)	1 909	(536)	276	(16 754)	(59)
Tax expenses	19	(3 210)	(2 781)	(368)	(8)	(53)	-	-
		(43 543)	(27 950)	1 541	(544)	223	(16 754)	(59)

Consolidated statement of profit or loss by Business Segments For 2019

In thousand BGN	Note	2019	2019	2019	2019	2019	2019	2019
		Consolidated restated	Insurance business restated	Automotive	Leasing business	Asset management and brokerage	Parent company	Elimination
Revenue from operating activities								
Revenue from insurance business	3	1 323 840	1 325 145	-	-	-	-	(1 305)
Revenue from car sales and after sales	5	244 757	-	253 376	-	-	-	(8 619)
Revenue from leasing business	6	25 301	-	-	27 434	-	-	(2 133)
Revenue from asset management and brokerage	8	4 521	-	-	-	5 375	-	(854)
Revenue from the activities of the parent company	10	2 390	-	-	-	-	7 858	(5 468)
		1 600 809	1 325 145	253 376	27 434	5 375	7 858	(18 379)
Expenses of operating activities								
Expenses of insurance business	4	(1 253 824)*	(1 262 597)*	-	-	-	-	8 773
Cost of cars and spare parts sold		(211 190)	-	(211 203)	-	-	-	13
Expenses of leasing business	7	(8 751)	-	-	(9 025)	-	-	274
Expenses of asset management and brokerage	9	(3 178)	-	-	-	(3 179)	-	1
Expenses of the activities of the parent company	11	(1 164)	-	-	-	-	(1 187)	23
		(1 478 107)*	(1 262 597)*	(211 203)	(9 025)	(3 179)	(1 187)	9 084
Gross profit								
Other income/(expenses), net	12	(1 080)	-	14	(1 621)	173	-	354
Other operating expenses	13	(74 642)	(32 811)	(26 749)	(9 804)	(1 560)	(5 366)	1 648
(Accrued)/recovered impairment loss on financial assets, net	14	(1 630)	(1 081)	(54)	(588)	24	69	-
		45 350*	28 656*	15 384	6 396	833	1 374	(7 293)
EBITDA								
Financial expenses	15	(19 908)	(3 515)	(3 551)	(55)	(41)	(14 994)	2 248
Financial income	16	112	-	489	-	-	-	(377)
Foreign exchange gains/(losses), net	17	(303)	-	-	-	-	(303)	-
		25 251*	25 141*	12 322	6 341	792	(13 923)	(5 422)
EBTDA								
Depreciation and amortization	18	(20 578)	(7 292)	(6 729)	(6 090)	(191)	(708)	432
EBT		4 673*	17 849*	5 593	251	601	(14 631)	(4 990)
Tax expenses	19	(1 966)*	(1 600)*	(310)	(35)	(21)	-	-
		2 707*	16 249*	5 283	216	580	(14 631)	(4 990)

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**NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL
STATEMENT**

Notes to the consolidated financial statement for 2020

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

1. INFORMATION ABOUT THE ECONOMIC GROUP

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

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

The seat and registered address of Eurohold Bulgaria AD are as follows: city of Sofia, Iskar Region, 43 Christopher Columbus Blvd., UIC 175187337.

The parent company has the following managing bodies: General Meeting of Shareholders, Supervisory Board /two-tier system/ and Management Board, with the following members as at 31.12.2020:

Supervisory board:

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

Mandate until 09.05.2022.

Management board:

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

Mandate until 14.08.2022.

As of 31.12.2020, the Parent company is represented and managed by Kiril Ivanov Boshov and Assen Mintchev Mintchev – Executive Members of the Management Board, and Hristo Stoev and Milena Milchova Gentcheva – Procurators, jointly by the one of the executive members and the Procurator of the Parent Company only.

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

As of 31.12.2020, the Audit Committee of the Parent Company comprises the following members:
Ivan Georgiev Mankov, Country:Bulgaria – Chairman;
Dimitar Stoyanov Dimitrov, Country:Bulgaria – Member;
Rositsa Mihaylova Pencheva, Country:Bulgaria – Member.

1.1. Scope of Activities

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

1.2. Structure of the economic group

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

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

Insurance Sector

Company	% of participation in the share capital 31.12.2020	% of participation in the share capital 31.12.2019	
		31.12.2020	31.12.2019
Euroins Insurance Group AD (EIG AD) *	95.95%		94.41%
<i>Indirect participation through EIG AD:</i>			
Insurance Company Euroins AD, Bulgaria	98.63%	98.28%	
Euroins Romania Asigurare-Reasigurare S.A., Romania	98.51%	98.51%	
Euroins Osiguruvanje AD, North Macedonia	93.36%	93.36%	
Insurance Company Euroins Life EAD, Bulgaria	100.00%	100.00%	
Insurance Company EIG Re AD, Bulgaria	100.00%	100.00%	
Euroins Ukraine PrAT, Ukraine	92.62%	92.62%	
Euroins Ukraine PrAT, Ukraine through European Travel Insurance PrAT, Ukraine	5.74%	5.74%	
Euroins Claims I.K.E., Greece	100.00%	100.00%	
Insurance Company Euroins Georgia JCS, Georgia	50.04%	50.04%	
European Travel Insurance PrAT, Ukraine	99.99%	99.99%	
CJSC Insurance company Euroins, Belarus (former CJSC IC ERGO)	93.12%	-	

*direct participation

Automobile Sector

Company	% of participation in the share capital 31.12.2020	% of participation in the share capital 31.12.2019	
		31.12.2020	31.12.2019
Avto Union AD (AU AD)*	99.99%		99.99%
<i>Indirect participation through AU AD:</i>			
Avto Union Service EOOD, Bulgaria	100.00%	100.00%	
N Auto Sofia EAD, Bulgaria	100.00%	100.00%	
Espace Auto OOD, Bulgaria through N Auto Sofia EAD	51.00%	51.00%	
EA Properties EOOD, Bulgaria	51.00%	51.00%	
Daru Car AD, Bulgaria	100.00%	100.00%	
Auto Italy EAD, Bulgaria	100.00%	100.00%	
Auto Italy - Sofia EOOD, Bulgaria through Auto Italy EAD, related party until 30.12.2020	-	100.00%	
Bulvaria Varna EOOD, Bulgaria	100.00%	100.00%	
Bulvaria Sofia EAD, Bulgaria	100.00%	100.00%	
Star Motors EOOD, Bulgaria	100.00%	100.00%	
Star Motors DOOEL, North Macedonia through Star Motors EOOD	100.00%	100.00%	
Star Motors SH.P.K., Kosovo through Star Motors DOOEL - <i>in liquidation</i>	100.00%	100.00%	
Motohub OOD, Bulgaria	51.00%	51.00%	
Motobul EAD, Bulgaria	100.00%	100.00%	

Benzin Finance EAD, Bulgaria	100.00%	100.00%
Bopar Pro S.R.L., Romania through Motobul EAD - <i>in liquidation</i>	99.00%	99.00%
*direct participation		
Finance Sector		
	% of participation in the share capital 31.12.2020	% of participation in the share capital 31.12.2019
Company		
Euro-Finance AD, Bulgaria*	99.99%	99.99%
*direct participation		
	% of participation in the share capital 31.12.2020	% of participation in the share capital 31.12.2019
Company		
Eurolease Group EAD*	90.01%	90.01%
Indirect participation through Eurolease Group EAD:		
Eurolease Auto EAD, Bulgaria	100.00%	100.00%
Eurolease Auto Romania AD, Romania	77.98%	77.98%
Eurolease Auto Romania AD through Euroins Romania		
Asigurare-Reasigurare S.A., Romania	20.45%	20.45%
Eurolease Auto DOOEL, North Macedonia	100.00%	100.00%
Eurolease Rent A Car EOOD, Bulgaria	100.00%	100.00%
Amigo Leasing EAD, Bulgaria	100.00%	100.00%
Autoplaza EAD, Bulgaria	100.00%	100.00%
Sofia Motors EOOD, Bulgaria	100.00%	100.00%
*direct participation		
Energy sector		
	% of participation in the share capital 31.12.2020	% of participation in the share capital 31.12.2019
Company		
Eastern European Electric Company II B.V., Netherlands	100.00%	100.00%
Indirect participation through Eastern European Electric Company II B.V.		
(established on July 25, 2019)		
Eastern European Electric Company B.V., Netherlands		
(established on July 26, 2019)	100.00%	100.00%
* direct participation		
Currently, the energy sector companies are not active.		

2. SUMMARY OF THE GROUP'S ACCOUNTING POLICY

2.1. Basis for Preparation of the Consolidated Financial Statement

The consolidated financial statement of Eurohold Bulgaria AD is prepared in compliance with the International Financial Reporting Standards (IFRS), developed and published by the International Accounting Standards Board and are adopted by the Commission of 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 statement is prepared in Bulgarian leva (BGN), which is the functional currency of the Group. All amounts are presented in thousands of BGN (thousand BGN) (including comparative information for 2019), 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 is less than the registered capital of the Parent company by BGN 62,583 thousand (December 31, 2019: BGN 5,489 thousand). The net asset value of the Group is lower than the amount of the registered capital and the shareholders have taken steps to overcome the violated ratio. [Note 51.3](#).

As at the date of preparation of this consolidated financial statement, 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 policies and disclosures

2.2.1. New Standards, Explanations and Amendments in effect since January 1, 2020

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 2020, but do not have a material effect on their application on the financial result and the financial condition of the Group:

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

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They: clarify that to be considered a business, an acquired set of activities and assets must include, at a

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

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

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

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

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

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

The Group's management considers it appropriate to disclose that the following new or revised standards, new interpretations and changes 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, were not taken into account in the preparation of this consolidated financial statement. The dates of entry into force will depend on the European Commission's approval decisions.

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

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

- **Reference to the Conceptual Framework**

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

- **IFRS 17 Insurance Contracts**

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

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

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

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

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

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

Makes amendments to the following standards:

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

Annual reporting periods beginning on or after 1 January 2022.

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

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

2.3. Accounting policy - general provisions

The most significant accounting policies applied in the preparation of this consolidated financial statement is set out below.

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

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

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

- a) apply accounting policies retrospectively;
- b) retrospectively recalculates items in the consolidated financial 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 changes in accounting policies / reclassifications / corrections of errors is presented in *Note 50*.

2.5. Consolidation

The consolidated financial statements include a consolidated statement of financial position, a consolidated statement of profit or loss and other comprehensive income, a consolidated cash flow statement and a consolidated statement of changes in equity as of 31 December 2020. These statements include the Parent Company and all subsidiaries. A subsidiary is consolidated by the Parent Company by holding, directly or indirectly, more than 50% of the voting shares of the capital or by the ability to manage its financial and operating policies in order to obtain economic benefits from its activities.

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

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

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

Principles of consolidation

Business combinations are accounted for using the purchase method. This method requires the acquirer to recognize, separately from goodwill, acquired acquiree's identifiable assets, liabilities assumed and participation that does not constitute control in the acquiree. Costs that are not directly related to the acquisition are attributable to profit or loss for the period.

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

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

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

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

Transactions with non-controlling interest

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

When the Group ceases to have control and significant influence, any remaining minority investment as a share in the capital of the company concerned is remeasured at fair value, the difference to carrying amount being recognized in current profit or loss, respectively all amounts previously recognized in other components of comprehensive income are accounted for, as in the case of a direct exemption operation, of all those associated with the initial investment (in the subsidiary or associate). ([Note 46](#)).

2.6. Investments in associates

Undertakings 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.

Upon consolidation, all assets and liabilities are translated into Bulgarian levs at the closing rate as of the date of the consolidated financial statement. 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. Upon 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 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. Significant judgments of management in applying accounting policies

The significant judgments of management in applying the Group's accounting policies, which have the most significant impact on the consolidated financial statement, are described below. The main sources of uncertainty in the use of accounting 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 Group's management has decided not to recognize deferred tax assets in the annual consolidated financial statement for 2020 as follows:

Parent-Company

- The tax loss as of 31.12.2020 in the amount of BGN 2 065 thousand (as of 31.12.2019- BGN 1 812 thousand);
- Thin capitalization under Art. 43a as of 31.12.2020 in the amount of BGN 2 889 thousand (as of 31.12.2019 - BGN 1 434 thousand);
- Impairment of receivables as of 31.12.2020 in the amount of BGN 4 thousand (as of 31.12.2019 - 5 thousand);
- Accumulating unused (compensable) leave as of 31.12.2020 in the amount of BGN 1 thousand (as of 31.12.2019 -BGN 2 thousand).

Leasing

- The tax loss as of 31.12.2020 in the amount of BGN 476 thousand (as of 31.12.2019 – BGN 387 thousand).

Revenue from contracts with customers

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

2.9. Uncertainty of accounting estimates

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

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

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

Evaluation of the pending payment reserve

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

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

The assessment of the liabilities for the IBNR is based on the assumption that the Group's experience in the development of claims from past years can be used to predict the future development of claims and their ultimate obligations. The development of claims is analyzed by year of 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 a 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 on the basis of 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 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 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 on the basis of 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 for 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 contacts expire or are terminated the reinsurers' share in the technical reserves will be released or transferred to other reinsurer. The terms of these contracts are indefinite and, by their nature, the contracts are with 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 2020 and 2019, the insurance companies of the Group are also parties to disproportionate reinsurance contracts (so-called excess or sickle contracts), which aim to reimburse the Company for losses incurred in respect of single events (or risks), whose total compensation exceeds a 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 with respect to its more significant 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.

Inventories - Impairment

At the end of the reporting period, the management reviews the available inventories - materials, commodities to determine whether there are those with a net realizable value below their carrying amount. In determining net realizable value, management takes into account the most reliable information available at the date of the estimate. During this review as of 31.12.2020 The Group has recognized an impairment of its inventories in the amount off BGN 77 thousand (BGN 46 thousand Automotive business and BGN 31 thousand Leasing). [Note 28](#).

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 31.12.2020 and 31.12.2019 there is no impairment of property, plant and equipment. [Note 25](#).

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 on the basis of the value in use or the fair value, net of the cost of the sale. These calculations require the use of estimates as described in [Note 34](#). In 2020, the Group has not reported a loss from impairment of goodwill (In 2019 the reported impairment loss amounts to BGN 61 thousand).

Impairment of loans and receivables and net investment in finance leases

- **Net investment in finance leases**

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

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.

Type of product / service	Nature and timing of fulfillment of performance obligations, including essential payment arrangements	Recognition of income under IFRS 15
Car sales	<p>Performance obligations satisfied at a certain point.</p> <p>Customers receive control when:</p> <ul style="list-style-type: none"> 1 / the client has a legal right of ownership; 2 / The Group has transferred the physical possession of the asset; 3 / the client carries significant risks and benefits from the asset; 4 / The Group has an existing payment entitlement. <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>Revenue from the sale of vehicles is recognized by the liability method at a specified time, in accordance with IFRS 15, when the control of the vehicle is transferred to the customer. This is usually done by passing the vehicles and the physical knowledge of them to the customer and the buyer has accepted the goods in accordance with the sales contract.</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>
Revenue from sales of short-term assets (spare parts and accessories)	Delivery occurs when the assets have been shipped to the customer, the risks of potential losses have been passed on to the buyer and / or he has taken the assets in accordance with the sales contract. The usual payment term is up to 30 days after delivery.	Revenues from sales of short-term assets are recognized when the control of the assets sold is transferred. Delivery occurs when the assets have been shipped to the client, the risks of potential losses are passed on to the buyer and either he has accepted the assets in accordance with the sale contract.
Revenue from services	The control is transferred when the service is performed. Receipt is due immediately.	Revenue from services is recognized using the liability method over time. If, at the end of the reporting period, the service contract is not fully realized, revenue is recognized on the basis of the actual service provided by the end of the reporting period as a proportion of the total services to be provided as the client receives and consumes the benefits simultaneously. This is determined on the basis of actual time spent or reported time for work, in relation to the total expected time of service.

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

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

The transaction price is the amount of the 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, 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 applied so far for recognizing due price discounts does not differ from the requirements of IFRS 15.

The Group has reviewed its accounting policies and assessed the areas of change in the application of IFRS 15.

- **Free goods**

For a large number of contracts, the Group provides free of charge to its customers free of charge (in the form of accessories, tires, alarms, etc.). The provision of additional goods (in the form of an alarm, tires or accessories) is a separate obligation to perform. In accordance with IFRS 15, the Group recognizes these free goods as variable remuneration, thereby reducing the fixed price of the products on the price list if they are provided additionally and free of charge.

- **Sales with redemption capability**

Revenue is recognized when the vehicle is sold, but the estimate of the redemption option is deducted from revenue and recognized as deferred income, as well as a liability to the customer for redemption. Similarly, the estimate of the value of the vehicle to be returned is reduced by the cost of the sale and is also deferred.

The Group has determined that during the period there are no obligations under contracts related to the repurchase option.

Approach for recognizing major types of revenue under customer contracts

Revenue from sale is realized by the following:

- car sales;
- car leasing;
- services, repair services;
- sales of spare parts.

Revenue from car sales

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 form the performance obligations.

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

Revenue from services

Revenue from provision of services is 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 a 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.

Income	IFRS / IAS - Applicable to Recognition of Revenue (Income)	Recognition approach
		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. <i>Note 12.2. Other income</i>

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. Interests

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

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

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

Interest income and expense presented in the 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 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

Financial services:

- Lease services
- Investment intermediation

Car sales:

- Sale of new cars
- Auto services
- Rental services

Energy:

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

2.14.1. 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 reserves

Insurers maintain different types of insurance reserves with which they serve their obligations to customers and cover the costs associated with the benefits paid. Since premiums are paid in advance and insurance protection covers the entire duration of the insurance, reserves are created. Thus, the insurer has sufficient funds to recover the damages incurred during the insurance.

There are 2 main groups of reserves – general and technical.

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

The **Technical reserves** 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 unexpired claims;
- other reserves - including mathematical reserve.

The unearned premium reserve

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

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

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

Reserve for upcoming payments

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

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

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

Reserve for unexpired risks

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

Mathematical reserve

It is formed to meet future payments under long-term insurance.

Other technical reserves

Including reserves outside the above groups.

Reserve adequacy test

The reserve adequacy test is performed in order to determine whether the insurance reserves are sufficient. If a shortage is found, an additional provision is set aside for unexpired claims. The shortfall is recognized in profit or loss for the year.

A shortfall exists when the unearned premium reserve at the date of the financial statement and the expected future premium income are not sufficient to cover future expected losses (including claims handling costs), commissions and other acquisition costs, and portfolio administration costs.

When the expected future cash flows from premiums, incl. formed at the end of the year, the unearned premium reserve is not sufficient to cover the future costs of claims paid, projected by the injury ratio determined for each type of activity on the basis of past experience, as well as the costs of servicing policies and payments. forms a reserve for unexpired risks.

In order to verify the amount of formed reserves, a LAT test is performed based on the estimated amount of future cash flows.

Future cash flows are projected based on the historical development of claims, the expected loss ratio or the relative share of costs incurred, as well as the frequency of claims and the average amount of claims.

When forecasting future cash flows for the unexpired term of the contracts valid at the end of the reporting period, the expected value of the loss ratio, determined on the basis of past experience and the cost ratio, is used. When examining the future costs, their nature is taken into account, determined depending on the moment of incurring the respective costs - at the conclusion of the contracts or rescheduled for the entire term of the policies.

To forecast future cash flows related to claims on events that occurred by the end of the reporting period, data are used grouped into triangles representing the development of claims over time and the delay in their submission and payment compared to the time of the event.

For some types of insurance, for which it is appropriate, an analysis of the average amount of claims and the frequency of events is performed, on the basis of which the expected amount of future payments is determined. Sensitivity analysis can be performed when forecasting future cash flows by comparing with market data on the average size of claims and the frequency of events.

Compensation arising from non-life insurance and health insurance and provisions for pending claims

Benefits incurred in respect of non-life insurance and sickness insurance include claims and handling charges payable during the financial year together with the change in the reserve for outstanding claims.

Management opinion is that the gross provision for outstanding claims and the corresponding share of the reinsurers' reserves are presented fairly on the basis of the information available to them at the date of the consolidated financial statements, the final liability will change as a result of subsequent information and events. adjustment of the initially charged amount. Adjustments to the outstanding claims provision established in prior years are recognized in the consolidated financial statements for the period in which the adjustments are made and are disclosed separately if material. The methods used and the estimates made in calculating the reserve are reviewed regularly.

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. Leasing activity

Leasing activity - The Group as a 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 is made on the date of introduction and is reviewed only when the lease is amended. Changes in estimates or changes in circumstances do not give rise to a new classification of the lease for accounting purposes.

2.14.2.1 Financial leasing

Recognition and assessment

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

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

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

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

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

Subsequent valuation

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

Derecognition and impairment

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

Amendments to the lease agreement

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

- a) the amendment increases the scope of the lease by adding the right to use one or more underlying assets; and
- b) the remuneration under the leasing contract is increased by an amount commensurate with the independent price for the increase in the scope and possible adjustments of this price to reflect the circumstances of the specific contract.

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

- a) for a contract that would have been classified as an operating lease if the amendment was effective on the date of introduction, the lessor:
 - i) accounts for the amendment to the lease as a new lease from the effective date of the amendment; and
 - ii) measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the amendment to the lease;
- b) Otherwise, the lessee applies the requirements of IFRS 9.

Receivables on financial lease

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

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

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

Minimum Lease Payments

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

Beginning of the lease agreement and beginning of the term of the lease agreement

A distinction is made between the beginning of the lease agreement and the beginning of the term of the lease agreement. Beginning of the lease agreement is the earlier of the two dates – of the lease agreement or of the commitment of the parties to the main conditions of the lease agreement.

As at this date: the lease agreement is classified as a financial lease agreement or an operating lease agreement; and in the case of finance lease the amounts to be recognised at the beginning of the term of the lease agreement are determined. The commencement of the lease agreement is the date from which the lessee may exercise the right to use the leased asset. This is also the date on which the Group initially recognises the claim on the lease.

Initial and Subsequent Evaluation

Initially, the Group recognizes a receivable on financial lease equal to its net investment, including

present value of minimal lease payments and each residual value of the Group that is not secured. The current value is calculated by discounting minimum lease payments due by the inherent to the lease agreement interest rate.

Initial direct costs are included in the calculation of the claim under financial lease. During the term of the lease agreement the Group accrues financial income (income from interest on financial lease) on the net investment. Received lease payments are treated as a reduction of net investment (repayment of principal) and recognition of financial income in a manner to ensure a constant rate of return on the net investment. Consequently, the net investment in finance lease agreements is presented net, after deduction of individual and portfolio provisions for uncollectability.

2.14.2.2. Operating leasing

Recognition and assessment

The lessor recognizes lease payments under operating leases as revenue on a straight-line basis or on a systematic basis. The lessor applies another systematic basis where that basis more accurately reflects the way in which the benefit of using the underlying asset is diminished.

The lessor adds the initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognizes it as an expense over the lease term on the same basis as the lease income. The underlying asset subject to operating leases is amortized with the lessor's usual amortization policy for such assets. The depreciation of such an asset is recognised as an expense on the lease term on the same basis as the lease income.

Amendments to the lease agreement

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

Presentation

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

Impairment losses on financial leasing receivables

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

2.14.3. 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.

2.15. Taxes

Income tax

Current tax comprises the amount of tax to be paid on the expected taxable profit for the period based on the effective tax rate applicable at the date of preparation of the consolidated statement of financial position and any adjustments to past tax payable. Current taxes on profits of Bulgarian companies in the Group are determined in accordance with the requirements of Bulgarian tax legislation - the Corporate Income Tax Act. The nominal tax rate for Bulgaria in 2020 is 10% (2019: 10%).

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

Country	Tax rate	
	2020	2019
Romania	16%	16%
North Macedonia	10%	10%
Ukraine	18%	18%
Georgia	15%	15%
Greece	24%	29%
Belarus	18%	18%

Deferred tax

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

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

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

The deferred taxes on the profits of the Group companies are assessed at a rate valid for 2020, which for the Bulgarian companies is 10% and for the subsidiaries abroad is as follows:

Country	Tax rate for 2020	Tax rate for 2019
Romania	16%	16%
North Macedonia	10%	10%
Ukraine	18%	18%
Georgia	15%	15%
Greece	24%	29%
Belarus	18%	18%

2.16. Non-current assets

2.16.1. Property, plant and equipment, rights of use

2.16.1.1. Property, plant and equipment

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

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

Initial acquisition

Initial valuation of tangible fixed assets is carried out:

- At acquisition cost, which includes: the purchase price (including customs duties and non-recoverable taxes), all direct costs of bringing an asset into working condition in accordance with its intended purpose - for assets acquired from external sources;
- At fair value: for those received as a result of a free transaction;
- Under assessment: accepted by the court, and all direct costs of bringing an asset into working condition in accordance with its purpose - for assets received as an in-kind contribution.

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

Subsequent assessment

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

Subsequent costs

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

Gains and losses on sale

In the case of a sale of tangible fixed assets, the difference between the carrying amount and the sale price of the asset is recognized as a gain or loss in the consolidated statement of profit or loss and other comprehensive income.

Write-off of tangible fixed assets on the balance sheet is at the time of sale or when the asset is definitively disposed of and after the write-off is not expected to have any other economic benefits.

2.16.1.2. Rights of use

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

2.16.2. 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.

2.16.3. Intangible assets

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

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

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

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

The carrying amount of the 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 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.

2.16.4. Depreciation methods

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

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

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

2.17. Investment property

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

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

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

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

2.18. 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.

2.19. 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 North 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 evaluated 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.

2.20. 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.

Upon disposal of equity instruments in this category, any value reported in the revaluation reserve of the instruments is reclassified to retained earnings.

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.

2.21. 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.

2.22. 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. 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.

2.23. Equity and earnings per share

2.23.1. Equity

Equity includes share capital, premium reserves and other reserves, as well as retained earnings and current financial result.

The share capital of the Parent Company is presented at its nominal value according to the court decisions for its registration.

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

Other reserves include legal reserves, general reserves.

According to the requirements of the Commercial Law and the Articles of Association, the Company is obliged to form a Reserve Fund, as sources of the fund can be:

- at least one tenth of the profit, which is distributed until the funds in the fund reach one tenth of the capital or a larger part provided for in the Articles of Association;
- funds received above the nominal value of the shares upon their issuance (premium reserve);
- other sources provided by a certain decision of the General Assembly.

The funds from the fund can be used only to cover the annual loss and losses from previous years. When the funds in the fund reach the minimum amount specified in the Articles of Association, the funds above this amount may be used to increase the capital.

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

The dividend payment obligations to the 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 Group are presented separately in the statement of changes in equity.

Equity that does not belong to the economic group (non-controlling interest) is part of the net assets, including the net result for the year of the subsidiaries, attributable to interests not directly or indirectly held by the Parent Company.

2.23.2. 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.

2.24. 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.

2.25. Financial Risk Management

Factors that determine the financial risk

In carrying out their activities, the companies of the Group are exposed to various financial risks:

- market risk, including currency risk, interest rate risk and price risk;
- credit risk;
- liquidity risk;
- operational risk;
- insurance risk;
- reinsurance risk;
- capital risk;
- other risks resulting from Covid-19.

The overall risk management program focuses on the unpredictability of the financial markets and aims to reduce any adverse effects on the Group's financial performance.

2.25.1. 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, North Macedonia, Ukraine, Georgia and Belarus. 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 currencies as of December 31, 2020 is as follows:

As of 31 December 2020 <i>In thousand BGN</i>	Bulgarian leva	Euro	Macedoni an denar	Romanian lei	Other curren cies	Total
Cash and cash equivalents	10 266	47 719	1 388	2 236	7 191	68 800
Fixed-term deposits in banks	4 305	1 175	7 389	-	10 586	23 455
Receivables from financial leasing	15 220	49 402	10 088	-	-	74 710
Government securities at fair value through profit or loss	-	96 246	-	-	-	96 246
Government securities carried 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
Share of reinsurers in insurance reserves	3 943	476 162	-	43 156	-	523 261
Total	195 077	723 807	24 774	49 083	39 466	1 032 207
Subordinated debt instruments	32 784	44 201	-	-	-	76 985
Loans from banks and non-bank financial institutions	26 339	135 378	9 922	-	2 702	174 341
Debt loan liabilities	17 813	125 539	-	-	19 990	163 342
Insurance reserves	195 455	88 586	20 342	447 810	84 737	836 930
Total	272 391	393 704	30 264	447 810	107 429	1 251 598

The distribution of significant financial assets and liabilities exposed to currency risk by currencies as of December 31, 2019 is as follows:

As of 31 December 2019 <i>In thousand BGN</i>	Bulgarian leva	Euro	Macedonian denar	Romanian lei	Other currencies	Total
Cash and cash equivalents	9 872	69 478	1 276	2 528	8 536	91 690
Time deposits in banks	4 272	1 176	7 253	-	3 086	15 787
Receivables from financial leasing	18 068	50 549	8 406	-	-	77 023
Government securities at fair value through profit or loss	-	60 430	-	214	-	60 644
Government securities carried at amortized cost	-	-	1 606	-	5 970	7 576
Corporate bonds at fair value through profit or loss	11 105	31 681	-	-	20 738	63 524
Open-end investment funds	8 496	267	3 788	-	-	12 551
Equity investments at fair value through profit or loss	63 202	11 972	1 039	3 746	191	80 150
Other financial assets	21 206	3 846	28	1 092	11 282	37 454
Share of reinsurers in insurance reserves	-	463 829	-	-	-	463 829
Total	136 221	693 228	23 396	7 580	49 803	910 228
Subordinated debt instruments	-	19 558	-	-	-	19 558
Loans from banks and non-bank financial institutions	30 106	102 728	7 765	-	136	140 735
Debt loan liabilities	19 653	116 678	-	-	21 333	157 664
Insurance reserves	101 842	153 349	20 365	458 219	33 908	767 683
Total	151 601	392 313	28 130	458 219	55 377	1 085 640

2.25.2. 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, 2020 is as follows:

As of 31 December 2020	Variable interest rate	Fixed interest rate	Interest-free	Total
<i>In thousand BGN</i>				
Cash and cash equivalents	-	11 970	56 830	68 800
Time deposits in banks	-	23 455	-	23 455
Receivables from financial leasing	56			
Government securities at fair value through profit or loss	756	14 673	3 281	74 710
Government securities carried at amortized cost	-	96 246	-	96 246
Corporate bonds at fair value through profit or loss	-	5 967	-	5 967
Open-end investment funds	-	21 353	-	21 353
Equity investments at fair value through profit or loss	-	-	72 760	72 760
Other financial assets	-	1	54 837	54 838
Total	56 756	262 892	189 298	508 946

The distribution of financial assets according to their sensitivity to interest rate risk as of December 31, 2019 is as follows:

As of 31 December 2019	Variable interest rate	Fixed interest rate	Interest-free	Total
<i>In thousand BGN</i>				
Cash and cash equivalents	-	66 627	25 063	91 690
Time deposits in banks	-	15 787	-	15 787
Receivables from financial leasing	57 951	16 045	3 027	77 023
Government securities at fair value through profit or loss	-	60 644	-	60 644
Government securities carried at amortized cost	-	7 576	-	7 576
Corporate bonds at fair value through profit or loss	374	61 978	1 172	63 524
Open-end investment funds	-	-	12 551	12 551
Equity investments at fair value through profit or loss	-	-	80 150	80 150
Other financial assets	-	35 796	1 658	37 454
Total	58 325	264 453	123 621	446 399

2.25.3. 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), regardless of whether 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.

2.25.4. 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 In thousand BGN	As of 31.12.2020		Insurance business 31.12.2020	Parent-company 31.12.2020	Asset management and brokerage 31.12.2020	As of 31.12.2019		Insurance business 31.12.2019	Leasing business 31.12.2019	Asset management and brokerage 31.12.2019
Government securities										
Rating AA	51 893	51 893		-	-	37 069	37 069	-	-	-
Rating A	-	-		-	-	5 000	5 000	-	-	-
Rating BBB	21 883	21 503		-	380	10 237	10 023	-	-	214
Rating BB	350	350		-	-	1 606	1 606	-	-	-
Rating B	5 617	5 617		-	-	5 970	5 970	-	-	-
Rating AAA	22 470	22 098		-	372	8 338	8 130	-	-	208
Corporate bonds										
Rating BBB	3 050	1 959		-	1 091	13 994	12 317	596	1 081	
Rating BB	121	121		-	-	535	535	-	-	-
Rating B	-	-		-	-	12 336	12 336	-	-	-
Rating AAA	-	-		-	-	16 707	16 707	-	-	-
No rating	18 182	17 921		7	254	-	-	-	-	-
Shares										
Rating AA	407	407		-	-	-	-	-	-	-
Rating BBB	35 339	35 339		-	-	45 770	45 770	-	-	-
Rating BB	54	54		-	-	1 561	1 561	-	-	-
No rating	91 798	89 728		-	2 070	44 774	43 148	-	-	1 626
Total	251 164	246 990		7	4 167	224 445	220 610	596	3 239	

The Group has exposures to government debt as follows:

Portfolio as of 31.12.2020 In thousand BGN	Ukraine	Austria	Belgium	Italy	France	Netherlands	Germany	Romania	Belarus	North 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	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

Portfolio as of 31.12.2019 In thousand BGN	Ukraine	Germany	EU	Belgium	Italy	Romania	France	Spain	North Macedonia	Total
Reported at fair value	-	8 338	12 492	8 105	10 023	214	16 472	5 000	-	60 644
Reported at amortized cost	5 970	-	-	-	-	-	-	-	1 606	7 576
Total	5 970	8 338	12 492	8 105	10 023	214	16 472	5 000	1 606	68 220

2.25.5. 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 periods, based on the residual 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

As of 31.12.2020 In thousand BGN	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Total
Subordinated debt instruments	-	-	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
Debt loan 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
Deferred tax liabilities	-	-	-	342	-	-	342
Insurance reserves	-	-	728 289	100 694	7 947	-	836 930
TOTAL	16 286	27 056	994 827	391 227	62 798	-	1 492 194

As of 31.12.2019 <i>In thousand BGN</i>	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Total
Subordinated debt instruments	-	-	-	19 558	-	-	19 558
Loans from banks and non-bank financial institutions	9 820	5 077	32 391	78 614	14 833	-	140 735
Debt loan liabilities	1 613	-	8 535	139 516	8 000	-	157 664
Non-current liabilities	-	-	-	23 242	-	-	23 242
Current liabilities	3 082	2 344	39 813*	-	-	-	45 239*
Trade and other payables	26 786	25 052	53 635	24 367	9 909	-	139 749
Liabilities under reinsurance operations	-	-	26 193	-	-	-	26 193
Deferred tax liabilities	-	-	-	397	-	-	397
Insurance reserves	-	-	668 525	86 285	12 873	-	767 683
TOTAL	41 301	32 473	829 092*	371 979	45 615	-	1 320 460*

* Some of the amounts disclosed in this consolidated financial statement do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction disclosed in Note 50.

2.25.6. Operational risk

Operational risk is the risk of direct and indirect losses for 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 risk and arising from legal requirements and generally accepted rules for corporate ethics.

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

The Group's goal is to manage operational risk in such a way as to prevent financial losses in the most effective way, while maintaining its good reputation and at the same time not hindering initiative and creativity in its actions.

2.25.7. 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 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.

2.25.8. Reinsurance risk

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.

2.25.9. 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 thousand BGN	31.12.2020	31.12.2019
Equity (net assets and subordinated debt instruments)	211 928	211 595*
Total liabilities (excluding subordinated debt instruments)	578 279	533 219*
Cash and cash equivalents, and time deposits with banks	(92 255)	(107 477)
Net debt	486 024	425 742*
Total Equity and net debt	697 952	637 337*
Indebtedness ratio % (Net debt to Equity and net debt)	70%	67%

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction and changes in accounting policies disclosed in Note 50.

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 the debt ratio in 2020 is due to a new Bond loan issued by the Parent Company with ISIN: BG2100013205 in the amount of EUR 30,000,000 (Note 37) and a bank loan from the International Bank for Economic Cooperation in the amount of EUR 15,000. 000 EUR. The capital group recorded an increase through the conversion of borrowed funds into subordinated debt by Starcom Holding AD by BGN 54,247 thousand.

During the period, the company complied with all externally imposed capital requirements (ratio) to which it is subject.

2.25.10. Other risks Covid-19 (Coronavirus)

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

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

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

Development of Covid-19 Pandemic (Coronavirus)

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

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

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

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

Effect on economic growth

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

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

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

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

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

	Historical data			Forecast	Actual	Forecast	
	2017	2018	2019	2020 (before Covid-19)	2020 (Covid- 19)	2021	2022
Romania	7.3%	4.5%	4.1%	3.5%	(3.9)%	6.0%	4.8%
North Macedonia	1.1%	2.9%	3.2%	3.4%	(4.5)%	3.8%	4.0%
Ukraine	2.5%	3.4%	3.2%	3.0%	(4.2)%	4.0%	3.4%
Georgia	4.8%	4.8%	5.0%	4.8%	(6.1)%	3.5%	5.8%
Belarus	2.5%	3.1%	1.4%		(0.9)%	(0.4)	0.8%
Russian Federation	1.8%	2.8%	2.0%	1.9%	(3.1)%	3.8%	3.8%
Greece	1.3%	1.6%	1.9%	2.2%	(8.2)%	3.5%	5.0%

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

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

Effect on credit ratings

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

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

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

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

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

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

Analysis of the expected effect on the IFRS model 9

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

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

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

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

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

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

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

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

2.26. Determination of fair values

Fair value is the price that would have been obtained on the sale of an asset or paid on the transfer of an obligation in a typical transaction between market participants at the valuation date.

Fair value measurement implies that the transaction for the sale of the asset or the transfer of the liability is carried out:

- the underlying market for that asset or liability;
or
- in the absence of a major market - the most profitable market for that asset or liability.

The main or most advantageous market should be available to the Group.

In measuring the fair value of a non-financial asset, the ability of a market participant to generate economic benefits by using the asset to maximize its value or by selling it to another market participant that will use it in such a way is taken into account. The Group uses cost-appropriate valuation methods, for which there is sufficient available fair value measurement data, using as much as possible the relevant observable hypotheses and minimizing the use of non-observable ones.

All assets or liabilities that are measured at fair value or disclosed in the consolidated financial statements are categorized according to a fair value hierarchy described as follows and based on the lowest rank of observable assumptions that are significant for the fair value measurement as a whole:

- Level 1 - Adjusted (unadjusted) active market prices for identical assets or liabilities to which the Group may have access at the measurement date;
- Level 2 - Valuation techniques for which observable lower rank hypotheses that are relevant for fair value measurement are directly or indirectly observable;
- Level 3 - Valuation techniques for which observable lower case scenarios that are relevant for fair value measurement are unobservable.

External valuers have been used to measure the fair value of significant assets such as goodwill and investment property.

For the purpose of disclosing fair value, the Group has designated 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 reported at fair value in the statement of financial position according to the valuation methods used as of December 31, 2020 and 2019:

As of 31 December 2020

<i>In thousand BGN</i>	<i>Note</i>	Level 1	Level 2	Level 3
Exchange traded repurchased own bonds*	37	20 217	-	-
Investment property	26	-	9 652	-
Investments in associates	31	-	-	-
Investments in other entities	31	4 392	-	-
Government securities carried at fair value through profit or loss	29	96 246	-	-
Government securities reported at fair value through other comprehensive income	29	5 967	-	-
Corporate bonds at fair value through profit or loss	29	21 353	-	281
Equity investments carried at fair value through profit or loss	29	50 688	72 760	4 150
Other	29	7 198	-	-
Total		206 061	82 412	4 431

During the reporting period there were no transfers between Level 1, Level 2 and Level 3.

As of 31 December 2019

<i>In thousand BGN</i>	<i>Note</i>	Level 1	Level 2	Level 3
Exchange traded repurchased own bonds*	37	20 213	-	-
Investment property	26	-	15 703	-
Investments in associates	31	-	7 948	-
Investments in other entities	31	4 639	-	-
Government securities carried at fair value through profit or loss	29	60 222	-	-
Government securities reported at fair value through other comprehensive income	29	7 576	-	-
Corporate bonds at fair value through profit or loss	29	63 946	-	281
Equity investments carried at fair value through profit or loss	29	76 524	11 955	4 222
Other	29	7 105	-	-
Total		240 225	35 606	4 503

During the reporting period there were no transfers between Level 1, Level 2 and Level 3.

* Bond loan liabilities are stated at amortized cost, net of repurchased own bonds, which are subsequently measured at fair value based on information from Bloomberg / Eurobank and other sources, reflecting the effect on profit or loss for the period. As of 31.12.2020, the parent company owns 10 500 shares. the repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 (as of 31.12.2019 – 10 500 shares from EMTN Program in EUR).

2.27. 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.

2.28. Leasing

The Group as a lessee

The Group initially applied IFRS 16 on 1 January 2019 using a modified retrospective approach. Under this approach, the cumulative effect of the application is recognized on the date of initial application in the opening balance of equity (Retained earnings from previous years) and no comparative information is recalculated for 2018. This change is required by the new leasing reporting rules in force from 01.01.2019.

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, which is the percentage that the individual lessee would have to pay to obtain the funds necessary to obtain an asset of similar value to the asset entitled to use in a similar economic environment with similar terms, security and conditions.

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 last 3 years;
- financing spread adjustment - loans to new enterprises, non-financial corporations in local currency, to determine the initial interest rate for a period of 3 years (for real estate) or the average interest rate on financial leasing to unrelated persons for the last 3 years (for vehicles);
- specific lease adjustment related to the specific asset (at the discretion of each individual asset).

Applicable Rates at Eurohold Bulgaria AD:

	Buildings - Bulgaria	Buildings - Romania	Buildings - UK	Buildings - Greece	Buildings - Georgia	Buildings – North Macedonia	Vehicles - Bulgaria	Vehicles – North Macedonia
Incremental borrowing rate	4,05 %	4,54 %	1,31 %	4,54 %	7,03 %	5,81%	5,34 %	6,17 %

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

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

Practical expedients applied

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application;

- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease contract.

The Group has decided not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and *Interpretation 4 Determining whether an Arrangement contains a Lease*.

The Group as a lessor

Lessors continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance. (*Note 2.14.2 Leasing activity*).

3. Revenue from insurance business	2020 BGN'000	2019 BGN'000
Gross premiums written from insurance	913 652	847 458
Received recoveries from reinsurers	264 155	238 329
Positive change in the gross provision for unearned premiums and unexpired risk reserve	5 994	28 136
Positive change in reinsurers' share in unearned premium reserve	60 959	37 598
Positive change in other technical reserves	-	3 213
Recourse income	10 413	23 162
Fees and commissions income	83 411	105 339
Investment income	37 367	30 614
Share of profit on investments in associates accounted for using the equity method	-	4 535
Income from the purchase of investments in subsidiaries	4 269	-
Other revenue	3 622	5 456
	1 383 842	1 323 840

4. Insurance segment expenses

	2020 BGN'000	2019 BGN'000 restated
Paid claims, claims handling and prevention expenses	(558 932)	(503 831)
Change in the gross provision for unearned premiums and unexpired risk reserve	(20 553)	(37 532)
Share of the reinsurer in the change of the unearned premium reserve	(52 979)	(67 062)
Change in other technical reserves	-	(3 900)
Change in the reinsurers' share in the other reserves	(411 782)	(382 722)
Premiums ceded to reinsurers	(211 521)	(198 667)
Acquisition expenses	(26 668)	(11 805)
Investment expenses	(71 409)	(48 305)*
	(1 353 844)	(1 253 824)*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction disclosed in *Note 50*.

The costs related to investments include the change in the participation of Euroins Insurance Group in the net assets of the associated Russian company in the amount of BGN 1 491 thousand. Share of the profit of investments in associates reported under the equity method in the amount of 4 535 BGN thousand was reported in 2019 - *Note 3*.

5. Revenue from car sales and after sales

	2020 BGN'000	2019 BGN'000
Revenue from sale of cars and spare parts	158 662	235 672
Revenue from after sales and rent-a-car services	3 202	3 852
Gains from the sale of financial assets and instruments	833	5 233
	162 697	244 757

6. Revenue from leasing business

	2020 BGN'000	2019 BGN'000
Revenue from services and sale of goods	15 480	18 589
Interest income	6 092	6 360
Gains from sale of financial assets and instruments	-	245
Foreign exchange gains	1	4
Other financial revenue	55	103
	21 628	25 301

7. Expenses of leasing business

	2020 BGN'000	2019 BGN'000
Interest expenses	(3 517)	(4 367)
Book value of goods sold	(3 922)	(3 821)
Losses from sales of financial assets and instruments	-	(220)
Foreign exchange losses	(55)	(76)
Other expenses	(208)	(267)
	(7 702)	(8 751)

8. Revenue from asset management and brokerage

	2020 BGN'000	2019 BGN'000
Interest income	458	443
Dividend income	3	88
Gains from sale of financial assets and financial instruments	6 435	3 315
Other revenue	1 039	675
	7 935	4 521

9. Expenses of asset management and brokerage

	2020 BGN'000	2019 BGN'000
Interest expenses	(71)	(83)
Losses from sales of financial assets and financial instruments	(6 316)	(2 549)
Foreign exchange losses, net	(44)	(3)
Other expenses	(281)	(543)
	(6 712)	(3 178)

10. Revenue from the activities of the parent company

	2020 BGN'000	2019 BGN'000
Gains from sale of financial assets and financial instruments	2 443	1 072
Interest revenue	-	576
Other revenue	585	742
	3 028	2 390

11. Expenses of the activities of the parent company

	2020 BGN'000	2019 BGN'000
Losses from sales of financial assets and financial instruments	(1 850)	(1 164)
	(1 850)	(1 164)

12. Other income/(expenses), net

	2020 BGN'000	2019 BGN'000
Other income/(expenses), net	2 486	(1 080)
	2 486	(1 080)

12.1. Other expenses

	2020 BGN'000	2019 BGN'000
Leasing business	-	(1 267)
	-	(1 267)

12.2. Other income

	2020 BGN'000	2019 BGN'000
Automotive business*	2 240	-
Leasing business *	227	14
Asset management and brokerage	19	173
	2 486	187

* Government grants received in 2020 amounting to BGN 2 240 thousand for the Automotive business(2019: BGN 0) and BGN 227 thousand for the Leasing business(2019: BGN 0) in connection with overcoming the consequences of the Covid-19 pandemic under the government's employment retention program "Payment of compensation by the order of art. 1, para 3 of CMD №55 / 30.03.2020 of an employer, who has established part-time work by the order of art. 138a, para 2 of the Labor Code .

The conditions and the order for payment of the compensations are settled 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).

13. Other operating expenses

	2020 BGN'000	2019 BGN'000
Expenses on materials	(2 557)	(2 762)
Expenses on hired services	(25 355)	(26 269)
Employee benefits expenses	(37 737)	(38 102)
Other expenses	(6 963)	(7 509)
	(72 612)	(74 642)

13.1. Expenses on materials by segments

	2020 BGN'000	2019 BGN'000
Insurance business	(551)	(477)
Automotive business	(1 639)	(1 966)
Leasing business	(354)	(288)
Asset management and brokerage	(11)	(27)
Parent company	(2)	(4)
	(2 557)	(2 762)

13.2. Expenses on hired services by segments

	2020 BGN'000	2019 BGN'000
Insurance business	(12 892)	(8 364)
Automotive business	(6 141)	(8 123)
Leasing business	(3 627)	(4 785)
Asset management and brokerage	(501)	(502)
Parent company	(2 194)	(4 495)
	(25 355)	(26 269)

The amounts for services provided by the registered auditors for independent financial audit of the financial statements of the Group for 2020 amount to BGN 976 thousand. Other services are not provided to the companies of the Group by the registered legal auditors for 2020.

A leasing subholding company has paid BGN 4 thousand in remuneration for the services of a previous auditor HLB BULGARIA OOD for the preparation of a Declaration under Art. 89d, para. 6, in connection with art. 89e, para 3 of LPOS in connection with admission to trading on a regulated market of corporate bond issue.

Services provided by the registered auditors for an independent financial audit of the Group's 2019 financial statements amounted to BGN 812 thousand. Other services provided to Group companies by the registered auditors during the period amounted to BGN 170 thousand and related to the review of the balance sheets of the insurance companies in the Group and tax services provided by a Group/ Insurance business amounting to BGN 6 thousand.

13.3. Employee benefits expenses by segments

	2020 BGN'000	2019 BGN'000
Insurance business	(20 411)	(18 978)
Automotive business	(12 897)	(14 505)
Leasing business	(3 002)	(3 241)
Asset management and brokerage	(821)	(793)
Parent company	(606)	(585)
	(37 737)	(38 102)

13.4. Other expenses by segments

	2020 BGN'000	2019 BGN'000
Insurance business	(4 056)	(4 992)
Automotive business	(1 743)	(1 670)
Leasing business	(272)	(354)
Asset management and brokerage	(505)	(219)
Parent company	(387)	(274)
	(6 963)	(7 509)

14. (Accrued) / recovered impairment loss on financial assets, net

	2020 BGN'000	2019 BGN'000
(Accrued) impairment loss on financial assets	(2 866)	(2 132)
Recoverable impairment loss on financial assets	3 749	502
	883	(1 630)

14.1. (Accrued) impairment loss on financial assets by segments

	2020 BGN'000	2019 BGN'000
Insurance business	(17)	(1 129)
Automotive business	(651)	(282)
Leasing business	(2 102)	(664)
Asset management and brokerage	(46)	(41)
Parent company	(50)	(16)
	(2 866)	(2 132)

14.2. Recovered impairment loss on financial assets by segments

	2020 BGN'000	2019 BGN'000
Insurance business	2 817	48
Automotive business	327	228
Leasing business	530	76
Asset management and brokerage	16	65
Parent company	59	85
	3 749	502

15. Financial expenses

	2020 BGN'000	2019 BGN'000
Interest expenses	(20 184)	(17 546)
Interest expenses – Right of use assets	(1 664)	(1 455)
Other financial expenses	(851)	(907)
	(22 699)	(19 908)

15.1. Interest expenses by segments

	2020 BGN'000	2019 BGN'000
Insurance business	(4 159)	(2 617)
Automotive business	(1 866)	(1 914)
Parent company	(14 159)	(13 015)
	(20 184)	(17 546)

15.2. Interest expenses – right of use assets by segments

	2020 BGN'000	2019 BGN'000
Insurance business	(820)	(820)
Automotive business	(659)	(474)
Leasing business	(62)	(55)
Asset management and brokerage	(47)	(34)
Parent company	(76)	(72)
	(1 664)	(1 455)

15.3. Other financial expenses by segments

	2020 BGN'000	2019 BGN'000
Automotive business	(569)	(678)
Parent company	(282)	(229)
	(851)	(907)

16. Financial income

	2020 BGN'000	2019 BGN'000
Interest revenue	179	112
	179	112

16.1. Financial income by segments

	2020 BGN'000	2019 BGN'000
Automotive business	179	112
	179	112

17. Foreign exchange gains/(losses), net

	2020 BGN'000	2019 BGN'000
Automotive business	(34)	-
Parent company	1 439	(303)
	1 405	(303)

18. Depreciation and amortization by segments

	2020 BGN'000	2019 BGN'000 restated
Insurance business incl.	(7 635)	(7 242)*
<i>Right of use assets</i>	(4 372)	(4 329)
Automotive business incl.	(6 560)	(6 396)
<i>Right of use assets</i>	(2 951)	(2 548)
Leasing business incl.	(5 620)	(6 090)
<i>Right of use assets</i>	(285)	(287)
Asset management and brokerage incl.	(189)	(142)
<i>Right of use assets</i>	(163)	(119)
Parent company incl.	(679)	(708)
<i>Right of use assets</i>	(611)	(662)
	(20 683)	(20 578)*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction disclosed in Note 50.

19. Tax expenses

	2020 BGN'000	2019 BGN'000 restated
Income tax expense	(2 304)	(1 974)*
Deferred tax	(906)	8
	(3 210)	(1 966)*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction disclosed in Note 50.

19.1. Tax expenses by segments

	2020 BGN'000	2019 BGN'000 restated
Insurance business	(2 781)	(1 600)*
Automotive business	(368)	(310)
Leasing business	(8)	(35)
Asset management and brokerage	(53)	(21)
	(3 210)	(1 966)*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction disclosed in Note 50.

Deferred income tax balances belong to the following balance sheet items:

	Total	Insurance business	Automotive business	Leasing business	Total	Insurance business	Automotive business	Leasing business
<i>In thousand BGN</i>	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2019	31.12.2019	31.12.2019	31.12.2019
Assets								
Property, plant and equipment	-	-	-	-	1	1	-	-
Unused paid leave	105	71	19	15	103	75	15	13
Impairment of inventories	159	-	79	80	146	-	68	78
Thin capitalization - interest	238	-	144	94	132	-	63	69
Loss	10 697	10 686	(16)	27	12 210	12 185	(8)	33
Rights of use	49	-	46	3	46	-	45	1
Other provisions	296	47	238	11	423	98	313	12
Net tax assets / (liabilities)	11 544	10 804	510	230	13 061	12 359	496	206
<i>See Note 30</i>								

	Total	Insurance business	Automotive business	Leasing business	Total	Insurance business	Automotive business	Leasing business
<i>In thousand BGN</i>	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2019	31.12.2019	31.12.2019	31.12.2019
Passive								
Property, plant and equipment	37	2	35	-	59	59	-	-
Provisions for unused paid leave	5	-	5	-	(12)	-	(12)	-
Thin capitalization	46	-	46	-	35	-	35	-
Depreciation	254	-	117	137	315	-	170	145
Net tax assets / (liabilities)	342	2	203	137	397	59	193	145
<i>See Note 42</i>								

20. Cash and cash equivalents

	31.12.2020 BGN'000	31.12.2019 BGN'000
Cash on hand	3 646	4 710
Deposits up to 3 months	64 133	86 187
Restricted cash	681	649
Cash equivalents	575	336
<i>Impairment</i>	(235)	(192)
	68 800	91 690

21. Fixed-term deposits at banks by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	23 594	15 807
<i>Impairment</i>	(139)	(20)
	23 455	15 787

22.1. Reinsurers' share in technical reserves

	31.12.2020 BGN'000	31.12.2019 BGN'000
Unearned premium reserve	161 103	165 184
Reserve for unexplored claims	5 561	-
Claims reserve, incl.:	352 505	294 753
<i>Reserves for incurred, but not reported claims</i>	157 423	97 685
<i>Reserves for reported, but not settled claims</i>	195 082	197 068
Other technical reserves	4 092	3 892
	523 261	463 829

22.2. Receivables from insurance business

	31.12.2020 BGN'000	31.12.2019 BGN'000
Receivables from direct insurance	108 227	90 598
Receivables from reinsurers or sedants	16 741	11 007
Receivables from recourse/subrogation	24 160	26 191
	149 128	127 796

23. Trade receivables

	31.12.2020 BGN'000	31.12.2019 BGN'000 restated
Trade receivables	18 234	19 634*
<i>Impairment</i>	(1 405)	(838)
Financial lease receivables	24 260	25 127
Advances paid	3 252	3 046
Other	1 302	110
<i>Impairment</i>	(35)	(1)
	45 608	47 078*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction disclosed in Note 50.

23.1. Trade receivables by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000 restated
Insurance business	603	577
Automotive business	14 980	15 642*
<i>Impairment</i>	(917)	(713)
Leasing business	2 469	3 084
<i>Impairment</i>	(487)	(114)
Asset management and brokerage	102	252
<i>Impairment</i>	(3)	(9)
Parent company	84	88
<i>Impairment</i>	(2)	(11)
	16 829	18 796*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction disclosed in Note 50.

24. Other receivables

	31.12.2020 BGN'000	31.12.2019 BGN'000 restated
Insurance business	38 566	54 621*
<i>Impairment</i>	(2 014)	(4 706)
Automotive business	17 486	3 011*
<i>Impairment</i>	(73)	(65)
Leasing business	1 397	1 502
<i>Impairment</i>	(115)	-
Asset management and brokerage	102	14
Parent company	1 314	1 148
<i>Impairment</i>	(16)	(23)
Prepaid expenses	10 208	2 519
Receivables under court procedures	2 640	2 253
<i>Impairment</i>	(1 871)	(1 571)
Tax receivables	802	1 475
	68 426	60 178*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction and changes in accounting policies disclosed in Note 50.

24.1. Tax receivables by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	29	203
Automotive business	436	709
Leasing business	111	301
Parent company	226	262
	802	1 475

25. Property, plant and equipment

	Land, plots- rights of use	Buildings	Buildings-rights of use	Machinery and equipment	Vehicles	Vehicles- rights of use	Furniture and fittings	Assets under construction	Other	Total	
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	
Cost											
As of 1 January 2019	5 154	-	14 939	-	9 927	60 588	-	8 315	701	2 655	102 279
Acquisition of a subsidiary	-	165	-	28 960	-	-	32	-	-	-	29 157
Additions	-	4	377	33 227	2 082	19 529	19	1 165	107	140	56 650
Disposals	(82)	-	(1 572)	(14 972)	(589)	(14 455)	-	(1 181)	(78)	(33)	(32 962)
Other changes	98	-	1 041	(173)	35	26	-	2	-	374	1 403
Derecognized on sale of subsidiaries**	-	-	(1 064)	-	(884)	(164)	-	(619)	(4)	(1)	(2 736)
As of 31 December 2019	5 170	169	13 721	47 042	10 571	65 524	51	7 682	726	3 135	153 791
Additions	-	-	96	8 584	718	13 027	-	283	172	371	23 251
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)
As of 30 December 2020	4 869	169	14 750	53 031	10 334	60 023	51	7 691	747	3 482	155 147
Depreciation											
As of 1 January 2019	-	-	5 050	-	7 690	16 319	-	4 736	5	1 969	35 769
Depreciation for the period	-	40	489	7 886	966*	9 685	19	672	-	169	19 926*
Disposals	-	-	(106)	(766)	(432)	(5 586)	-	(122)	-	(18)	(7 030)
Other changes	-	-	360	(18)	-	15	-	4	-	69	430
Write-offs for sale to subsidiaries **	-	-	(739)	-	(864)	(79)	-	(550)	-	(1)	(2 233)
As of 31 December 2019	-	40	5 054	7 102	7 360*	20 354	19	4 740	5	2 188	46 862*
Depreciation for the period	-	42	474	8 340	954	9 183	-	732	-	179	19 904
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)
As of 31 December 2020	-	82	5 116	14 374	7 348	20 834	51	5 170	(130)	2 353	55 198
Net book value:											
As of 1 January 2019	5 154	-	9 889	-	2 237	44 269	-	3 579	696	686	66 510
As of 31 December 2019	5 170	129	8 667	39 940	3 338*	45 170	32	2 942	721	947	107 056*
As of 31 December 2020	4 869	87	9 634	38 657	2 986	39 189	-	2 521	877	1 129	99 949

* Note 50.

** Automotive business *** Insurance business

In 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.

25.1. Land and buildings by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	5 798	4 927
Automotive business*	8 705	8 910
	14 503	13 837

* The Group has pledged the following own real estate as collateral for its liabilities as of 31.12.2020:

- first mortgage on land and buildings in the city of Varna, Yanosh Hunyadi Str. at EUR 6.7 million;
- second mortgage on land and buildings in the city of Varna, Yanosh Hunyadi Str. at EUR 4.5 million;
- Mortgage on land in the city of Sofia, Tsarigradsko Shosse Blvd. for securing an investment loan granted to EA Properties EOOD in the amount of EUR 1.6 million as of 31 December 2020.

25.2. Land and buildings by segments – Rights of use

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	19 417	21 276
Automotive business	14 907	13 537
Leasing business	1 461	1 571
Asset management and brokerage	971	1 086
Parent company	1 988	2 599
	38 744	40 069

25.3. Machinery and equipment by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000 restated
Insurance business	1 949	1 956*
Automotive business	997	1 215
Leasing business	40	40
	2 986	3 211*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction disclosed in Note 50.

25.4. Vehicles by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	3 706	4 566
Automotive business	10 457	14 297
Leasing business *	24 745	26 120
Asset management and brokerage	151	-
Parent company	130	187
	39 189	45 170

* 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, 2020 amounts to BGN 23 779 thousand. (2019: BGN 0).

25.5. Vehicles by segments – rights of use

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	-	32
	-	32

25.6. Furniture and fittings and other assets by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	814	893
Automotive business	2 685	2 824
Leasing business	118	130
Asset management and brokerage	32	35
Parent company	1	7
	3 650	3 889

25.7. Assets under construction by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	120	-
Automotive business	749	721
Leasing business	8	-
	877	721

26. Investment property

	31.12.2020 BGN'000	31.12.2019 BGN'000
Net book value at 1 January	15 703	20 209
Acquired	-	121
Disposals	(6 305)	(849)
Revaluation / (Impairment)	-	(354)
Write-offs on sale of subsidiaries	-	(3 424)
Acquired upon purchase of subsidiaries *	254	-
Net book value as at the period end	9 652	15 703

* Insurance business

27. Intangible assets

	Software BGN'000	Licenses BGN'000	Other BGN'000	Total BGN'000
Cost				
As of 1 January 2019	8 373	114	1 940	10 427
Additions	1 058	5	155	1 218
Disposals	(340)	-	(268)	(608)
Other changes	252	-	3	255
Write-offs for sale to subsidiaries	(96)	-	(38)	(134)
As of 31 December 2019	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)
As of 31 December 2020	10 902	128	1 697	12 727
Amortization				
As of 1 January 2019	6 159	114	880	7 153
Amortization for the period	568	-	84	652
Disposals	(20)	-	(30)	(50)
Other changes	(12)	-	3	(9)
Write-offs for sale to subsidiaries-Automotive segment	(96)	-	(38)	(134)
As of 31 December 2019	6 599	114	899	7 612
Additions	683	-	96	779
Acquired upon purchase of subsidiaries-Insurance business	137	-	9	146
Disposals	(47)	-	-	(47)
Other changes	(121)	-	-	(121)
As of 31 December 2020	7 251	114	1 004	8 369
Net book value:				
As of 1 January 2019	2 214	-	1 060	3 274
As of 31 December 2019	2 648	5	893	3 546
As of 31 December 2020	3 651	14	693	4 358

The Group has reviewed for impairment of intangible assets as of December 31, 2020. No indications have been identified that the carrying amount of assets exceeds their recoverable amount, as a result of which no impairment loss has been recognized in the consolidated financial statements.

28. Inventories by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	438	447
Automotive business	24 128	38 531
Leasing business	2 068	3 190
	26 634	42 168

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 Automotive Business segment in the amount of EUR 6.7 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 companies in the Automotive Business segment in the amount of EUR 6.7 million;
- Automotive business - pledge on all cars and spare parts of Star Motors EOOD to secure a target credit line for bank guarantees and revolving credit, granted to Star Motors EOOD and Star Motors DOOEL in the amount of EUR 4.5 million;
- Automotive business - 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;
- Automotive business - pledge on all cars and spare parts of Bulvaria Sofia EAD to secure a target credit line for a revolving loan 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 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](#).

29. Financial assets and liabilities by segments

29.1 Financial assets by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Government bonds measured at FVTPL, incl.:	96 246	60 644
<i>Insurance business</i>	95 494	60 222
<i>Asset management and brokerage</i>	752	422
Government bonds measured at OCI, incl.:	5 967	7 576
<i>Insurance business</i>	5 967	7 576
Total government bonds	102 213	68 220
Corporate bonds measured at FVTPL, incl.:	21 353	63 524
<i>Insurance business</i>	20 001	62 333
<i>Asset management and brokerage</i>	1 345	1 191
<i>Parent company</i>	7	-
Total corporate bonds	21 353	63 524
Capital investments measured at FVTPL, incl.:	127 598	92 701
<i>Insurance business</i>	125 528	90 479
<i>Leasing</i>	-	596
<i>Asset management and brokerage</i>	2 070	1 626
Total capital investments	127 598	92 701
Other financial assets measured at amortised cost, incl.:	91 081	37 527
<i>Insurance business</i>	83 800	30 349
<i>Asset management and brokerage</i>	7 281	7 178
<i>Impairment</i>	(264)	(73)
Total other financial assets	90 817	37 454
	341 981	261 899

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

29.2 Financial liabilities measured at amortised cost

	31.12.2020 BGN'000	31.12.2019 BGN'000
	Note	
Subordinated debts	35	76 985
LIABILITIES		
Bank and non-bank loans	36	174 341
Obligations on bond issues	37	163 342
Non-current liabilities	38	14 345
Current liabilities	39	61 906
Trade and other payables	40	117 148
Payables to reinsurers	41	46 855
Deffered tax liabilities	42	342
		655 264
		507 538

Liabilities and subordinated debt instruments are stated at amortized cost.
 Liabilities by segments are presented in the relevant notes - see Notes 35-42.

30. Deferred tax assets by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	10 804	12 359
Automotive business	510	496
Leasing business	230	206
	11 544	13 061

See Note 19.1

31. Investments associates and other investments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business* *	6 457	7 948*
Asset management and brokerage	4 392	4 639
	10 849	12 587*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction disclosed in Note 50.

** Investments in Associates

31.1. 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	Amount in BGN'000	
		2020	2019			2020	2019
RCO Euroins Ltd	Russian Federation	48,6%	48,6%	Associated	Equity Method	6 457	13 474

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.

31.1.1. Evaluation method

For the purposes of the consolidated report of Eurohold Group the investment as of 31.12.2019 is presented using the share of the fair value of the company's equity, which value is determined on the basis of an assessment by an independent appraiser. The difference in the amount of BGN 5 526 thousand is reported as income in other comprehensive income for the period. As of 31.12.2020 the Group's management has restated the comparative information for the financial year 2019 and the investment is presented using the equity method in accordance with the applicable accounting standards. See *Note 50*.

31.1.2. Impairment of investments in associates

In 2019 and 2020, there is no need to recognize impairment of investments in associates.

31.1.3. 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.

Summary of the statement of financial position	31.12.2020 BGN'000	31.12.2019 BGN'000
Current Assets		
Cash and cash equivalents	7 220	3 854
Other Current Assets	33 232	39 867
Total Current Assets	40 451	43 721
Non current assets	8 506	10 821
Current Liabilities		
Financial Liabilities	-	-
Other Current liabilities	35 271	37 985
Total Current Liabilities	35 271	37 985
Non current liabilities		
Financial Liabilities	-	-
Other Financial Liabilities	402	205
Total non current liabilities	402	205
Net Assets	13 284	16 352
Equition of book value		
Net assets at January 01	16 352	10 601
Movement	(3 068)	5 751
Net assets at December 31	13 284	16 352
Share %	48.6	48.6
Share BGN thousands acc.to Equity method	6 457	7 948
Share BGN thousands acc.to Equity method	6 457	13 474

Summary of the statement of profit or loss and other comprehensive income	2020 BGN'000	2019 BGN'000
Gross Written Premiums	61 899	57 246
Interest income	626	1 433
Depreciation	(177)	(117)
Profit from continuing activities after taxes	2 318	743
Profit from continuing activities after taxes	2 318	743
Other comprehensive income	(756)	82
Total comprehensive income	1 562	825
Received Dividends	269	-

31.2. 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	2020 BGN'000	Participation %	2019 BGN'000	Participa- tion %
Central Depository AD	1	0.01	1	0.01
EF ASSET MANAGEMENT AD	238	19.96	157	19.96
Varengold Bank AG, Germany	4 153	6.19	4 481	6.65
	4 392		4 639	

32. Other financial investments by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	1 580	5 369
Asset management and brokerage	281	281
Parent company	9	9
<i>Impairment</i>	(9)	(9)
	1 861	5 650

33. Non-current receivables

	31.12.2020 BGN'000	31.12.2019 BGN'000
Finance lease receivables	50 450	51 896
Subsidiaries	799	2 326
<i>Impairment</i>	(15)	(23)
	51 234	54 199

34. Goodwill

	31.12.2020 BGN'000	31.12.2019 BGN'000
Euroins Insurance Group AD	165 123	165 123
Motobul EAD	12 538	12 538
Bulvaria Varna EOOD	5 591	5 591
Daru Car OOD	1 400	1 400
Eurolease Group EAD	1 312	1 312
Eurolease Rent-a-Car EOOD	1 803	1 803
Sofia Motors EOOD	10	10
Euro-Finance AD	2 620	2 620
	190 397	190 397

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.

As of 31.12.2020 the results of the test do not indicate that the carrying amount of the OGPP exceeds its recoverable amount, therefore no need for impairment has been identified.

As of December 31, 2019, the results of the test at Daru Car EAD indicate that the book value of OGPP exceeds the recoverable amount of the same, as a result of which the goodwill recognized by the business combination of this company in the amount of BGN 61 thousand has been impaired.

35. Subordinated debts

	31.12.2020 BGN'000	31.12.2019 BGN'000
Subordinated debts, issued – Insurance segment	19 558	19 558
Subordinated debts, not issued, Tier 1 capital:	57 427	-
<i>Insurance business</i>	24 643	-
<i>Parent company</i>	32 784	-
	76 985	19 558

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.

Parent company

After reviewing the indebtedness and in order to strengthen the capital of the group, the Parent Company has agreed and converted part of the loan liabilities as of 31.12.2020 in the form of subordinated debts (unissued) with Stracom Holding AD, representing tier 1 capital, according to the applicable provisions of the current Bulgarian and Community law. As of 31.12.2020 the tier 1 capital has a total value of BGN 32 784 thousand. and has an indefinite repayment period, but not earlier than 5 years, and an interest rate of 6%, due at the end of each quarter.

36. Bank and non-bank loans by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	21 872	9 744
Automotive business	15 835	14 487
Leasing business	81 244	80 464
Parent company	55 390	36 040
	174 341	140 735

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

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business, incl.	21 866	9 593
<i>Loans from non-bank financial institutions</i>	21 866	9 593
Automotive business, incl.:	1 915	2 684
<i>Bank loans</i>	1 915	2 684
Leasing business, incl.:	53 870	55 451
<i>Bank loans</i>	53 870	55 451
Parent company, incl.:	41 297	25 531
<i>Bank loans</i>	41 297	25 531
	118 948	93 259

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

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business, incl.:	6	151
<i>Bank loans</i>	5	63
<i>Loans from non-bank financial institutions</i>	1	88
Automotive business, incl.:	13 920	11 803
<i>Bank loans</i>	13 915	11 562
<i>Loans from non-bank financial institutions</i>	5	241
Leasing business, incl.:	27 374	25 013
<i>Bank loans</i>	27 374	25 013
Parent company, incl.:	14 093	10 509
<i>Bank loans</i>	14 093	10 509
	55 393	47 476

Information on liabilities to banking and non-banking financial institutions

	Limit	Original currency	Interest rate %	Maturity	31.12.2020	31.12.2020 Incl. Principal	31.12.2019	31.12.2019 Incl. Principal
Insurance business								
Creditor Bank 1	10 000	EUR	6.50%	31.3.2025	19 165	19 163	9 593	9 315
Creditor Bank 2	18	BGN	12.75%	31.10.2022	5	5	15	15
Creditor Bank 3	4 372	BYN	4% yearly + commision 2,2% of the loan as of 01.01	12.08.2027	2 702	2 702	-	-
Creditor Bank	80 000	GEL	10.00%	-	-	-	48	48
Creditor 1	143 000	GEL	10.00%	-	-	-	87	87
Creditor 2	3 000	GEL	3.00%	-	-	-	1	1
Automotive business								
Creditor Bank 1	800 000	EUR	1M EURIBOR + 3.5%	31.12.2021	809	809	809	809
Creditor Bank 1	500 000	EUR	1M EURIBOR + 3.5%	30.9.2021	760	760	-	-
Creditor Bank 1	400 000	EUR	1M EURIBOR + 3.5%	31.12.2021	782	782	782	782
Creditor Bank 1	1 144	EUR	1M EURIBOR + 3.5%	31.12.2021	1 050	1 050	1 050	1 050
Creditor Bank 1	750 000	EUR	1M EURIBOR + 2.9%	30.9.2021	1 467	1 467	1 467	1 467
Creditor Bank 1	50 000	EUR	1M EURIBOR + 3.5%	31.12.2021	78	78	79	79
Creditor Bank 2	1 760 000	EUR	1M EURIBOR + 3.5%	10.12.2021	663	663	887	887
Creditor Bank 2	1 360 000	EUR	1M EURIBOR + 3.5%	10.12.2021	1 187	1 187	1 386	1 386
Creditor Bank 2	870 000	EUR	1M EURIBOR + 2.25%	10.12.2021	1 257	1 257	1 602	1 602
Creditor Bank 2	160 000	EUR	3M EURIBOR + 3.3%	-	-	-	101	101
Creditor Bank 2	907 993	EUR	3M EURIBOR + 3.3%	-	-	-	160	160
Creditor Bank 2	2 500 000	EUR	1m EURIBOR + 2.0%	30.6.2023	4 889	4 889	4 884	4 884
Creditor Bank 3	240 000	EUR	3M EURIBOR + 4%	20.9.2022	407	407	466	466
Creditor Bank 4	145 879	EUR	5,25%	21.12.2021	195	195	188	188
Creditor Bank 5	1 200 000	EUR	min 3.95%	31.5.2021	2 286	2 286	-	-
Creditor 1	511 292	EUR	1M SOFIBOR + 1.8%	-	-	-	520	520
Creditor 2	869 196	EUR	BDILE + 1.80%	-	-	-	106	106
Creditor 3	-	EUR	5,39%	31.12.2020	5	-	-	-

Leasing business	Limit	Original currency	Interest rate %	Maturity	31.12.2020	31.12.2020 Incl. Principal	31.12.2019	31.12.2019 Incl. Principal
Creditor Bank 1	9 779	BGN	ODI+2.3%/min 2.3%	11.2023	6 857	6 857	8 667	8 667
Creditor Bank 2	3 500	EUR	3m.Euribor+2.8%	10.2023	3 020	3 020	4 160	4 160
Creditor Bank 2	2 000	BGN	1m.Euribor+3.5%/min.3.5%	08.2021	193	193	536	536
Creditor Bank 2	3 912	BGN	Prime+2.72%/min.2.72%	02.2024	2 562	2 562	3 258	3 258
Creditor Bank 2	13 691	BGN	Prime+2.72%/min.2.85%	11.2022	4 574	4 574	7 286	7 286
Creditor Bank 2	978	BGN	Prime+2.85%/min.2.85%	02.2023	464	464	616	616
Creditor Bank 2	9 779	BGN	Prime+1.72%/min.2.72%	09.2026	5 203	5 203	2 434	2 434
Creditor Bank 2	10 244	EUR	3m.Euribor+3.5%/min 3.5%	11.2026	15 428	15 428	17 096	17 096
Creditor Bank 2	4 150	EUR	3m.Euribor+2.5%/min.2.5%	07.2022	3 788	3 788	5 818	5 818
Creditor Bank 2	850	EUR	3m.Euribor+2.5%/min.2.5%	07.2022	1 282	1 282	1 640	1 640
Creditor Bank 2	5 000	EUR	3m.Euribor+2.75%/min 2.75%	10.2024	7 986	7 986	1 990	1 990
Creditor Bank 2	723	EUR	3m.Euribor+3%/min.3%	12.2021	255	255	495	495
Creditor Bank 2	2 600	EUR	3m.Euribor+3.5%/min.3.5%	09.2022	837	837	1 778	1 778
Creditor Bank 3	446	EUR	3m.Euribor+3%/min.3%	05.2022	208	208	364	364
Creditor Bank 3	5 000	BGN	3m.Euribor+2.95%/min.2.95%	11.2025	4 562	4 562	987	987
Creditor Bank 3	1 456	BGN	Prime+2.32%/min.2.32%	09.2022	506	506	748	748
Creditor Bank 4	1 956	BGN	Prime+2.85%/min.2.85%	02.2024	1 403	1 403	1 799	1 799
Creditor Bank 4	1 956	BGN	Prime+1.85%/min.2.85%	09.2025	1 013	1 013	274	274
Creditor Bank 4	550	EUR	3m.Euribor+2.8%	09.2023	536	536	742	742
Creditor Bank 5	3 000	EUR	3m.Euribor+3%/min.3%	6.2023	115	115	-	-
Creditor Bank 6	1 050	EUR	6m.Euribor+4.75%/min.4.75%	05.2021	1 358	1 358	1 894	1 894
Creditor Bank 6	2 000	EUR	3m.Euribor+5.25%/min.5.25%	06.2025	2 884	2 884	3 490	3 490
Creditor Bank 6	2 000	EUR	6m.Euribor+5.25%/min.5.25%	04.2025	3 388	3 388	3 013	3 013
Creditor Bank 6	2 468	BGN	Prime+2.32%	03.2024	3 096	3 096	3 614	3 614
Creditor Bank 7	4 500	EUR	5,25%	12.2023	8 360	8 360	6 985	6 985
Creditor Bank 7	1 000	EUR	1m.Euribor+4.25%	04.2026	1 366	1 366	780	780
Parent company				TOTAL	174 341	173 902	140 735	139 955

37. Bond obligations by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Automotive business	14 606	14 151
Leasing business	5 212	9 900
Parent company	143 524	133 613
	163 342	157 664

37.1. Bond obligations – long term, by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Automotive business	13,542	13 067
Leasing business	2 524	1 591
Parent company	123 493	132 858
	139 559	147 516

37.2. Bond obligations – short term, by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Automotive business	1 064	1 084
Leasing business	2 688	8 309
Parent company	20 031	755
	23 783	10 148

Issued bonds

	Cupon	Original currency	Maturity	31.12.2020 Nominal in thousand	31.12.2019 Nominal in thousand
Automotive Business					
Corporate bonds*	4.50%	BGN	12.2022	6 800	6 800
Corporate bonds	3.85%	BGN	06.2028	8 800	8 800
Leasing business **					
Corporate bonds	4.75%	BGN	03.2022	1 500	-
Corporate bonds	4.00%	BGN	05.2025	6 000	-
Corporate bonds	3.75%	EUR	07.2023	1 250	1 250
Corporate bonds	5.00%	BGN	02.2020	-	6 000
Corporate bonds	3m.Euribor + 3.95%	EUR	07.2021	5 800	5 800
Parent company					
EMTN Programme	6.50%	EUR	12.2022	70 000	70 000
EMTN Programme	8.00%	PLN	12.2021	45 000	45 000
Corporate bonds***	3.25%	EUR	11.2027	30 000	-

* The company Avto Union AD is an issuer of a bond issue traded on the Bulgarian Stock Exchange with ISIN: BG2100025126. The issue was put on trading 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, Avto 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 terms. The amount of 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 in 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.

*** 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 (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. The maturity date of the issue is November 26, 2027, and the principal is repaid once at maturity. Interest payments are made every six months, as of the date of registration of the issue (November 26, 2020), at a fixed nominal interest rate - 3.25% on an annual basis. The debenture loan is secured by a bond loan insurance contract concluded between the issuer Eurohold Bulgaria AD, as an insurer, and Euroins AD Insurance Company as an insurer. The trustee of the bondholders in the issue is Ever Financial House AD.

38. Non-current liabilities

	31.12.2020 BGN'000	31.12.2019 BGN'000
Other non-current liabilities	2 467	4 398
Finance lease liabilities	11 878	18 844
	14 345	23 242

38.1. Other non-current liabilities by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	119	5
Automotive business	1 521	4 263
Leasing business	795	115
Parent company	32	15
	2 467	4 398

38.2. Finance lease liabilities – non-current, by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Automotive business	6 919	11 640
Leasing business	4 863	7 204
Asset management and brokerage	96	-
	11 878	18 844

39. Current liabilities

	31.12.2020 BGN'000	31.12.2019 BGN'000 restated
Payables to employees	4 536	4 810
Social-security liabilities	3 248	3 348
Tax liabilities	6 619	10 785*
Other current liabilities	33 960	17 536
Finance lease liabilities	6 377	7 480
Deferred revenue	219	206
Provisions	6 947	1 074
	61 906	45 239*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction disclosed in Note 50.

39.1. Payables to employees by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	3 243	3 373
Automotive business	952	1 051
Leasing business	268	328
Parent company	73	58
	4 536	4 810

39.2. Social-security liabilities by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	2 765	2 813
Automotive business	386	389
Leasing business	81	122
Parent company	16	24
	3 248	3 348

39.3. Tax liabilities by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000 restated
Insurance business	3 936	8 901*
Automotive business	1 976	1 466
Leasing business	417	290
Asset management and brokerage	77	55
Parent company	213	73
	6 619	10 785*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction disclosed in Note 50.

39.4. Other current liabilities by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	30 059	13 874
Automotive business	910	1 264
Leasing business	1 460	1 760
Asset management and brokerage	587	150
Parent company	944	488
	33 960	17 536

39.5. Finance lease liabilities – current, by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Automotive business	2 699	4 604
Leasing business	3 678	2 876
	6 377	7 480

39.6. Deferred revenue – current, by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	8	54
Automotive business	211	152
	219	206

39.7. Provisions - by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	6 408	852
Automotive business	259	222
Asset management and brokerage	280	-
	6 947	1 074

40. Trade and other payables
40.1. Trade and other payables by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	4 179	6 783
Automotive business	43 153	49 307
Leasing business	1 644	3 641
Asset management and brokerage	60	12
Parent company	27 522	38 307
	76 558	98 050

40.2. Leasing liabilities – rights of use, by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	20 793	22 331
<i>Short-term</i>	2 713	4 263
<i>Long-term</i>	18 080	18 068
Automotive business	15 124	13 875
<i>Short-term</i>	2 499	2 574
<i>Long-term</i>	12 625	11 301
Leasing business	1 533	1 592
<i>Short-term</i>	269	244
<i>Long-term</i>	1 264	1 348
Asset management and brokerage	1 001	1 099
<i>Short-term</i>	102	98
<i>Long-term</i>	899	1 001
Parent company	2 139	2 802
<i>Short-term</i>	686	665
<i>Long-term</i>	1 453	2 137
	40 590	41 699

41. Payables to reinsurers

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	46 855	26 193
	46 855	26 193

42. Deferred tax liabilities by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000
Insurance business	2	59
Automotive business	203	193
Leasing business	137	145
	342	397

See Note 19.1.

43. Insurance reserves

	31.12.2020 BGN'000	31.12.2019 BGN'000
Unearned premium reserve, gross amount	264 273	252 556
<i>Reinsurers' share in unearned premium reserve</i>	<i>(161 103)</i>	<i>(165 184)</i>
Unexpired risks reserve, gross amount	8 537	198
<i>Reinsurers' share in Unexpired risks reserve</i>	<i>(5 561)</i>	<i>-</i>
Reserve for incurred but not reported claims, gross amount	208 749	167 566
<i>Reinsurers' share in reserve for incurred but not reported claims</i>	<i>(157 423)</i>	<i>(97 685)</i>
Reserve for reported but not settled claims, gross amount	342 783	336 021
<i>Reinsurers' share in reserve for reported but unsettled claims</i>	<i>(195 082)</i>	<i>(197 068)</i>
Other technical reserve, gross amount	7 814	6 847
<i>Reinsurers' share in other technical reserves</i>	<i>(4 092)</i>	<i>(3 892)</i>
Mathematical reserves	4 774	4 495
	836 930	767 683

44. Share capital and share premium

44.1. Share capital

	31.12.2020 BGN'000	31.12.2019 BGN'000
Issued shares	197 526	197 526
Treasury shares	(97)	(1 353)
Share capital	197 429	196 173
Number of shares	197 525 600	197 525 600

As of 31.12.2020, 97 227 pcs voting shares of Eurohold Bulgaria AD are held by companies in the Eurohold Group (as of 31.12.2019 – 1 352 567 voting shares).

The share capital as of 31.12.2020 is distributed as follows:

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

The shares owned by members of the Supervisory and Management Boards as of 31.12.2020 are 67 800 shares (as of 31.12.2019 there are 67,800 shares).

44.2. Share premium

	31.12.2020 BGN'000	31.12.2019 BGN'000
Share premium	49 568	49 568
	49 568	49 568

44.3. Earnings per share

Net earnings per share are calculated by dividing earnings for the year attributable to ordinary holders of shares in the Group by the weighted average number of ordinary shares outstanding during the year. The calculation is based on a consolidated report of Eurohold Bulgaria AD.

Earnings per share

	2020	2019 restated
Weighted average number of share, (pcs)	194 413 860	197 170 558
Net profit/(loss) for the year related to the Owners of the Parent Company (thousand BGN)	(43 807)	480*
Earnings per share, (BGN)	(0.225)	0.002*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction and changes in accounting policies disclosed in Note 50.

45. Net profit for the year

	31.12.2020 BGN'000	31.12.2019 BGN'000 restated
Current result attributable to the shareholders	(43 807)	480*
Current result attributable to the non-controlling interest	264	2 227*
	(43 543)	2 707*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction and changes in accounting policies disclosed in Note 50.

45.1. Net profit for the year by segments

	31.12.2020 BGN'000	31.12.2019 BGN'000 restated
Insurance business	(27 950)	16 249*
Automotive business	1 541	5 283
Leasing business	(544)	216
Asset management and brokerage	223	580
Parent company	(16 754)	(14 631)
Profit / (Loss) attributable to the non-controlling interest	(264)	(2 227)*
Intercompany eliminations of dividends and other	(59)	(4 990)
	(43 807)	480*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction and changes in accounting policies disclosed in Note 50.

46. Non-controlling interests

	31.12.2020 BGN'000	31.12.2019 BGN'000 restated
Non-controlling interest attributable to profit	264	2 227*
Non-controlling interest attributable to equity	28 903	31 275*
	29 167	33 502*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction and changes in accounting policies disclosed in Note 50.

46.1. Non-controlling interest attributable to profit

	31.12.2020 BGN'000	31.12.2019 BGN'000 restated
Insurance business	2	27*
Automotive business	1 447	1 294
Leasing business	(52)	(11)
<i>Eliminations</i>	<i>(1 133)</i>	<i>917</i>
	264	2 227*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction and changes in accounting policies disclosed in Note 50.

46.2. Non-controlling interest attributable to equity per segments**

	31.12.2020 BGN'000	31.12.2019 BGN'000 restated
Insurance business	22 964	28 061*
Automotive business	5 011	4 201
Leasing business	1 192	1 240
	29 167	33 502*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction and changes in accounting policies disclosed in Note 50.

The following table summarizes the information related to the Parent company's subsidiaries that have non-controlling interests prior to intragroup eliminations.

For the period ending on 31.12.2020

(in thousand BGN)	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	4,05%		(1 129)	22 964	No
Incl. indirect				DO NOT HAVE SPECIAL RIGHTS FOR ACQUISITION OF SHARES	2	6 822	No
Avto Union AD	Bulgaria	Automotive	-		1 447	5 011	No
Incl. indirect					1 447	5 011	Yes
Eurolease Group AD	Bulgaria	Leasing	9,99%		(54)	1 192	No
Incl. indirect					(52)	(235)	No
TOTAL					264	29 167	

For the period ending on 31.12.2019

<i>(in thousand BGN)</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%		933	28 061	No
Incl.indirect				DO NOT HAVE SPECIAL RIGHTS FOR ACQUISITION OF SHARES	27	6 088	No
Avto Union AD	Bulgaria	Automotive	-		1 294	4 201	Yes
Incl. indirect					1 294	4 201	No
Eurolease Group AD*	Bulgaria	Leasing	9,99%		-	1 240	No
Incl. indirect					-	-	No
TOTAL					2 227	33 502	

*9.99% of Eurolease Group AD - sold in December 2019.

Below is a table summarizing financial information for each subsidiary that has non-controlling interests material to the group. The disclosed amounts are data from the consolidated accounts of each subsidiary before the elimination of the intragroup settlements.

For the period ending on 31.12.2020

<i>In thousand BGN</i>	Assets	Liabilities	Income	Financial Result	Other comprehensive income	Net cash flows
Euroins Insurance Group AD	1 430 194	1 024 452	1 388 516	(27 952)	(9 796)	(24 224)
Avto Union AD	128 263	110 090	173 625	94	-	702
Eurolease Group AD	119 273	107 586	23 370	(492)	(210)	473

For the period ending on 31.12.2019

<i>In thousand BGN</i>	Assets	Liabilities	Income	Financial Result	Other comprehensive income	Net cash flows
Insurance Group AD	1 284 189	887 019	1 325 193	16 222	1 090	43 481
on AD	142 764	125 495	254 107	3 989	-	(166)
E Group AD	124 717	112 496	27 510	227	20	(1 126)

In 2020, Eurohold Bulgaria AD acquired 8,390,300 shares (2019, respectively 13,983,831 shares) of the capital of Euroins Insurance Group AD. As a result of the acquisition, the participation in the capital of the subsidiary insurance subholding was increased to 95.95% as of 31.12.2020, with which the total shares held by Eurohold Bulgaria amount to 521,456,462 shares out of a total of 543,445,791. The amount paid for them in 2020 it amounts to BGN 7,403 thousand, in 2019 - BGN 12,325 thousand. The acquisition is carried out in accordance with an agreement signed by Eurohold Bulgaria AD in 2018 for the acquisition of the remaining minority stake in the amount of 10.64% of its subsidiary insurance holding - Euroins Insurance Group AD. After the completion of the transaction, Eurohold will own 100% of the capital of Euroins Insurance Group AD.

In 2019, Eurohold sells a minority stake - 2,720,176 shares, representing 9.99% of the capital of Eurolease Group EAD. The realized profit from the sale amounts to BGN 4.53 million.

47. Change in liabilities arising from financing activities

In thousand BGN	Note	As of 01 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)*	-	-	-	671	(36 496)
Subordinated liabilities	35	19 558	24 643	(1 831)	-	34 615	76 985
Loans from financial and non-financial institutions	36	140 735	86 592	(57 799)	-	4 813	174 341
Debt loan liabilities	37	157 664	64 675	(19 022)	(1 366)	(38 609)	163 342
Total:		280 790*	175 910	(78 652)	(1 366)	1 490	378 172

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction and changes in accounting policies disclosed in Note 50.

In thousand BGN	Note	As of 01 January 2019	Cash flows from financing activities		Non-monetary adjustments		As of 31 December 2019
			Proceeds	Payments	Effect of changes in exchange rates	Other changes	
Retained earnings		(36 931)*	-	(2 417)	-	2 181*	(37 167)*
Subordinated liabilities	35	19 558		(1 842)		1 842	19 558
Loans from financial and non-financial institutions	36	142 167	47 895	(46 588)	75	(2 814)	140 735
Debt loan liabilities	37	157 564	6 133	(27 405)	236	21 136	157 664
Total:		282 358*	54 028	(78 252)	311	22 345*	280 790*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction and changes in accounting policies disclosed in Note 50.

48. 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.

<i>In thousand BGN</i>	Note	31.12.2020	31.12.2019 restated
ASSETS			
Non-current assets			
Lands and buildings	25, 25.1-2	53 247	53 906
Machinery, equipment and facilities	25, 25.3-5	46 702	53 023*
Intangible assets	27	4 358	3 546
Investment property	26	9 652	15 703
Deferred tax assets	30	11 544	13 061
Investments in associates and other enterprises	31	10 849	12 587*
Other financial investments	32	1 861	5 650
Non-current receivables	33	51 234	54 199
Goodwill	34	190 397	190 397
		379 844	402 072*
Current assets			
Cash and cash equivalents	20	68 800	91 690
Time deposits in banks	21	23 455	15 787
Share of reinsurers in technical provisions	22.1	523 261	463 829
Receivables from insurance operations	22.2	149 128	127 796
Trade receivables	23	45 608	47 078*
Other receivables	24	68 426	60 178*
Inventories	28	26 634	42 168
Financial assets	29	341 981	261 899
		1 247 293	1 110 425*
TOTAL ASSETS		1 627 137	1 512 497*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction and changes in accounting policies disclosed in Note 50.

In thousand BGN	Note	31.12.2020	31.12.2019 restated
Non-current liabilities			
Subordinated debt instruments	35	57 427	19 558
Loans from banks and non-bank financial institutions	36	118 948	93 259
Debt loan liabilities	37	139 559	147 516
Non-current liabilities	38	14 345	23 242
Trade and other liabilities	40	34 321	34 276
Insurance reserves	43	108 641	99 158
Deferred tax liabilities	42	342	397
		473 583	417 406
Current liabilities			
Subordinated debt instruments	35	19 558	-
Loans from banks and non-bank financial institutions	36	55 393	47 476
Debt loan liabilities	37	23 783	10 148
Current liabilities	39	61 906	45 239*
Trade and other liabilities	40	82 827	105 473
Liabilities under reinsurance operations	41	46 855	26 193
Insurance reserves	43	728 289	668 525
		1 018 611	903 054*
TOTAL LIABILITIES AND SUBORDINATED DEBT INSTRUMENTS			
		1 492 194	1 320 460*

* Some of the amounts disclosed in these consolidated financial statements do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction and changes in accounting policies disclosed in Note 50.

49. Contingent liabilities and commitments

49.1. Litigation

Parent company

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

The parent company is a plaintiff in a case with a material interest of EUR 375 363.21. The parent company seeks a refund of the amount it has transferred. The transferred amount was completely blocked on an account in Erste Bank, Novi Sad, based on a prosecutor's order and an order of the civil court, and will be returned to the company after a formal decision on the above case. A final decision on the case is expected within the next 1 to 3 months. In view of the declared state of emergency in the country, it is possible to extend the term.

Asset management and brokerage

In 2019, on the basis of Order – 3 – 137 of 23.04.2019 of the Deputy Chairman of the FSC, head of the Investment Activity Supervision Department, an inspection of EURO-FINANCE AD was opened, which has not been completed as of the date of preparation of the financial statement. The administrative sanctions and coercive administrative measures imposed in the course of the inspection are appealed by the company before the respective competent Bulgarian court, as of the date of preparation of the financial statements there are no indisputably determined administrative sanctions. For this reason, it is not possible to predict with certainty whether EURO-FINANCE AD will incur significant costs for court costs and payment of administrative sanctions in connection with the appealed penal decrees. Nevertheless, and given the fact that some of the penal decrees were confirmed at first instance, the sanctions imposed on the issued penal

decrees were provided by EURO-FINANCE AD in order to comply with the precautionary principle and accrued costs amounting to BGN 280 thousand, because if they are confirmed by the court and come into force, a serious cost will be incurred for the payment of administrative sanctions.

49.2. Guarantees and guarantees provided

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 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 04.02.2019 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 maturing on 01.01.2021.

Insurance

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 under bank guarantees, each of which in the amount of EUR 600 thousand in favor of NBBAZ, as the funds securing the bank guarantees in question are blocked on deposit accounts of the Group 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 Association of Greek Insurers. As of December 31, 2020, the Company through its branch in the Hellenic Republic is a guarantor 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 of a related company. In its role of insurer, Euroins Insurance Group AD retains its right of ownership over the financial collateral.

Deposits amounting to BGN 494 thousand (2019: 526 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 1,096 thousand is also included. (2019: BGN 1,059 thousand).

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.

49.3. Guarantees and guarantees received

As at the date of the consolidated financial statements there are no guarantees and guarantees provided by third parties.

50. Error correction

As of 1.1.2019

- a) In 2020 in the Automotive segment, it was found that receivables from counterparties were erroneously reported in the financial statements of the Group as of 31.12.2018, as a result of incorrect reconciliation of balances with suppliers.
- b) In the process of reviewing its operations in the European Union, operating on the basis of the right to Freedom of Services, an Insurance Company company identified an unaccounted expense in the period 2015-2018.
- c) In 2020, an Insurance segment company will change its accounting policy regarding the treatment of incurred expenses to the local Guarantee Fund, which will be rescheduled in view of their more reliable presentation in compliance with the principle of correspondence between income and expenses.

As the adjustments in the financial statements for 2018 do not have a significant effect on the information in the consolidated statement of financial position at the beginning of the previous period, the Group does not present two comparative periods in the consolidated statement of financial position.

The table below summarizes the effect on the financial condition of the Group's report as of 1 January 2019:

50.1. Disclosure of the effects of the accounting error and other reclassifications in the consolidated statement of financial position as of 1.1.2019.

1 January 2019, In thousand BGN	Effect of error correction		
	Before restatement	Correction	Restated
Trade receivables (Automotive business) a)	37 518	(73)	37 445
Other receivables, incl.:	37 586	4 234	41 820
Automotive business a)	3 229	(1 171)	2 058
Insurance business c)	17 775	5 405	23 180
TOTAL ASSETS a)	1 390 249	4 161	1 394 410
Retained earnings / (uncovered loss), including:	(46 036)	3 112	(42 924)
Automotive business a)	-	(1 244)	(1 244)
Insurance business b) c)	-	4 356	4 356
Non-controlling participation, including:	40 464	116	40 580
Insurance business b) c)	-	116	116
TOTAL EQUITY a) b)	200 575	3 228	203 803
Current liabilities (Insurance business) b)	37 328	933	38 261
Total liabilities and subordinated debts b)	1 189 674	933	1 190 607
TOTAL LIABILITIES AND EQUITY a) b) c)	1 390 249	4 161	1 394 410

2019

- d) In 2019, in connection with the start of operations of a Branch of a Company in the Insurance segment in the Hellenic Republic on the basis of the right of establishment (Freedom of Establishment) in another country of the European Union, the Branch should have charged depreciation expense on newly purchased tangible fixed assets related to the opening of the Branch in Greece. This expense and the corresponding accrued depreciation as a balance sheet item amounts to BGN 127 thousand. As a result of the performed procedures, the depreciation expenses for the comparable period of the Insurance segment have been recalculated to BGN 7 242 thousand from BGN 7 115 thousand.

e) In 2019, in connection with the start of operations of a branch of the Company in the Insurance segment in the Hellenic Republic on the basis of the right of establishment (Freedom of Establishment) in another country of the European Union, the Branch had to charge current tax related to the activity in Greece in 2019. This expense and the respective liability amount to BGN 283 thousand. As a result of the performed procedures, the expenses for current taxes for the comparable period of the Insurance segment have been recalculated to BGN 1 600 thousand from BGN 1 317 thousand.

f) In the process of reviewing its operations in the European Union, operating on the basis of the right to freedom of service (Freedom of Services), the Insurance segment company has identified an accrued expense in the period 2019. Due to the nature of the costs and their tax effect of a subsequent inspection by state authorities The company was obliged to accrue additional moratorium interest in the amount of BGN 401 thousand. As a result of the performed procedures the Expenses of the insurance segment (Other operating expenses) for the comparable period are recalculated to BGN 1 258 003 thousand (BGN 52 484 thousand) from BGN 1 257 871 thousand (BGN 52 352 thousand).

g) For the purposes of the consolidated report of Eurohold Group the investment as of 31.12.2019 is presented using the share of the fair value of the company's equity, which value is determined on the basis of an assessment by an independent appraiser. The difference in the amount of BGN 5 526 thousand is reported as income in other comprehensive income for the period. As of 31.12.2020 the Group's management has restated the comparative information for the financial year 2019 and the investment is presented using the equity method in accordance with the applicable accounting standards.

50.2. Disclosure of the effects of accounting error and other reclassifications in the consolidated statement of financial position as of 31.12.2018

31 January 2019, in thousand BGN	Effect of error correction		
	Before restatement	Correction	Restated
Trade receivables (Automotive business) a)	47 151	(73)	47 078
Other receivables, incl:	51 765	8 413	60 178
<i>Automotive business a)</i>		(1 171)	(1 171)
<i>Insurance business c)</i>		9 584	9 584
Machinery, plant and equipment (Insurance business) e)	53 150	(127)	53 023
Investments in associates and other investments (Eurohold Group) g)	18 113	(5 526)	12 587
TOTAL ASSETS a) b)	1 509 810	2 687	1 512 497
Revaluation and other reserves (Eurohold Group) g)	(52 943)	(5 217)	58 160
Retained earnings / (uncovered loss), incl.: <i>Automotive business a)</i>	(40 279)	3 112	(37 167)
<i>Insurance business b) c)</i>	-	(1 244)	(1 244)
Profit for the year, incl. <i>Insurance business b) c) d) e) f)</i>	(2 885)	3 365	480
Non-Controlling Interest, incl. <i>Insurance business b) c) d) e) f)</i>	33 423	79	33 502
<i>Eurohold Group g)</i>	-	388	388
TOTAL EQUITY a) b) c) d) e) f) g)	190 698	6 865	197 563
Current liabilities (Insurance business) b) c) d) e)	43 891	1 348	45 239
Total liabilities and subordinated debts b) c) d) e)	1 319 112	1 348	1 320 460
TOTAL LIABILITIES AND EQUITY a) b) c) d) e) f) g)	1 509 810	2 687	1 512 497

50.3 Disclosure of the effects of accounting error and other reclassifications in the consolidated income statement and the other comprehensive for 2019.

In thousand BGN	Note	Before restatement	Correction	Restated
Operating expenses				
Insurance segment expenses c) f)	4	(1 257 871)	4 047	(1 253 824)
		(1 482 154)	4 047	(1 478 107)
Gross Operating Profit f)		118 655	4 047	122 702
EBITDA f)		41 303	4 047	45 350
EBTDA f)		21 204	4 047	25 251
Depreciation and amortization d)	18	(20 451)	(127)	(20 578)
EBT c) d) e)		753	3 920	4 673
Tax expenses e)	19	(1 683)	(283)	(1 966)
Net profit for the year c) d) e) f)		(930)	3 637	2 707
Net profit, attributable to:				
Equity holders of the parent c) d) e) f)		(2 885)	3 365	480
Non-controlling interests c) d) e) f)		1 955	272	2 227
<i>Other comprehensive income not to be reclassified subsequently to profit or loss:</i>				
Revaluation of associates g)		5 526	(5 526)	-
Total other comprehensive income for the year, net of tax c) d) e) f)		5 746	(1 889)	3 857
Total comprehensive income, attributable to:				
Equity holders of the parent c) d) e) f)		3 454	(1 852)	1 602
Non-controlling interests c) d) e) f)		2 292	(37)	2 255

The errors do not have a material effect on the Group's operating, investment and financial cash flows for the year ended 31 December 2019.

51. 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 31.12.2020 the Group has the following transactions with related parties:

	31.12.2020 BGN'000	31.12.2019 BGN'000
Receivables on loans from Starcom Holding AD	32 130	5 731
Receivables from repo transactions from Starcom Holding AD	2 206	239
Other receivables from Starcom Holding AD	1 193	1 180
Other receivables from Hanson Asset Management Ltd	194	226
Loan liabilities to Starcom Holding AD	3 255	6 988
Subordinated debt instruments - Starcom Holding AD	57 427	-
Other liabilities to Starcom Holding AD	20 536	20 536
Investments in debt instruments of Starcom Holding AD	3 898	3 494
Dividend liabilities Starcom Holding AD	101	101
Commission income - Starcom Holding AD	186	124
Rent income - Hanson Asset Management Ltd	358	137
Service income - Starcom Holding AD	11	-
Interest income - Starcom Holding AD	874	593
Interest expenses - Starcom Holding AD	1 323	157

The composition of key management personnel is disclosed in [Note 1](#). The remuneration and other short-term benefits of key management personnel for 2020 are disclosed in a remuneration report available at: <https://www.eurohold.bg/files/documents/articles/e9bdffd2aa2bd35391491d08c92c5c26.pdf>

51. Events after the end of the reporting period

51.1. COVID-19 (Coronavirus)

At the end of 2019, news from China about COVID-19 (Coronavirus) first appeared, when a limited number of unknown virus cases were reported to the World Health Organization. During the first few months of 2020, the virus spread worldwide and its negative effects gained momentum. On 11.03.2020, after cases of new coronavirus strains were reported in 114 countries, the World Health Organization (WHO) announced the COVID-19 epidemic for a pandemic. On 13.03.2020, at the request of the government, the National Assembly declared a state of emergency in Bulgaria due to the coronavirus, which lasted until 13.5.2020 and was replaced by an emergency epidemic till 31.5.2021.

The Group takes all necessary measures in order to preserve the health of workers and to minimize the impact of the crisis at this stage of its occurrence. The actions are in accordance with the instructions of the National Operational Headquarters and strictly comply with the instructions of all national institutions.

The Management is closely monitoring the situation and looking for ways to reduce its impact on the Group, but a fall in the prices of shares on the global stock exchanges could affect the fair value of the Group's investments if the negative trend continues.

Management will continue to monitor the potential impact and will take all possible steps to mitigate the potential effects.

51.2. CEZ Group

On January 19, 2021, the Energy and Water Regulatory Commission (KEVR) authorized Eurohold Bulgaria AD to acquire the companies of the Czech energy company CEZ Group in Bulgaria.

In this way, Eurohold received all necessary regulatory permits for the implementation of the acquisition. The deal was already approved by the Competition Commission on 29 October last year.

Eurohold will acquire control of CEZ Group's business in Bulgaria through its subsidiary and specially established Eastern European Electric Company B.V. (EEEC). The transaction includes 67% of the capital of the electricity distribution company CEZ Distribution Bulgaria AD and the public electricity supply company CEZ Electro Bulgaria AD, as well as 100% of the shares of the licensed electricity trader CEZ Trade Bulgaria EAD, the IT services company CEZ ICT Bulgaria EAD, the photovoltaic park Free Energy Project Oreshitz, the company for the production of electricity from biomass - Barra Group, and CEZ Bulgaria EAD, which coordinates and manages the activities of all companies of the Czech group in the country.

The next steps in the realization of the deal are the signing of the financing agreements and the transfer of the shares. The financing will be provided through own funds and borrowed capital from leading global investment banks.

51.3. Extraordinary annual cession of the General meeting of the shareholders

On April 10, 2021, at an extraordinary general meeting of shareholders, the following decisions were made:

- Decision to increase the capital of Eurohold Bulgaria AD, from BGN 197,525,600 (one hundred ninety-seven million five hundred twenty-five thousand six hundred) to BGN 276,535,840 (two hundred seventy-six million five hundred thirty-five thousand eight hundred and forty) by issuing a new issue of shares under the conditions of public offering under the Public Offering of Securities Act. The new issue consists of 79,010,240 shares of the same type and class as the existing issue of shares of the company, namely: dematerialized, registered, non-preferred, with the right to 1 (one) vote at the general meeting of shareholders of the company, entitled to dividend and right to liquidation share, proportional to the nominal value of the share. The nominal value of each share is BGN 1.00 (one). The issue value of each share is BGN 2.50 (two and 0.50). The capital of Eurohold Bulgaria AD will be increased only if at least 31,604,096 shares are subscribed and fully paid, representing 40% (forty percent) of the offered shares. In this case, based on Art. 192a, para. 2 of the Commercial Law, the capital will be increased only by the value of the subscribed and fully paid shares, equal to or exceeding the indicated minimum admissible amount of the raised capital, whereby the public offering is considered to be successfully completed. It is not possible to subscribe for shares above the maximum admissible amount of the capital requested for raising in the amount of 79,010,240 shares.

With a decision from a meeting of the Financial Supervision Commission dated 29.04.2021, a prospectus for initial public offering of an issue of shares, which will be issued by Eurohold Bulgaria AD, was approved. <https://www.fsc.bg/bg/novini/resheniya-ot-zasedanie-na-kfn-na-29-04-2021-g--10350.html>

- Decision for amendments to the Articles of Association of the company.
- Decision to authorize the Management Board and the persons who manage and represent Eurohold Bulgaria AD to conclude a corporate guarantee of a total value above the threshold under Art. 114, para. 1, item 2, proposed 4 in connection with Art. 114, para. 1, item 1, letter "b" of the Public Offering of Securities Act, according to a motivated report prepared by the Management Board of the company, as a result of which an obligation will arise for Eurohold Bulgaria AD, in its capacity of corporate guarantor, for the payment of all liabilities (including, but not limited to, principal, interest, penalties, fees, commissions, other expenses) of its subsidiary - Eastern European Electric Company BV, which are related to and / or would be arising from the conclusion of financing transactions in the form of (i) subordinated debt, (ii) perpetual non-convertible preference shares with guaranteed dividend, issued by the subsidiary - Eastern European Electric Company BV and / or by the subsidiary - Eastern European Electric Company II BV (Eastern European Electric Company II BV), (iii) a mezzanine loan and / or (iv) another financial instrument with an economic effect similar to the effect of the instruments under (i), (ii) and / or (iii), in the following main parameters of the financing transaction and, respectively, of the provided corporate guarantee: minimum value EUR 50

000 000 (fifty million), including the corresponding return for the applicable financing instrument for creditors / investors (eg interest, fixed dividend, nominal discount) and maximum value 150 000 EUR 000 (one hundred and fifty million), including the relevant return for creditors / investors (eg interest, fixed dividend, nominal discount); term - from 3 to 10 years; The transaction is carried out in favor of the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company BV and / or the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company II BV and indirectly, in favor of the parent company Eurohold Bulgaria AD; Purpose of the transaction - financing of part of the acquisition price of CEZ Group's assets in Bulgaria, parties to the transaction: Eurohold Bulgaria AD - corporate guarantor, on the one hand and the creditors / investors in the above-mentioned financing instruments of Eastern European Electric Company "B.V. and / or Eastern European Electric Company II BV - counterparty (beneficiary) to the corporate guarantee transaction, on the other hand.

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

51.4. Eurolease Group AD

51.4.1. On 27.11.2020, at a meeting of the Board of Directors of Eurolease Group AD, a decision was made to change the capital structure, as well as to reduce it. At the same meeting a decision was made to cover the accumulated loss and change the statute in connection with the reduction of capital.

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

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

51.4.2. By Decision № 135 - E of March 18, 2021, the Financial Supervision Commission approved a prospectus for admission to trading on a regulated market of an issue of Eurolease Group AD in the amount of BGN 6,000,000 (six million), distributed in 6,000 (six thousand).) the number of ordinary, interest-bearing, dematerialized, registered, freely transferable, secured, non-convertible bonds, with a single nominal and issue value of BGN 1,000 (thousand) each, issued on 05.02.2020 and maturing on 05.02.2025, with a fixed annual interest rate of 4% and with periodicity of interest payments for a period of 6 months, with ISIN code BG2100001200. The indicated issue is entered in the register under Art. 30, para 1, item 3 of FSCA, led by FSC, for the purpose of trading on a regulated market.

51.5. Avto Union AD

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

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

51.6. Euroins Insurance Group AD

51.6.1. On February 19, 2021 an agreement for granting a cash loan in the form of a subordinated term debt was concluded between Starcom Holding AD (Lender) and EIG AD (Borrower) in the amount of up to EUR 10 million at an interest rate of 6% and a repayment period not exceeding -early than 5 years from the disbursement of the last tranche under the contract. In March 2021, the first tranche of the contract was received in the amount of EUR 5 million.

51.6.2. At the end of September 2020, the Company received a decision №. 1137 / 29.09.2020, whereby 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, paid on June 26, 2020 in the amount of EUR 5.5 million, respectively RON 27 million; (b) subordinated debt provided by a contract signed on 29 June 2020 in the amount of EUR 10 million, respectively RON 48.7 million and (c) a capital increase, (Extraordinary General Meeting of Shareholders on September 17, 2020) in the amount of RON 50 million. On December 3, 2020 Euroins Insurance Group AD decided to convert the two subordinated debts totally amounting to RON 75.7 million, as well as the calculated, but unpaid interest amounting to RON 0.8 million as of September 30, 2020 into equity. With Decision 342/March 11,2021, the capital increase of RON 50 million was approved by the local financial regulator. The short-term financing plan was approved with Decision 1469/December 14,2020 and was fully implemented within the deadline imposed by the decision of the Romanian Financial Regulator. The long-term recovery plan was adopted with Decision 22/January 07, 2021 and contains measures and actions in almost all areas of activity of the Company, which will 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 it.

51.6.3. On March 2, 2021, a loan agreement in the form of a subordinated debt was signed between EIG AD (Lender) and Euroins Romania (Borrower) in the amount of EUR 5 million. In March 2021, the first tranche of EUR 3.5 million was transferred.

51.6.4. 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 capital decrease, Euroins Insurance Group AD became the sole owner of the capital of CJSC "ERGO" Insurance Company "Belarus".

51.6.5. On March 11, 2021, Ms. Tanya Blatnik was approved as Executive Director of Euroins Romania by the local financial regulator;

51.6.6. On March 31, 2021, Mr. Kiril Boshov was approved as Chairman of the Board of Directors of Euroins Romania by the local financial regulator;

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

Eurohold Bulgaria AD

2020

INDEPENDENT AUDITOR'S REPORT

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
EUROHOLD BULGARIA AD**

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 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies.

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

Basis for Qualified Opinion

1. In the consolidated statement of financial position of the Group as of 31 December 2020 the value of the gross reserve for outstanding payments includes the gross reserve for incurred but not reported claims and the gross reserve for reported but not settled claims in the total amount of BGN 551,532 thousand (as of 31 December 2019: BGN 503,587 thousand). The share of reinsurers in gross reserve for outstanding payments amounts to BGN 352,505 thousand, respectively (as of 31 December 2019: BGN 294,753 thousand), as disclosed in note №43 "Insurance reserves". To calculate the reserve during the reporting period, the Group's management has used an actuarial valuation method and has not applied a consistent approach in calculating the cumulative value of the final loss of claims for the respective year of development. We have not received sufficient appropriate audit evidence to support management's assumptions in applying the actuarial method. Hence, we were not able to obtain sufficient assurance about the value of the claims reserve and to determine possible quantitative adjustments, both for it and for the share of reinsurers in this reserve for one of the subsidiaries in the insurance business. We are not able to determine the impact of any adjustments on the income from insurance commissions for the period and the reinsurance liabilities of the Group as of 31.12.2020.

2. In the consolidated statement of financial position as at 31 December 2020 the Group recognizes a gross unearned premium reserve in the amount of BGN 264,273 thousand (as at 31 December 2019: BGN 252,556 thousand) and a gross reserve for unexpired risks in the amount of BGN 8,537 thousand (as of 31 December 2019: BGN 198 thousand), as disclosed in Note №43 "Insurance reserves". The management of the Group has not applied a consistent approach for calculating this reserve as of 31 December 2020 in one of its subsidiaries in the insurance business. As a result, a reserve is recognized, the amount of which is lower than that which would be recognized using a consistent approach. We have not been able to obtain sufficient and reliable audit evidence to support the change in the method used in this subsidiary. If the Management of the Group had applied the same actuarial approach in all subsidiaries of the insurance business, the gross unearned premium reserve would have been higher by BGN 21,173 thousand, and the gross reserve for unexpired risks would have been higher by BGN 2,732 thousand. As a result, the share of reinsurers in the unearned premium reserve would be higher by BGN 11,169 thousand, and the share of reinsurers in the reserve for unexpired risks would be higher by BGN 1,808 thousand, which would lead to a net decrease in the assets in the consolidated statement of financial position by BGN 10,928 thousand and an increase in the net loss for the period by the same amount.

3. In the consolidated statement of financial position as at 31 December 2020 the Group has recognized goodwill in the amount of BGN 190,397 thousand (as at 31 December 2019: BGN 190,397 thousand), as disclosed in Note 34 "Goodwill ". The Group's management has performed a test for impairment of goodwill at the date of the consolidated financial statements and has determined that there are no indications for accrual of additional impairment. We were also unable to confirm through alternative audit procedures if the assumptions used in the Management's impairment test are justified. Accordingly, we have not been able to determine and confirm whether additional adjustments are required to the carrying amount of goodwill of the subsidiaries of Euroins Insurance Group in the total amount of BGN 53,360 thousand and accordingly how fairly it is presented in the current consolidated financial statements.

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

Emphasis of Matter

We draw attention to Note 50 " Error correction" in the consolidated financial statements, which announces that in 31.12.2019 "Eurohold Bulgaria" AD has reported the investment in an associated company - "Russian Insurance Company Euroins" for 2019 at fair value through other comprehensive income in the amount of BGN 5,526 thousand, and not using the equity method, which was in violation of the requirements of IAS 28 "Investments in associates and joint ventures" and the adopted accounting policy of the Group. As at 31 December 2020, the Group's management has decided to correct the comparative information for the financial year 2019 in accordance with the applicable accounting standards.

We draw attention to Note 2.1 "Basis for preparation of the consolidated financial statements" in the consolidated financial statements, which discloses that the equity of the Group is less than the registered capital of the parent company as of 31.12.2020 by BGN 62,583 thousand (31.12.2019: BGN 5,489 thousand). The net asset value of the Group is lower than the amount of the registered capital of the Parent Company and the shareholders have taken steps to overcome the violated ratio of equity and registered capital. (Note 51.3." Extraordinary annual cession of the General meeting of the shareholders ")

Our opinion has not been modified on these issues.

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 were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Other matters

The consolidated financial statements of the EUROHOLD BULGARIA AD for the year ended 31 December 2019 have been audited by another auditor who has issued an audit report with qualified opinion on consolidated financial statements dated 14 July 2020.

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

Management is responsible for the other information. The other information comprises the consolidated management report, including consolidated corporate governance statement and consolidated non-financial statement, prepared by management in accordance with Chapter Seven of the Accountancy Act, but does not include the consolidated financial statements and our auditor's report thereon, which we have obtained prior the date of our auditor's report.

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

In connection with our audit of the 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 our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the section "Basis for Qualified opinion" section above, we were not able to ascertain to what extent the assumptions and assumptions used in the assessments were justified for the specifics of the insurance business. Accordingly, we have not been able to determine and confirm whether additional adjustments are required to the carrying amount of assets and liabilities, to income from reinsurance commissions and, accordingly, to the extent to which they are presented in these consolidated financial statements.

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 IFRSs as adopted by the EU 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 the 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 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 an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.
- We obtain sufficient appropriate audit evidence about the financial information of the entities or entities within the Group to express an opinion on the consolidated financial statements. We are responsible for instructing, overseeing and performing the Group's audit. We have sole responsibility for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 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

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

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

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

Based on the procedures performed, our opinion is that:

- a) The information included in the consolidated management report referring to the financial year for which the consolidated financial statements have been prepared is consistent with those consolidated financial statements, over which we expressed qualified opinion in the "Report on the Audit of the Consolidated Financial Statements" section above.
- b) The Consolidated management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and of Art. 100(m), paragraph 7 of the Public Offering of Securities Act.
- c) The corporate governance statement of the Group for the financial year for which the consolidated financial statements have been prepared presents the requirements of Art. 100(m), paragraph 8 of the Public Offering of Securities Act.
- d) The consolidated non-financial statement for the financial year for which the consolidated financial statements have been prepared has been submitted and prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.

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

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

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

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

- Audit firm Zaharinova Nexia OOD was appointed as a statutory auditor of the consolidated financial statements of EUROHOLD BULGARIA AD for the year ended 31 December 2020 by the Minutes of general meeting of the shareholders dated from 30 September 2020 for the period of one year.
- The audit of the consolidated financial statements of the Group for the year ended 31 December 2020 represents first full uninterrupted statutory audit engagement for that group carried out by us.
- We hereby confirm that the audit opinion expressed by us is consistent with the additional report, provided to Eurohold Bulgaria's audit committee, in compliance with the requirements of Art. 60 of the Independent Financial Audit Act.

- We hereby confirm that we have not provided the prohibited non-audit services referred to in Art. 64 of the Independent Financial Audit Act.
- We hereby confirm that in conducting the audit we have remained independent of the Group.

Audit firm

ZAHARINOVA NEXIA OOD, registration number 138

Address: 1309 Sofia, 157-159 Konstantin Velichkov Blvd., 1st floor, office 3,

Manager

Dimitrina Zaharinova

Registered auditor, responsible for the audit

Dimitrina Zaharinova, registration number 0415

Sofia

15 May 2021

**CONSOLIDATED
ANNUAL MANAGEMENT REPORT
2020**



OVERVIEW 2020

EUROHOLD BULGARIA

2020

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

- **OUR BUSINESS OPERATIONS**
- **Insurance**
- **Automotive**
- **Leasing**
- **Investment intermediation and Asset Management:**
- **Energy sector (in the process of acquisition)**
- **25 years of history**
- **14 countries in Europe**
- **5 subsidiary companies**
- **33 operating companies**
- **1 associated company**
- **9,400 shareholders**
- **over 3,000 offices and points of sale**
- **over 3,000 customers**
- **2,830 employees**

BUSINESS STRUCTURE

Euroins Insurance Group - main asset in the Eurohold Group

Insurer in CEE and SEE with leading positions in Romania and Bulgaria.
Active operations in 9 markets in Europe.

Avto Union - investments in the automotive sector

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

Eurolease Group is a leasing group

Large leasing group operating on 2 markets in the Balkans.

Euro-Finance - investment intermediation and asset management

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

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

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

KEY FINANCIAL DATA

EUROHOLD GROUP

The financial results of Eurohold Bulgaria in 2020 were affected by the COVID-19 pandemic, due to the reduced consumer activity and the changed market environment. Nevertheless, the performance of the Eurohold Group remains stable and our business realizes revenue growth and strengthening the market positions in the markets in which we operate.

	2020	2019
Revenues	1.579 billion BGN ▲ 1%	1.601 billion BGN ▲ 27%
Operating profit	71 million BGN ▼ 42%	123 million BGN ▼ 2%
Net result	(43.543) million BGN ▼ 1609%	2.707 million BGN ▼ 76%
Assets	1.627 billion BGN ▲ 8%	1.512 billion BGN ▲ 9%
Financial assets	342 million BGN ▲ 31%	262 million BGN ▼ 10%
Equity	135 million BGN ▼ 30%	192 million BGN ▼ 2%
Equity and subordinated debt instruments	212 million BGN ► 0%	212 million BGN ▼ 1%
Liabilities	578 million BGN ▲ 9%	533 million BGN ▲ 8%
Insurance reserves	837 million BGN ▲ 9%	768 million BGN ▲ 14%

IMPORTANT EVENTS

IMPORTANT EVENTS FOR EUROHOLD BULGARIA, OCCURRED IN 2020,

TOGETHER WITH THE SIGNIFICANT EVENTS FOR THE GROUP, OCCURRING AFTER THE DATE OF THE REPORTING FINANCIAL PERIOD - 31.12.2020 AND RELATING TO THE SIGNIFICANT EVENTS OF 2020

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

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

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

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

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

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

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

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

After receiving the approvals, Eurohold Bulgaria AD has all the necessary regulatory approvals for the acquisition.

The next steps in the realization of the deal are the signing of the financing agreements and the transfer of the shares. The financing will be provided through own funds (raised from a capital increase) and borrowed capital from leading global investment banks.

3. ISSUED BOND LOAN FROM EUROHOLD BULGARIA AD

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

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

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

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

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

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

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

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

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

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

The acquisition is carried out in accordance with an agreement signed by Eurohold Bulgaria AD in 2018 for the acquisition of the minority share of the other shareholder in Euroins Insurance Group AD - Basildon Holding S.A.R.L., the special investment company of the equity fund South Eastern Europe Fund LP

(SEEF), managed by the Greek investment company Global Finance. The company agreed to repurchase the share of the fund in the amount of 10.64% of the capital as of the date of concluding the repurchase agreement. After the finalization of the transaction, Eurohold will own 100% of the capital of Euroins Insurance Group AD. The investments made in 2020 in the repurchase of the agreed share amount to BGN 7,402 thousand. After the completion of the transaction, Eurohold Bulgaria AD will own 100% of the capital of Euroins Insurance Group AD.

ACQUISITION OF CONTROL OVER THE SUBSIDIARIES OF CEZ IN BULGARIA

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

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

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

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

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

STATEMENT FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

TO ALL SHAREHOLDERS AND STAKEHOLDERS

Statement by Kiril Boshov

Chairman of the Management Board of Eurohold Bulgaria AD



A STRONGER COMPANY IN CHALLENGED TIMES

Kiril Boshov
Chairman of the Board
of Eurohold Bulgaria AD

Dear shareholders, ladies and gentlemen,

The past 2020 was an unusual year for all of us and we will probably remember it for a long time. The COVID-19 pandemic has tried to change our lives and businesses, pushing the European economy into a deep economic crisis. Many predicted that the world would no longer be the same. One of the hallmarks of humanity is its ability to adapt. Thus, it has survived for many years and has gone through far greater cataclysms than the current epidemic. The coronavirus has made us adjust to a new way of life, work, and relationships. Our results in 2020 were a test of our resilience, our ability to adapt and turn the challenge into a new opportunity.

When the epidemic broke out in March 2020, our highest priority was to maintain health and ensure the safety of our employees and customers. This is our priority at the moment. In a very short period of time, we managed to switch to home office mode for most of our processes. We have proven that we are flexible and that we can quickly find new solutions that will provide both safe working conditions and stability in business. I extend my gratitude to all our employees in the structure of the holding! I am proud of the way they have dealt with emerging challenges and the uncertain environment to ensure the continued operation of the business. Thanks also to our customers who continued to trust us, despite the busy period!

STABLE MAIN INDICATORS IN AN UNUSUAL YEAR AND ACCELERATED DIGITALIZATION

Eurohold managed to get through this turbulent period and cope with the crisis relatively well. We have proven that we are resilient and flexible. We have shown that we can withstand unexpected events and at the same time stay focused on our main goals, despite the many challenges and obstacles. Let's look at our insurance business, for example. Over the years, we have managed to significantly expand the presence of our Euroins Insurance Group (EIG) in Central, Eastern Europe and Southeast Europe (CEE and SEE), making our holding one of the leading independent business groups in the region. The expansion of the EIG in CEE and SEE ensured the growth of our revenues even in a period of low expectations and economic decline as a result of the pandemic.

Our insurance business reported premium income of BGN 915 million in 2020, which is 8% growth on an annual basis. Thanks to the stable performance of the EIG and despite the extreme uncertainty and the unstable economic environment, Eurohold's total revenues for 2020 remained almost unchanged compared to 2019, when the economies of the CEE and SEE countries grew - about 1.59 billion BGN.

More importantly, even in a period of business freeze and government-imposed restrictions on the markets in which we operate, we have continued to provide protection for what is most valuable to our customers - their property, health, and life. We did not give up and did not abandon our customers even in the sector that was most affected by the pandemic - tourism. When tour operators and travel agents stopped their activities due to the quarantine, we did not abandon them, and we even provided them with additional protection and guarantees so that they could retain their individual customers. The crisis caused by COVID-19 has seriously affected the activity of our partners. We have tried to support them in the best possible way within our capabilities and to maintain the high trust built between us. Although the automotive and leasing business, two of the holding's smaller segments, were among the most affected industries in the global pandemic, we offered affected customers to defer and reschedule payments under their leases. At the risk of their health, some of our staff continued to provide basic services in offices, branches, showrooms and workshops with increased safety measures and schedules. In addition, we have improved our digital services so that we can serve our customers remotely, with faster access and increased security, and we continue to work to improve our business processes to prevent business interruptions in our stores. The coronavirus pandemic has allowed us to take advantage of the opportunities of digitalization and the development of digital sales and service channels. In 2020, we increased our digital development budget fivefold. The great progress we have made in the field of digitalization has proved the importance of these efforts during the quarantine and physical distance introduced. In Romania, for example, most Euroins customers used our mobile application and took full advantage of the online service without physically visiting our offices. We are currently in the last phase of development of our digital platform in Bulgaria.

Throughout, we have been a reliable and responsible partner for our clients, investors, and all stakeholders. In addition to clients and investors, we have a responsibility to society as a whole. We are happy and can share that we have not cut any of our corporate social programs, in which we have been constantly investing since the founding of the company without making noise and away from the spotlight.

The unprecedented health and economic crisis, as well as the subsequent restrictions imposed by the authorities, led to a contraction in the operating profitability of the holding, as operating profit fell by 74% to BGN 11 million. The negative net result of BGN 29 million was largely caused due to the COVID-19 pandemic and a one-off effect of increasing reserves for EIG's subsidiary in Romania. The revenues of the automotive and leasing business of the holding were also severely affected by the quarantine and the subsequent economic downturn. Despite the reduced operating profitability in 2020 and in parallel with the growth of our business and regional expansion, over the past few years we have achieved good financial stability and accumulated sufficient capital and liquidity. Our long-term strategy has always focused on increasing market share in CEE and SEE, which is part of our DNA. At the same time, we have never underestimated our capital and liquidity ratios. In 2020, we implemented several capital increase issues to support our companies and meet their capital requirements. Eurohold transformed part of its short-term liabilities into long-term ones and turned part of its liabilities into capital. We also made improvements at the organizational and operational level. This gives us confidence that we will successfully get through the uncertain macroeconomic environment and the crisis, and that we will manage our risks even better in order to deal with upcoming unforeseen events.

ACQUISITIONS, CONTINUATION OF EXPANSION IN EASTERN EUROPE AND ENTRY INTO NEW MARKETS

Eurohold further increased its market share in Eastern Europe in 2020. Even in the context of COVID-19, we adhered to our strategic goal of expanding our activities and completed already started transactions for the acquisition of new assets in Eastern Europe. In May, EIG acquired ERGO Belarus, a subsidiary of the German company ERGO, after receiving approval from the country's regulatory authorities. Belarus is the fourth country in the region of the former USSR in which our insurance group starts operations. The deal for the ERGO division is the fifth acquisition realized by us. EIG is also present in the markets of Ukraine, Russia, and Georgia, where we own four companies. With the acquisition of ERGO Belarus, this region is expected to generate 15% of the premium income and 20% of the net financial result of our insurance group. The deal in Belarus is related to our strategy for a more active presence in the countries of the former USSR. The insurance markets in the region are still in the initial stage of development but provide opportunities for high growth. EIG already operates with the newly acquired companies in a total of 11 European countries, seven of which have subsidiaries in Bulgaria, Romania, Northern Macedonia, Russia, Ukraine, Georgia, and Belarus. The latest transaction is indicative that we are well positioned and can take advantage of growth opportunities in the region at any time - even in uncertain macroeconomic periods.

In addition to our expansion in the insurance sector, in the past 12 months we have taken an important step towards finalizing the deal for the acquisition of the energy business of CEZ Group in Bulgaria. This is linked to our plan to strategically develop new regulated markets that offer good opportunities for diversification, return on investment and sustainable growth. In October, Eurohold received approval from the Bulgarian antitrust authority to finalize the deal. Three months later, the energy regulator also gave the green light. Eurohold recently commissioned J.P. Morgan AG to be the leading and exclusive manager in structuring the debt financing of the CEZ Group deal and received approval from the Financial Supervision Commission for its capital increase prospectus, which allows us to raise up to EUR 100 million of own funds. They will be used to finance the acquisition of CEZ Group's divisions in Bulgaria and to invest in the development of two of our main business lines in the coming years - energy and insurance. By securing equity and debt financing, we took the last step towards concluding the deal. In the field of energy supply and distribution, in the long run we have set ourselves the goal of creating a leading regional utility company in CEE and SEE.

PROSPECTS FOR 2021

Looking back on a challenging past year, I dare say that we have built a foundation for forthcoming stable results and we have the opportunity to emerge from the crisis as a stronger company. By the end of 2021, we will be a very different company than a year ago. With the acquisition of CEZ Group's business in Bulgaria, the total assets and revenues of the merged group will exceed BGN 3 billion (EUR 1.5 billion) separately. The combined insurance and energy company will serve over 7 million customers and will have more than 6,000 employees. The merger of the two companies will significantly improve our profitability. By the end of the year, we will have significantly more solid capital and more liquidity, which will provide additional financial flexibility. We expect the company to further improve its operations and increase its efficiency. This combination gives us a solid foundation for achieving our strategic goals.

We are not sure what the long-term macroeconomic effects of the pandemic will be, so we will continue with our careful approach this year. Our focus will be on increasing profitability. We will continue to consolidate and strengthen our existing positions in the markets in which we currently operate. We see many positives in front of our two main business lines - energy and insurance, and we believe that we are well positioned for the future.

With respect,

Kiril Boshov,
Chairman of the Board

CORPORATE OVERVIEW

Corporate overview

Everybody has a story, we have a vision

BUSINESS PROFILE

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

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



OUR MISSION

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

THE MAIN GOALS OF EUROHOLD

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

STRATEGY

Since its establishment, Eurohold Bulgaria AD has focused its activities in finding good investment opportunities to achieve maximum return and moderate risk for its investors. From a strategic point of view, regulated markets have always been the most attractive option due to their nature of sustainable predictability of cash flows and low impact of economic volatility. Due to these facts, the issuer's investment strategy is focused mainly on this type of segments. In addition, a factor important for the choice of such an investment strategy is the fact that it is the expressed and effective control, from the point of view of the regulatory authorities over businesses of this nature, creates security and creates confidence in investors.

At present, the investment portfolio of the Group of Eurohold Bulgaria AD is characterized by concentration in the insurance sector and distribution of cars, followed by operations related to activities in the leasing sector - financial and operating leasing segment.

The strategic goals of Eurohold Bulgaria AD in relation to the existing business areas are based on the group strategy of Eurohold built over the years, aimed at maintaining high financial stability, ensuring adequate return on shareholders; supporting the growth of subsidiaries; stimulating innovation and increasing customer satisfaction of subsidiaries; providing the necessary conditions for continuous improvement of cross-selling between business units and maintaining high trust in relations with customers, employees and shareholders.

Our group strategy towards existing businesses is based on the following principles:

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

In the short term, Eurohold's strategy is to focus primarily on the development of insurance companies' part of the subsidiary Euroins Insurance Group AD. The goal of Eurohold Bulgaria is to focus efforts on sustainability and organic growth of the market positions of insurers by developing new products, both in existing insurance classes and in developing new combined insurances in order to diversify the insurance portfolio, meeting the changing expectations of customers and in accordance with the changed business environment, strengthening processes for the exchange of know-how in management, business and corporate practices between companies, as well as focusing on the digitalization of the entire system and online product offering.

Although the Issuer will focus its attention on the insurance business in the medium term, each of the other business structures of Eurohold with its support will continue to pursue its goals and strategies, create opportunities for product development and increase its market position, as well as and continuation of the successful business line "cars - leasing - insurance".

STRATEGIC FOCUS

Considering the concentration in Eurohold's capital investments, as well as the cyclical nature of some of the markets in which the Group companies operate (e.g., the new car market, which also affects the Group's leasing market), Eurohold's management considered it appropriate to implement an investment strategy in medium and long-term, aimed at increasing the diversification of the investment portfolio of the Company. To implement the adopted strategy, the management of the Group in 2019 focused efforts on exploring appropriate investments to achieve this strategic goal.

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

2019 provided a good opportunity for the Group to implement the defined investment strategy by moving to a lower risk investment portfolio, providing good prospects for achieving the medium and long-term goals of Eurohold, namely diversification of the investment portfolio, reduction of market risk and the risk of economic cyclicity.

After an analysis of the market situation in the country and the region, it was found that the Bulgarian energy business, owned by the Czech energy group CEZ, provides a good opportunity to achieve the strategic goals of diversifying the investment portfolio by entering new regulated markets, giving the opportunity to improve cash predictability and offer new growth opportunities and therefore more stable returns.

The electricity sector, as part of the public service sector, is characterized by a high degree of functional regulation aimed at protecting and guaranteeing the fundamental rights of service users in a competitive and freely functioning market economy. The entry and strategic expansion in the medium term in the energy sector of Bulgaria and Southeast Europe would have an effective impact, both on reducing the concentration of the group in the insurance sector and on increasing the sustainability of the Group's revenues in economic crises and recessions. Which currently are, caused by the COVID-19 pandemic worldwide.

Realization of the set strategic goals

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

The existence of functional regulation in the Energy sector, the scope and volume of activities carried out by the acquired companies, as well as the significant customer base, determine the strategic interest of Eurohold in the acquisition of CEZ's Assets in Bulgaria. The investment in the purchase of CEZ's assets in Bulgaria constitutes a strategic investment for Eurohold, which is important for the strategic positioning of the Holding and its subsidiaries.

The package of companies subject to acquisition includes the electricity distribution company CEZ Distribution Bulgaria AD, the public electricity supply company and a licensed trader CEZ Electro Bulgaria AD, the licensed electricity trader CEZ Trade Bulgaria EAD, the IT services company CEZ ICT Bulgaria EAD (a subsidiary of CEZ Distribution Bulgaria AD), the photovoltaic park Free Energy Project Oreshets EAD, the biomass electricity production company Bara Group EOOD and CEZ Bulgaria EAD, which coordinates and manages the activities of all companies of the group in the country.

The companies subject to acquisition include, among others, an electricity distribution company and public electricity supply companies. The provisions of the Energy Act provide for the geographical scope of the issued licenses for carrying out activities for electricity distribution and transmission and supply of electricity, as the territory of a country is conditionally divided into three geographical regions. In this sense, the markets for distribution of electricity, on which CEZ Distribution Bulgaria AD operates and for electricity supply, on which CEZ Electro Bulgaria AD operates, have the geographical scope defined in the respective license. Taking into account these specifics of the organization of the energy market, the CEZ

Group in Bulgaria is realized as the largest distributor of electricity in the country, covering an area of about 40,000 sq. Km., Serving over 3 million consumers.

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

As of the date of this Report, Eurohold Bulgaria is in the final stage of the acquisition of CEZ's Assets in Bulgaria, namely structuring the financing of the transaction (see section "*Capital investments*").

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.

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

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

The division in the energy sector is not currently operating as this business is new and strategic for Eurohold Bulgaria and as of the date of this Report is in the process of acquisition.

GROUP CORPORATE RESPONSIBILITY AND SUSTAINABILITY

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

Eurohold Bulgaria has imposed the group policy for social responsibility in the entire economic structure.

The Eurohold Group is convinced of the importance and benefits of corporate responsibility, which is related to the protection of people, their well-being, the protection of the environment and the impact on society.

Continued efforts to improve the economic environment by promoting responsible behaviour on the part of our employees, conducting an open dialogue with stakeholders and enhancing the positive impact of Eurohold companies on society are the essence of group corporate responsibility.

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

**Corporate information for
Eurohold Bulgaria**

HISTORY

THE HISTORY OF EUROHOLD BULGARIA BEGINS 25 YEARS AGO

✓ 2006 - ESTABLISHMENT. SUCCESSOR OF TWO LARGE HOLDING GROUPS

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

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

✓ 2007-2010 - CHOICE OF BUSINESS MODEL AND CONCEPT

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

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

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

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

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

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

COMPANY INFORMATION

EUROHOLD BULGARIA AD (EUROHOLD BULGARIA S.A.)

Company information

<i>Country of incorporation</i>	Republic of Bulgaria
<i>Registration number</i>	UIC 175187337
<i>Identification number of the legal entity</i>	LEI code 74780000J0W85Y204X80
<i>Legislation</i>	Bulgarian
<i>Headquarters and correspondence address</i>	City of Sofia, PO 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>E-mail</i>	investors@eurohold.bg ; office@eurohold.bg
<i>Website</i>	www.eurohold.bg

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

ACTIVITY

SCOPE OF ACTIVITY

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

MAIN ACTIVITY

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

RESEARCH AND DEVELOPMENT

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

MANAGEMENT

MANAGEMENT SYSTEM

Eurohold Bulgaria AD has a two-tier management system:

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

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

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

Detailed information on the qualifications, professional experience and other significant participations of the members of the Supervisory and Management Board and Procurator of the Company can be found in the section "ADDITIONAL INFORMATION FOR THE COMPANY".

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

The procurator Milena Guentcheva was appointed in December 2020.

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

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

COMMITTEES

⇒ AUDIT COMMITTEE

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

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

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

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

Functions of the Audit Committee:

- to inform the management or control bodies of the company about the results of the obligatory audit and the reliability of the financial reporting;
- monitor the financial reporting process and make recommendations and suggestions to ensure its effectiveness;
- monitor the effectiveness of the internal control system, the risk management system and the internal audit activity in terms of financial reporting in the audited entity;

- to monitor the obligatory audit of the annual financial statements, including its implementation, taking into account the findings and conclusions of the Commission for application of Art. 26 (6) of Regulation (EU) № 537/2014;
- to check and monitor the independence of the registered auditors in accordance with the requirements of the law;
- to conduct a procedure for selection of a registered auditor and to recommend his appointment;
- to notify the Commission, as well as the management and supervisory bodies of the enterprise for each given approval under art. 64, para. 3 of the LIFA and Art. 66, para. 3 of the ZFFO.

Members of the Audit Committee

Audit Committee

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

Dimitar Stoyanov Dimitrov- Member of the Audit Committee

Rositsa Mihaylova Pencheva - Independent member of the Audit Committee

⇒ REMUNERATION COMMITTEE

Information on the Remuneration Committee

The company does not have an appointed remuneration committee. The functions of the Remuneration Committee are performed by the Supervisory Board of Eurohold Bulgaria AD, within the meaning of Art. 21, para. 3 of ORDINANCE № 48 of the FSC.

The Supervisory Board of Eurohold Bulgaria AD in the performance of its functions of the 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 the members of the Management Board and the Executive Directors, in compliance with this Policy, as well as to evaluate the work of the Executive Directors;
- If necessary, to give recommendations to the Management Board and the Executive Directors of Eurohold Bulgaria AD in determining the remuneration of the employees of other management positions;
- To monitor the level and structure of the remuneration of the executive directors and other managerial positions in the company;
- To monitor and control the observance and compliance of the practices for application of the approved Remuneration Policy, for which they have the right to access information, which allows them to exercise this power.

The members of the Supervisory Board shall exercise their remuneration policy functions independently and in good faith and shall have the right to use a consultant for the purpose of obtaining information on market standards for remuneration systems, after ascertaining the absence of a conflict of interest and the conditions described in Art. 22, para. 3 of Ordinance № 48 of the Financial Supervision Commission of March 20, 2013 on the requirements for remuneration. The Supervisory Board is accountable for the exercise of its functions as a remuneration committee before the General Meeting of Shareholders.

SHARE CAPITAL

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

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

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

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

As of December 31, 2020, 97,227 shares of Eurohold Bulgaria AD were held by companies in the Eurohold Group (as of December 31, 2019 - 1,352,567 shares). All shares issued by Eurohold Bulgaria AD provide their holders with the right to vote at the General Meeting of the Company.

The competent body in relation to making decisions on the increase of the capital of the Company is the General Meeting of Shareholders.

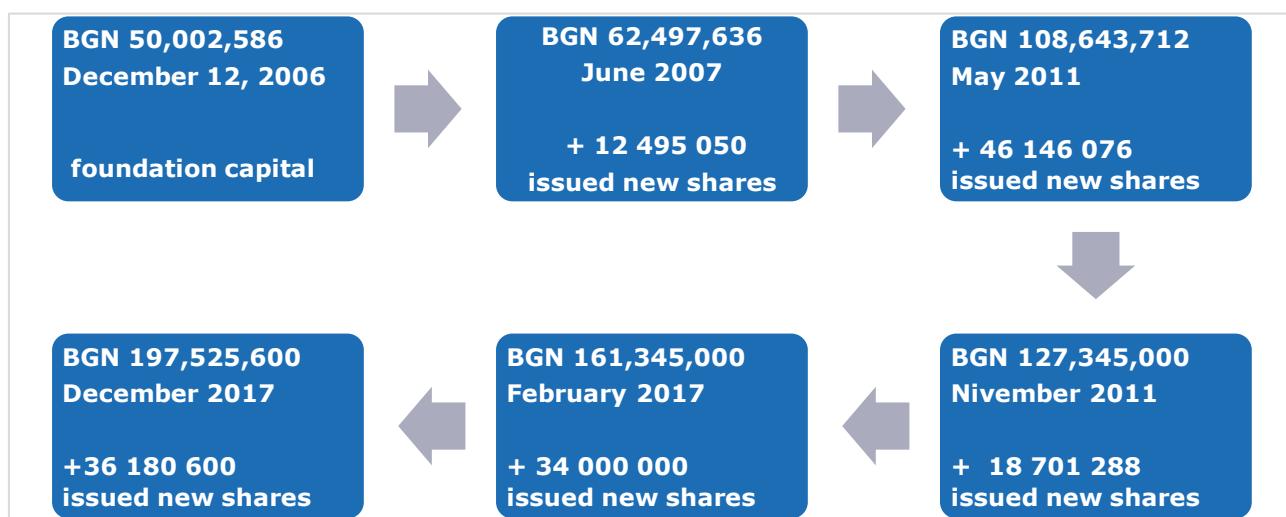
For the period from the establishment of Eurohold Bulgaria AD to the date of this statement, the Company has successfully implemented five subsequent increases in its share capital.

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

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

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

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



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

In 2020 there was no increase in the share capital of the Company

In connection with a decision of the Management Board of the company from 01.03.2021 has convened an extraordinary general meeting of shareholders of Eurohold Bulgaria AD, which was held on 10.04.2021.

Pursuant to Art. 30, item 2 of the Articles of Association of Eurohold Bulgaria AD, Art. 192 et seq. Of the Commercial Act and Art. 112 et seq. Of the Public Offering of Securities Act, the General Meeting of Shareholders of Eurohold Bulgaria AD adopted a decision to increase the capital of the company from BGN 197,525,600 (one hundred ninety-seven million five hundred twenty-five thousand six hundred) to BGN 276,535,840 (two hundred seventy-six million five hundred thirty-five thousand eight hundred and forty) by issuing new shares under the conditions of public offering under the Public Offering of Securities Act. The new issue consists of 79,010,240 shares of the same type and class as the existing issue of shares of the company, namely: dematerialized, registered, non-preferred shares, with the right to 1 (one) vote in the general meeting of the shareholders of the company, with the right to dividend and right to liquidation share, proportional to the nominal value of the share. The nominal value of each share is BGN 1.00 (one). The issue value of each share is BGN 2.50 (two and 0.50).

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

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

DIVIDEND POLICY

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

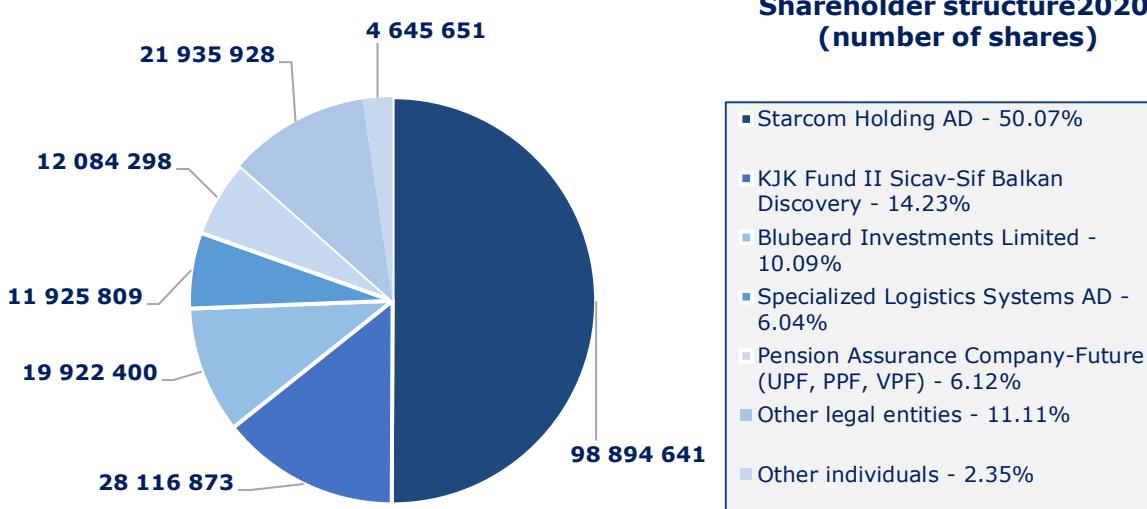
Eurohold Bulgaria maintains a divestment distribution policy from 2015 to 2020 including dividend distribution from the Company's profit as follows:

- ✓ In 2015, a dividend in the amount of BGN 582,714 was distributed;
- ✓ In 2016, a dividend in the amount of BGN 365,680 was distributed;
- ✓ In 2017, a dividend in the amount of BGN 1,613,450 was distributed;
- ✓ In 2018, a dividend in the amount of BGN 1,800,000 was distributed;
- ✓ In 2019, a dividend in the amount of BGN 2,469,070 was distributed;
- ✓ In 2020, Eurohold Bulgaria did not distribute a dividend

When deciding on the distribution of dividends, a balance between the benefits of the shareholders and the company is observed.

SHAREHOLDER STRUCTURE

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



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

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

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

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

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

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

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

INFORMATION ABOUT THE MAJORITY SHAREHOLDER

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

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

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

➤ Direct control

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

➤ Indirect control

Indirect control within the meaning of § 1, item 14, letter a) of the Additional Provisions of the Public Offering of Securities Act on the company is exercised by the natural person, namely:

- Assen Milkov Christov, who exercises indirect control over the Company, insofar as the person owns 51% of the capital of Starcom Holding AD.

➤ Actual owners

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

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

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

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

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

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

MAIN SCOPE OF ACTIVITY. ECONOMIC GROUP

OVERVIEW OF THE ACTIVITY

MAIN SCOPE OF ACTIVITY

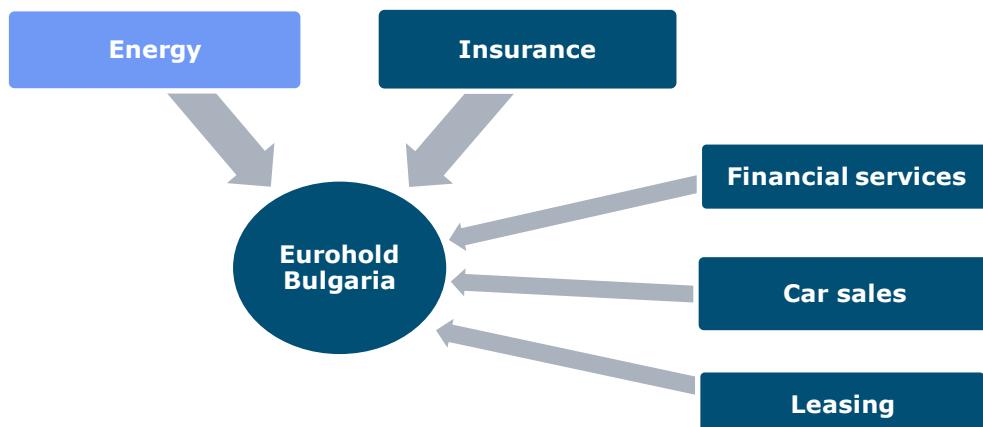
Eurohold Bulgaria AD is a holding company mainly carrying out financial activities related to the acquisition, sale and management of participations and financing of related companies.

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

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

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

BUSINESS ACTIVITIES



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

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

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

ECONOMIC GROUP

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

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

Information about the majority shareholder Starcom Holding AD

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

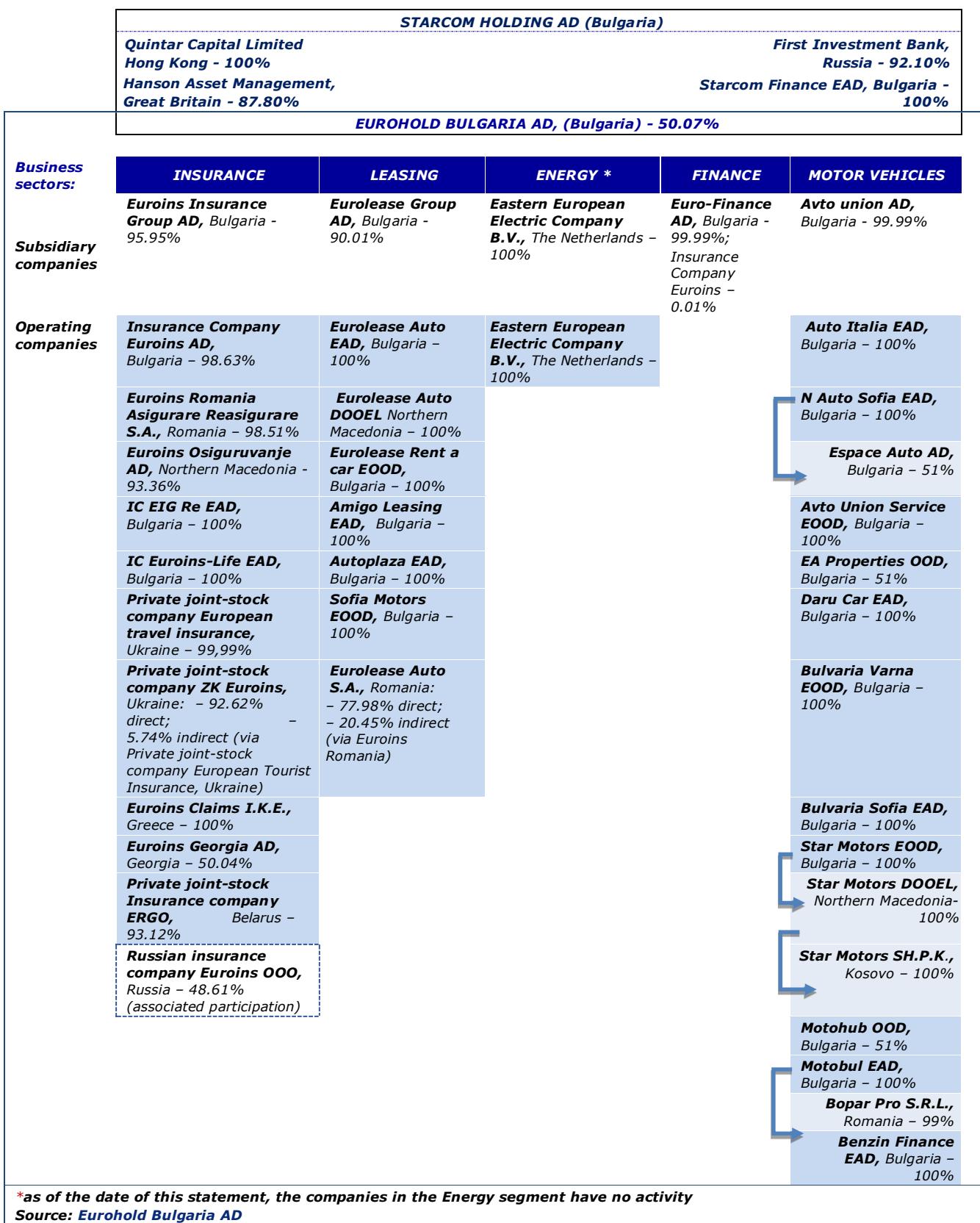
The registered subject of activity of the company is: Financial leasing; warranty transactions; acquisition of receivables on loans and other forms of financing (factoring, forfeiting, etc.); acquisition of participations in a credit institution or in another financial institution; granting loans with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

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

Investments of Starcom Holding AD as of 31.12.2020:

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

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



Changes occurred in the organizational structure of the economic groups of Starcom and Eurohold after the date of preparation of the last published consolidated interim financial statement as of 31.12.2020 until the date of this Management report:

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

- The majority shareholder Starcom Holding AD has increased its participation in the capital of Eurohold Bulgaria AD to 50.08%;
- Eurohold Bulgaria AD has acquired another 5,593,533 shares of the capital of its subsidiary Euroins Insurance Group AD. As a result of the acquisition, the participation in the capital of the subsidiary insurance sub-holding was increased to 96.98%, with which the total shares held by Eurohold Bulgaria AD amount to 543 445 791 shares.
- Following a procedure to reduce the capital of the Company in connection with a decision taken in January 2021 by the General Meeting of the Company to invalidate the shares held by the Company (repurchased shares in the amount of 1,448 shares) and a corresponding reduction of capital, As of February 11, 2021, Euroins Insurance Group AD is the sole owner of the capital of Insurance Company Euroins (Belarus).
- Euroins Insurance Group AD has increased its participation in the subsidiary company Euroins Romania Asigurare-Reasigurare S.A. up to 98.54% following completing a share capital increase procedure. In 2020, Euroins Insurance Group AD has invested in two capital increases of Euroins Romania Asigurare-Reasigurare S.A. by subscribing and paying for all newly issued by Euroins Romania Asigurare-Reasigurare SA shares in the total amount of 81,642,614 RON distributed in 81,642,614 new shares with an issue value per share of 10 RON and a nominal value for one share 1 RON. Both increases are entered in the company's account in the Commercial Register of Romania in 2021. After the entry, the amount of the capital of Euroins Romania Insurance - Reinsurance S.A. is 545,487,674 RON, divided into 545,487,674 registered shares with a nominal value of 1 RON, of which 537,519,450 shares, corresponding to approx. 98.54% of the capital, owned by Euroins Insurance Group AD.

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

OUR BUSINESS

COUNTRIES IN WHICH THE EUROHOLD GROUP IS POSITIONED

MAIN MARKETS FOR THE GROUP



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

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

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

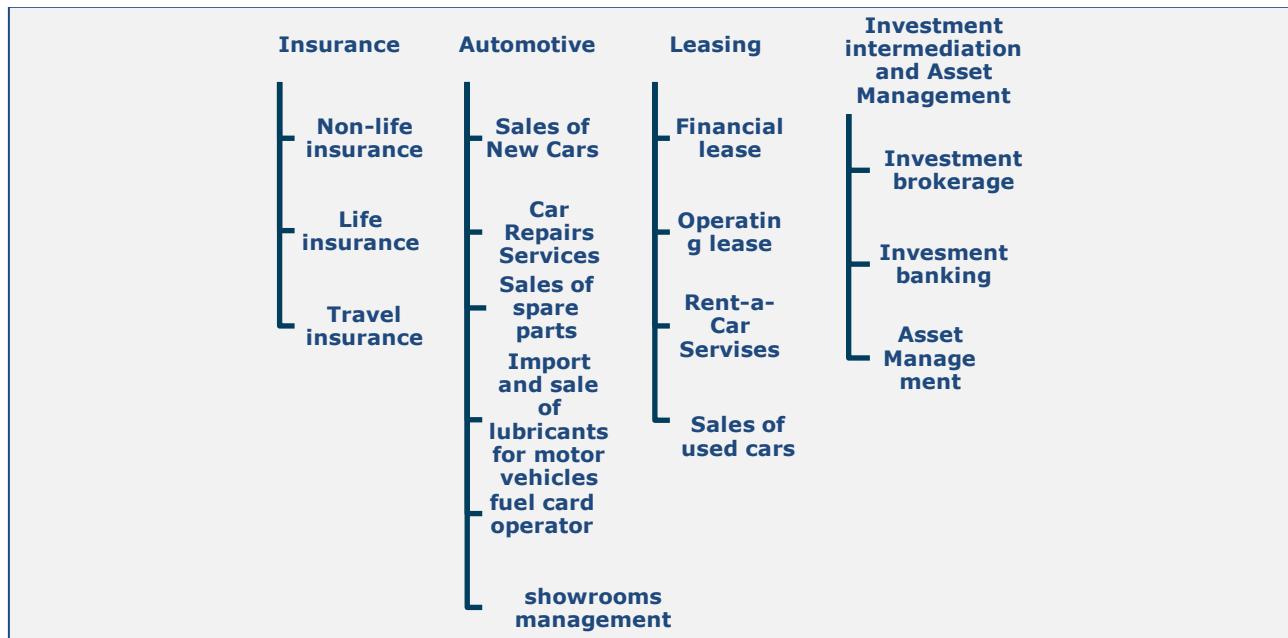
Business lines and sub-holding Groups (subsidiaries)

The subsidiaries are holding structures uniting the investments of Eurohold Bulgaria in the sectors

- » **Insurance**
- » **Sale of motor vehicles**
- » **Leasing**
- » **Finance (Investment Intermediation and Asset Management)**
- » **Energy sector (without activity at the moment, but in the process of acquisition).**

Products and services

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



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

Insurance sector	Geographic markets	Main activity	% of participation in the fixed capital as of 31.12.2020; and as of the date of this report *
Euroins Insurance Group AD	Bulgaria	Holding company - acquisition, management, assessment and sale of shares in Bulgarian and foreign companies	Eurohold Bulgaria AD – 95.95% (as of 31.12.2020); 96.98% (currently)
Insurance Company Euroins AD	Bulgaria	Non-life insurance	Euroins Insurance Group AD – 98.63%
Euroins Romania Asigurare Reasigurare SA	Romania	Non-life insurance	Euroins Insurance Group AD – 98.51%
Euroins Osiguruvanje AD	Northern Macedonia	Non-life insurance	Euroins Insurance Group AD – 93.36%
Insurance Company EIG Re EAD	Bulgaria	Non-life insurance	Euroins Insurance Group AD – 100%
Insurance Company Euroins Life EAD	Bulgaria	Life insurance	Euroins Insurance Group AD – 100%
Private joint-stock company European Tourist Insurance	Ukraine	Travel assistance	Euroins Insurance Group AD – 99.99%
Private joint-stock company IC Euroins Ukraine	Ukraine	Non-life insurance	Euroins Insurance Group AD – 92.62%; Private joint-stock company European Tourist Insurance, Ukraine – 5.74%
Euroins Claims M.I.K.E.	Greece	administration services for the liquidation process of the Euroins Insurance Claimed Claims Branch Greece	Euroins Insurance Group AD – 100%
IC Euroins Georgia AD	Georgia	Non-life insurance	Euroins Insurance Group AD – 50.04%
Private joint-stock company IC Euroins, (former name Private joint-stock company IC ERGO)	Belarus	Non-life insurance	Euroins Insurance Group AD. 93.12% (as of 31.12.2020) 100% (at this moment)
Russian insurance company Euroins OOO	Russia	Non-life insurance	Euroins Insurance Group AD - 48.61% (associated participation)

Automotive Sector	Geographic markets	Main activity	% of participation in the share capital as of 31.12.2020 and as of the date of the Registration Document *
Subsidiary			
Avto Union AD	Bulgaria	Holding company - acquisition, management and sale of participations in companies	Eurohold Bulgaria AD - 90.01%
Operating companies			
Auto Italia EAD	Bulgaria	Import and sale of motor vehicles and spare parts, service activities	Avto Union AD - 100%
N Auto Sofia EAD	Bulgaria	Import and sale of motor vehicles and spare parts, service activities, sale of lubricants	Avto Union AD - 100%
Espace Auto OOD	Bulgaria	Sale of motor vehicles and spare parts, service activities	N Auto Sofia EAD - Espace Auto OOD 51.00%
Avto Union Service EOOD	Bulgaria	service activities, trade in spare parts	Avto Union AD - 100%
EA Properties EOOD	Bulgaria	Real estate management	Avto Union AD - 51.00%
Daru Car AD	Bulgaria	Trade in motor vehicles, components and spare parts, service services	Avto Union AD - 100%
Bulvaria Varna EOOD	Bulgaria	Sale of motor vehicles and spare parts, service activities, sale of lubricants	Avto Union AD - 100%
Bulvaria Sofia EAD	Bulgaria	Sale of motor vehicles and spare parts, service activities	Avto Union AD - 100%
Star Motors EOOD	Bulgaria	Sale of motor vehicles and spare parts, service activities, sale of lubricants	Avto Union AD - 100%
Star Motors DOOEL	Northern Macedonia	Sale of motor vehicles and spare parts, service activities	Star Motors EOOD - 100%
Star Motors SH.P.K	Kosovo	Sale of motor vehicles and spare parts, service activities	Star Motors DOOEL - 100%
Motohub EAD	Bulgaria	Import, purchase and sale and service of scooters, motorcycles and mopeds, trade in spare parts, service activity	Avto Union AD - 51.00%
Motobul EAD	Bulgaria	Import, sale of lubricants, trade in spare parts and tires and other goods, card operator for fuel trade	Avto Union AD - 100%
Bopar Pro S.R.L.	Romania	currently not operating (in liquidation)	Motobul EAD - 99.00%
Benzin Finance EAD	Bulgaria	currently not operating	Avto Union AD - 100%

Leasing sector	Geographic markets	Main activity	% of participation in the share capital as of 31.12.2020 and as of the date of the Registration Document *
Subsidiary			
Eurolease Group AD	Bulgaria	management of participations in subsidiaries	Eurohold Bulgaria AD - 90.01%
Operating companies			
Eurolease Auto EAD	Bulgaria	financial leasing	Eurolease Group AD - 100%
Eurolease Rent-a-Car EOOD	Bulgaria	long-term (operating lease) and short-term (rent-a-car) car rental	Eurolease Group AD - 100%
Autoplaza EAD	Bulgaria	purchase - sale of used motor vehicles	Eurolease Group AD - 100%
Sofia Motors EOOD	Bulgaria	Renting of motor vehicles	Eurolease Group AD - 100%
Amigo Leasing EAD	Bulgaria	financial leasing	Eurolease Group AD - 100%
Eurolease Auto DOOEL, Skopje	Northern Macedonia	financial leasing	Eurolease Group AD - 100%
Eurolease Auto - Romania	Romania	financial leasing (does not operate a new business)	Eurolease Group AD - 77.98% Euroins Romania Asigurare Reasigurare S.A., Romania - 20.45%

Investment operations sector	Geographic markets	Main activity	% of participation in the share capital as of 31.12.2020 and as of the date of the Registration Document
Subsidiary			
Euro-Finance AD	Bulgaria	Investment intermediation in the country and abroad, asset management	Eurohold Bulgaria AD - 99.99% Insurance Company Euroins Bulgaria AD - 0.01%

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

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

CAPITAL INVESTMENTS

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

Investments by business lines:

- Euroins Insurance Group (Insurance) - investments amounting to BGN 513.4 million, the same increase by BGN 48.5 million compared to their amount as of 31.12.2019, which amounted to BGN 464.9 million.
- Avto Union (Cars) - investments amounting to BGN 66.775 million, which retain their value compared to the end of 2019.
- Eurolease Group (Leasing) - investments in the amount of BGN 24.645 million - no change compared to the previous reporting period
- Euro-Finance (Investment Intermediation and Asset Management) - investments in the amount of BGN 24.635 million, as there has been no change in the amount of investments as of 31.12.2019;

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

- Contribution of subscribed but not paid-in capital from the capital increase of Euroins Insurance Group AD in the amount of BGN 41.050 million.
- Purchase of a minority stake: In 2020, Eurohold Bulgaria AD acquired another 8,390,300 shares of the capital of Euroins Insurance Group AD. The investments made in 2020 when repurchasing the agreed share amount to BGN 7.402 thousand.

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

- Contribution in the amount of BGN 3.950 thousand of the unpaid capital;
- Purchase of a minority stake: In 2019, Eurohold Bulgaria AD made investments in the purchase of an agreed minority stake in the capital of Euroins Insurance Group AD in the amount of BGN 12.325 thousand.

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

Eurohold's subsidiaries, for their part, have also invested heavily in the development of their operating companies. From 2008 to the end of 2019 the total capital investments made by Eurohold Bulgaria and the companies from its economic group amount to BGN 1,060.285 million, respectively:

- » Investments made by Eurohold Bulgaria in the amount of BGN 461.205 million.
- » Investments made by subsidiaries amounting to BGN 599.080 million.

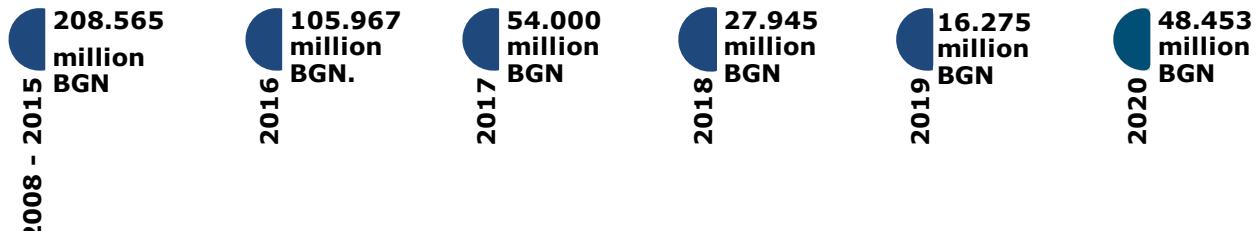
During the last five reporting years, a total of capital investments in the amount of BGN 512.983 million were made in the Eurohold Group, as follows:

- » In 2016 – BGN 246.914 million
- » In 2017 – BGN 209.539 million
- » In 2018 – BGN 36.784 million
- » In 2019 – BGN 19.746 million
- » In 2020 – BGN 66.736 million

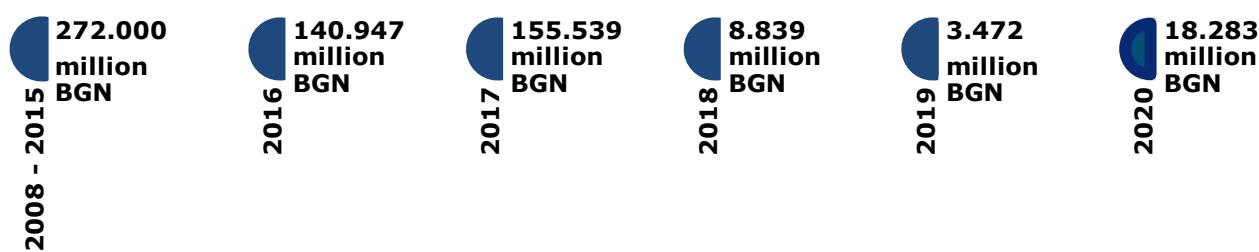
All investments by Eurohold Bulgaria and its subsidiaries were made for the purpose of capital support of the companies, expansion of the activity through new acquisitions and increase of the market positions of the companies.

The following tables present summary information on capital investments in the period 2008-2015, as well as detailed information on investments made in the last five reporting years към 31.12.2020.

Investments of Eurohold Bulgaria AD



Investments of subsidiaries



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

Forthcoming investments in 2021

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

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

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

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

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

Transaction Financing

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

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

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

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

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

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

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

CREDIT RATINGS

Eurohold Bulgaria AD has a credit rating from the rating agencies - FITCH RATINGS (Fitch) and BCRA - CREDIT RATING AGENCY AD (BCRA).

Credit ratings of Eurohold Bulgaria

	<i>EuroHold</i> Issuer Default Rating "B"		<i>EuroHold</i> Long-term: BBB- Outlook: stable Short-term: A-3
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Credit ratings of subsidiaries

Some of Eurohold's subsidiaries also have credit ratings, with the following ratings issued during the last review:

	<i>Euroins Romania</i> Insurer Financial Strength Rating "BB-"		<i>Euroins Bulgaria</i> Long-term: BBB- Outlook: stable
	<i>Euroins Bulgaria</i> Insurer Financial Strength Rating "BB-"		<i>IC EIG Re</i> Long-term: BB+ Outlook: stable
	<i>EIG Re</i> Insurer Financial Strength Rating "BB-"		<i>Auto Union</i> Long-term: BB+ Outlook: stable Short-term: B
			<i>Eurolease Auto</i> Long-term: BBB- Outlook: stable Short-term: A-3

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

OVERVIEW OF GROUP FINANCIAL RESULTS

This section presents the results of the Eurohold Group's activities by key indicators for 2020 and the comparative period 2019.

The data are based on the audited annual consolidated financial statements of Eurohold Bulgaria AD for 2020 prepared in accordance with applicable international financial reporting standards.

SUMMARY

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

Despite these challenging times for the world, we were a strong and flexible company that not only maintained but also increased group revenues by increasing them to BGN 1.63 billion. Throughout 2020, we were focused on sustainable returns for our shareholders and maintaining of our financial stability.

For 2020, the Eurohold Group recorded a significant loss, mainly due to one-off effects of the Romanian insurance company, described in this report in the OVERVIEW OF KEY BUSINESS RESULTS section.

Overall, in 2020 we made good progress on our transformation, as in all our business segments, we worked hard on digitalization of processes and development of digital and digital sales channels and subsequent customer service.

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

CONSOLIDATED FINANCIAL RESULT

The Eurohold Group reported for 2020 a consolidated operating result of BGN 71 million. The achieved operating result is lower by 42% compared to the reported for 2019. However, the pre-tax financial result is a loss of BGN 40 million, and the result after taxes is a loss of BGN 43.5 million, of which (relating to the owners of the parent company is a loss of BGN 43.8 million, and for the non-controlling interest a profit of BGN 0.3 million. in 2019 the group realized a profit before taxes in the amount of BGN 2.7 million, while in 2018 the profit before taxes amounted to BGN 13.7 million.

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

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

The increased interest expenses of Eurohold Bulgaria in connection with the new loan resource attracted by the Company during the year also play a role in the noted negative financial result.

REPORTED REVENUES

- 1% group revenue growth

+5% growth of insurance revenues

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

The total revenues for 2020 at the consolidated level amount to BGN 1.58 billion, which marks a decrease of 1% compared to the realized consolidated revenues for 2019, when they amounted to BGN 1.6 billion.

In the segment presentation of operating revenues, the most significant increase of BGN 60 million (+ 5%) was noted by the insurance division, which generated revenues for 2020 amounting to BGN 1.38 billion of which participating at the consolidated level (Eurohold Group) recorded gross insurance premiums amounted to BGN 0.9 billion compared to BGN 0.8 billion in 2019, the growth of this indicator being 8%.

The automotive group reduced by BGN 82 million the revenues from its operating activity, as the total revenues of this division amounted to BGN 163 million. The automobile division of Eurohold - Auto Union AD, despite the good performance at the beginning of the year, was also affected by the adverse impact from the measures taken to control the pandemic and the reduced economic activity, the interruptions of the production process in the automotive industry, the broken supply chain, etc., realizing a decrease in its revenues of -34%.

Leasing activity, despite the drastically declining new business throughout the second quarter of 2020, managed in the third and fourth quarters to partially compensate for the negative effect on its operations and to realize only BGN 3.6 million decline in revenue for the year, reporting BGN 22 million operating income from its activity.

The activity of the financial and investment activity increased in 2020, reporting an increase in revenues by 76% and ended the year with BGN 8 million operating revenues.

Eurohold Bulgaria, as a holding company, does not perform regular trade transactions and / or services. The main (operating) revenues of the holding company have a financial character, as the most significant of them - profits from operations with financial instruments and subsequent valuations are manifested in different reporting periods and do not have a permanent manifestation. For 2020 the Company realized revenues in the amount of BGN 3 million compared to BGN 2.4 million for 2019.

In the structure of revenues the main share in the total revenues is occupied by the insurance business with 88%, followed by the automotive business with 10%. At the same time, the revenues of the leasing division occupy a share of 1.3% of the financial and investment activity 0.5%, and those of the individual activity of Eurohold - a share of 0.2%. For 2020, the share of revenues generated by insurers in total group revenues increased by 5% compared to 2019, which is mainly due to significantly reduced revenues of companies in the automotive sector.

For comparison, in 2019 in the structure of revenues from operating activities the insurance activity had a share of 83% in the total revenues, respectively the automotive activity 15%, the leasing activity occupied 1.6%, the financial-investment activity 0.3%, and the revenues from Eurohold's individual operations accounted for 0.1% of the Group's total revenues.

REPORTED OPERATING EXPENSES

+ 2% growth of group operating expenses

+8% growth of operating expenses from Insurance

The reported operating expenses in the amount of BGN 1.51 billion are BGN 30 million higher than the realized for 2019.

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

The main generator of the marked growth are the expenses generated by the insurance group by BGN 100 million (+ 8%), which is 3% more than the marked growth of the insurance revenues.

Unlike the other business divisions, which report relatively close changes in expenses for 2020 compared to 2019, the financial division (financial and investment activities) reports an increase in expenses by 111% representing BGN 3.5 million.

The leasing group reports operating expenses in the amount of BGN 7.7 million, representing a decrease of 12% compared to the expenses for 2019. This amount also includes the reported for the year interest expenses of the leasing companies, which represent an operating expense due to the nature of their activity. The leasing business is accompanied by high levels of interest expenses due to the specifics of financing with attracted capital, as its size is related to the size of the generated business for the respective period. For 2020, the leasing activity reports BGN 3.5 million interest expenses, which is a decrease of 19.5% on an annual basis.

The expenses structure is identical to the distribution of revenues and is also directly dependent on the type and size of the respective businesses, their growth or decline. The analysis shows that 90% of operating costs borrow from the insurance operations, and 9% by automotive operations.

For 2019, in the cost structure, the operating costs reported by insurers accounted for 85%, while those of car companies accounted for 14%.

CONSOLIDATED OPERATING RESULT (GROSS PROFIT) BY SEGMENTS

000'BGN	Insurance	Automotive	Leasing	Investment banking	Parent company	Group's gross profit
31.12.2020	29 998	24 383	13 926	1 123	1 178	70 708
31.12.2019	70 016	33 567	16 550	1 343	1 226	122 702
Change 000'BGN	-40 018	-9 184	-2 624	-220	-48	-51 994
Change %	-57.2%	-27.4%	-15.8%	-16.4%	-3.9%	-42.7%

As the largest business unit, the insurance group has the greatest influence on the gross profit of the group. For 2020, the insurers realize a reduction of the gross profit of 57% in connection with the realized higher expenses for the activity. The group gross profit reported a decrease of 42.7% and amounted to BGN 70.7 million compared to BGN 122.7 million in 2019.

OTHER CONSOLIDATED RESULTS

000'BGN	Other income/expenses net	Net financial income/expenses	Depreciation expenses	Tax expenses	Total for the Group
31.12.2020	(69 243)	(21 115)	(20 683)	(3 210)	(114 251)
31.12.2019	(77 352)	(20 099)	(20 578)	(1 966)	(119 995)
Change 000'BGN	-8 109	1 016	105	1 244	-5 744
Change %	-10.5%	5%	0.5%	63%	-4.8%

⇒ **Other income/expenses** for the Group's activity (presented net) decreased by -10.5% for the reporting period and amounted to (BGN 69.2) million.

Other income amount to BGN 2.5 million and represent mainly received financing of the automobile and leasing business under a government program for maintaining employment, in connection with overcoming the consequences of the Covid-19 pandemic.

The significant group expenses included in this item are: material expenses, external service expenses, remuneration expenses and other costs summarized under other operating expenses.



⇒ **Financial income/expenses include:** financial income, financial expenses and the net effect of changes in foreign exchange rates. For 2020 their total net amount was BGN 21.1 million, reporting an increase of 5% compared to the same period in 2019.

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

Interest expenses account for almost 90% of all financial expenses. The amount of interest expense includes the relevant costs of the insurance and automotive sectors, as well as the parent company. For the period from 1 January to 31 December 2020 the reported interest expenses amounted to BGN 20.2 million, increasing by BGN 2.8 million.

The largest interest expense is generated by the parent company in connection with the attraction of interest-bearing loans in order to carry out the expansion of the Group, incl. new acquisitions of companies from the insurance subholding in the region of Central and Eastern Europe. During the twelve months of 2020, the parent company reported interest expenses of BGN 14.2 million increasing by 8.8%. This is mainly due to an increase in the value of bank loan liabilities in connection with a new loan disbursed in 2020.

The automotive group also uses borrowed capital for working capital and bank guarantees for deferred payment. The amount of these attracted funds is determined by the expansion of the automotive business, transactions with corporate customers, stock - cars and spare parts, etc. For the reporting period the interest expenses of the automotive group amounted to BGN 1.9 million.

The insurance business does not require borrowing, so interest expense reported in this business line represent a loan resource of the parent company of the insurance group - Euroins Insurance Group. For 2020, interest expenses reported by the insurance sub-holding amounted to BGN 4.2 million.

FINANCIAL CONDITION

+ 8% Asset growth

+31% Financial assets growth

+13% growth of Reinsurers' share in technical reserves

Assets

As of the end of 2020, the companies of the Eurohold Group have achieved an increase in consolidated assets by 8%, which at the end of the reporting period amounted to BGN 1.63 billion compared to BGN 1.51 billion as of 31.12.2019.

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

⇒ The financial assets as of December 31, 2020, owned by the companies of the Eurohold Group, report an increase of BGN 80 million compared to the end of 2019 and their book value at the end of the current period is equal to BGN 342 million.

The financial assets are mainly owned by the insurance companies and amount to BGN 331 million. Of which BGN 101 million are government securities, BGN 20 million corporate bonds, capital investments reported at fair value in the amount of BGN 126 million and other financial assets at amortized cost amounting to BGN 84 million.

⇒ At the end of 2020, the Eurohold Group has free cash and deposits with banks in the total amount of BGN 92 million, noting a decrease of BGN 15 million at the end of 2020. Cash and cash equivalents amount to BGN 68.8 million compared to BGN 91.7 million at the end of 2019, incl. the cash in amount of BGN 3.6 million (BGN 4.7 million at the end of 2019).

⇒ The total amount of receivables, including current and non-current, increased by BGN 85 million for the reporting period compared to the end of 2019, reaching BGN 838 million, of which current receivables amounting to BGN 786 million (BGN 699 million at the end of 2019).

The largest share of current receivables has the reinsurer's share in technical reserves, which amount to BGN 523 million (BGN 464 million at the end of 2019), marked an increase of 13%. (The companies of the insurance group are parties to reinsurance contracts, which provide for the transfer of a share of existing technical reserves upon entry into force of the reinsurance contract. The Group recognizes a reinsurers' share in technical reserves as an asset and the reinsurer's share for technical reserves in comprehensive income statement, with liabilities to reinsurers under these contracts being accounted for in subsequent contract periods).

Receivables from insurance operations, which amount to BGN 149 million compared to BGN 128 million as of December 31, 2019, also reported an increase of 17%. Trade receivables reported a slight decrease of BGN 1.5 million and their amount was BGN 46 million at the end of 2020. Trade receivables are mainly receivables from customers and suppliers amounting to BGN 18 million (down 7%) and financial leasing receivables in the amount of BGN 24 million, which decreased at the end of 2020 by BGN 0.9 million, prepaid advances in the amount of BGN 3 million and other trade receivables BGN 1.3 million. Other receivables increased by BGN 8 million and reached BGN 68 million.

Non-current receivables amount to BGN 51 million, recording a decrease of BGN 3 million. They mainly represent receivables from financial leasing in the amount of BGN 50 million at the end of 2020, while at the end of 2019 their amount was BGN 52 million.

⇒ The inventories of the companies participating in the consolidation amount to BGN 27 million as for 2020 reduce their amount by BGN 16 million, for comparison at the end of 2019 their value was BGN 42 million. Inventories belong mainly to the automotive division - BGN 24 million at the end

of 2020 and BGN 39 million as of 31.12.2019 and represent available cars in stock and spare parts for the needs of the service activity.

Part of the consolidated assets is Investments in associates and other companies. Their amount at the end of the reporting period amounted to BGN 11 million after a reported decrease of BGN 5.5 million. Investments in associated enterprises are owned by Euroins Insurance Group (BGN 6 million) representing the amount of the insurance subholding's share in the capital of the Russian insurance company (at the end of 2019 in the amount of BGN 8 million). The remaining BGN 4 million represent investments of Euro-Finance AD in long-term financial assets, reported at fair value through profit /loss.

Asset structure

Asset	2020 000'BGN	Change %	2019 000'BGN
Reinsurers' share in technical reserves	51.5%	+ 1.7%	49.8%
Receivables, including:	48.3%	+2.1%	46.2%
Current receivables	32.2%	+1.65%	30.7%
Non-current receivables	3.1%	-0.5%	3.6%
Financial assets	21.0%	+3.7%	17.3%
Cash and deposits	5.7%	-1.4%	7.1%
Lands, buildings, investment properties	3.9%	-0.7%	4.6%
Inventories	0.3%	0.1%	0.2%
Machinery, equipment and facilities	1.6%	-1.2%	2.8%
Reputation	2.9%	-0.6%	3.5%
Other assets	0.8%	+0.4%	1.2%
	100%		100%

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

There are no environmental issues in the Group's activities that could affect the use of the assets.

Equity and liabilities

+ 294% growth of subordinated debt instruments
+8.5% growth of Liabilities
+9% growth of insurance reserves

Equity

Total equity of Eurohold Bulgaria amounted to BGN 135 million kato decreasing by BGN 57 million compared to 31 December 2019. The capital belonging to the parent company amounted to BGN 106 million, while the capital belonging to the non-controlling interest for the period amounted to BGN 29 million. For comparison, at the end of 2019, the capital belonging to the parent company amounted to BGN 158 million, and the capital belonging to the non-controlling interest - of BGN 34 million.

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

Subordinated debts

In support of its equity, the Group holds subordinated debt instruments in the amount of BGN 77 million, which increased by BGN 57 million compared to the end of 2019. Subordinated debt instruments are distributed as follows:

Insurance business

- » Issued subordinated debt instrument in the form of a bond loan, which was issued on 18 December 2014 in the form of 100 bonds available, subordinated, unsecured, at the date of issue with a face value of EUR 100 thousand each. The agreed amount is EUR 10,000 thousand (BGN 19,558 thousand) and matures on December 18, 2021. The initial interest rate is 13% + 3-month Euribor, which was subsequently reduced to 9.75% + Euribor and is due at the end every six months.
- » Tier 1 capital in the form of subordinated term debt with Starcom Holding AD with a limit of EUR 12.6 million, an interest rate of 6% and a repayment period not earlier than 5 years from the date of crediting the last tranche of the loan.

Parent company

After reviewing the indebtedness and in order to strengthen the capital of the group, the Parent Company has agreed and converted part of the loan liabilities as of 31.12.2020 in the form of subordinated debts (unissued) with Starcom Holding AD, representing tier 1 capital, according to the applicable provisions of the current Bulgarian and Community law. As of 31.12.2020 the tier 1 capital has a total value of BGN 32,784 thousand and has an indefinite term for repayment, but not earlier than 5 years, and an interest rate of 6%, due at the end of each quarter.

As of 31.12.2020 the total amount of equity and subordinated debts amounts to BGN 212 million, as of 31.12.2019 their amount was BGN 217 million. The negotiation of subordinated capital contributes to maintaining the stable capital position of the group.

Liabilities

The consolidated liabilities (excluding subordinated debts and insurance provisions) of the Eurohold Group amount to BGN 578 million, reporting an increase of 9% vs. the comparable period, when their value amounted to BGN 533 million.

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

- » The majority of liabilities are liabilities on loans to banks and non-bank financial institutions and bond loans. The total amount of loan liabilities amounts to BGN 338 million after an increase of BGN 39 million compared to December 31, 2019, when they amounted to BGN 298 million. The non-current part of these liabilities amounts to BGN 259 million, respectively the current part amounts to BGN 79 million.

Liabilities on loans to banks and non-bank financial institutions and bond loans:	31.12.2020 000'BGN	Change %	31.12.2019 000'BGN
To banks and non-bank financial institutions, incl.:			
- <i>non-current liabilities</i>	174 341	24%	140 735
- <i>current liabilities</i>	118 948	28%	93 259
On bond loans, incl.:	163 342	4%	157 664
- <i>non-current liabilities</i>	139 559	-5%	147 516
- <i>current liabilities</i>	23 783	134%	10 148
Total borrowings, incl.:	337 683	13%	298 399
- <i>total non-current liabilities</i>	258 507	7%	240 775
- <i>total current liabilities</i>	79 176	37%	57 624

» The amount of non-current liabilities at the end of 2020 amounts to BGN 14 million, decreasing by BGN 9 million compared to 2019. Non-current liabilities mainly include non-current liabilities under financial leasing of automotive and leasing division in the total amount of 11.9 BGN million, respectively BGN 18.8

million for the comparable period, as well as other non-current liabilities amounting to BGN 2.5 million (BGN 4.4 million as of the end of 2019).

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

Financial lease liabilities:	31.12.2020	Change	31.12.2019
	000'BGN	%	000'BGN
Total financial lease liabilities, incl.:	18 255	-30.6%	26 324
- non-current liabilities	11 878	-36.9%	18 844
- current liabilities	6 377	-14.7%	7 480

- » Consolidated current liabilities increased from BGN 45.2 million to BGN 62 million. This item includes the Group's liabilities to personnel and insurance companies, tax and other current liabilities, current financial leasing liabilities (shown in the table above), income for future periods and provisions.
- » Trade and other payables amount to BGN 117 million compared to BGN 140 million as of 2019. Part of the trade and other payables are liabilities of the group under leasing contracts - rights of use.

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

Liabilities of the group under leasing contracts - right of use:	31.12.2020	Change	31.12.2019
	000'BGN	%	000'BGN
Total liabilities of the group under leasing contracts - with right of use, incl.:	40 570	-2.7%	41 699
- non-current liabilities	34 301	1.3%	33 855
- current liabilities	6 269	-20%	7 844

- » Liabilities under reinsurance operations increased by 79% and from BGN 26 million, taking into account the growth of the insurance business, reached BGN 47 million as of 31.12.2020.

Insurance reserves

The amount of the insurance reserves as of 31.12.2020 is BGN 837 million, as for the current reporting period they increase by BGN 69 million compared to the end of 2019.

Equity and Liabilities Structure

Equity and Liabilities	2020	Change %	2019
Total equity, incl.:	8%	-5%	13%
Share capital	12%	-1%	13%
Subordinated debt instruments	5%	+4%	1%
Liabilities, incl.:	36%	+1%	35%
Loans from banks and non-bank financial institutions	11%	+2%	9%
Liabilities on bond loans	10%	-1%	11%
Non-current liabilities	1%	-1%	2%
Current liabilities	4%	+1%	3%
Trade and other payables	7%	-2%	9%
Liabilities under reinsurance operations	3%	+1%	2%
Deferred tax liabilities	0%	-	0%
Insurance reserves	51%	-	51%
	100%		100%

CASH FLOWS

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

Consolidated cash flows		2020	2019
Net cash flows from operating activities	000'BGN	(5 527)	23 538
Net cash flows from investment activities	000'BGN	(95 688)	65 958
Net cash flows from financial activities	000'BGN	78 325	(47 346)
Net increase / (decrease) in cash and cash equivalents	000'BGN	(22 890)	42 150
Cash and cash equivalents at the beginning of the year	000'BGN	91 960	49 540
Cash and cash equivalents at the end of the year	000'BGN	68 800	91 690

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

The cash holdings of the Eurohold Group at the end of 2020 amounted to BGN 68,800 thousand, reporting a decrease of 25%.

CAPITAL RESOURCES

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

As of 31.12.2020 the share of equity in the consolidated assets of Eurohold Bulgaria AD is 8% while at the end of 2019 this ratio was 9%.

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

The debt ratio for 2020 is 11.6, while for 2019 it is 6.68, an increase of 4.37 points. This is due to the increased insurance reserves, which are part of the short-term liabilities of the group.

The financial autonomy ratio as of 31.12.2020 is 0.09, and at the end of 2019 it was 0.15, which shows that the Eurohold Group reports a decrease in this indicator by 0.06 points.

The value of the financial autonomy ratio as of 31.12.2020 is 0.09, and at the end of 2019 it was 0.15, which shows that Eurohold Bulgaria reports a decrease in this indicator by 0.06 points.

FINANCIAL INDICATORS

The data in the following table are presented in thousands of BGN

FINANCIAL INDICATORS EUROHOLD GROUP

N:	Indicators	2020	2019	(000'BGN)	
				value	%
Income Statement					
1	Accounting profit/loss (before tax)	-40 333	4 673	-45 006	-963,1%
2	Net profit/loss (after tax)	-43 543	2 707	-46 250	-1608,5%
3	Revenues from operating activities	1 579 130	1 600 809	-21 679	-1,4%
4	Expenses for operating activities	1 508 422	1 478 107	30 315	2,1%
Statement of Financial Position					
5	Equity, incl. non-controlling interest	134 943	192 037	-57 094	-29,7%
6	Liabilities (non-current and current), incl. subordinated debt instruments	1 492 194	1 320 460	171 734	13,0%
7	Total assets	1 627 137	1 512 497	114 640	7,6%
8	Current assets	1 247 293	1 110 425	136 868	12,3%
9	Current liabilities	1 018 611	903 054	115 557	12,8%
10	Current receivables	786 423	698 881	87 542	12,5%
11	Current financial assets	341 981	261 899	80 082	30,6%
12	Cash	68 800	91 690	-22 890	-25,0%
Shares					
13	Share capital	197 525 600	197 525 600	0	0%
14	Weighted average number of shares for the period	194 413 860	197 170 558	-2 756 698	-1,4%
	Net profit/loss attributable to owners of the Parent Company	(43 807)	480	-44287	-9226,5%
15	Net profit/loss per share	(0,225)	0,002	-0,23	-11350%
RATIOS					
Profitability:					
16	Gross profitability of equity (1/4)	-0,30	0,02	-0,32	-1328,3%
17	Net profitability of equity (2/4)	-0,32	0,00	-0,32	0%
18	Gross profitability of liabilities (1/5)	-0,03	0,004	-0,03	-863,8%
19	Net profitability of liabilities (2/5)	-0,03	0,002	-0,03	-1523,4%
20	Gross asset profitability (1/6)	-0,02	0,003	-0,02	-902,3%
21	Net asset profitability (2/6)	-0,03	0,002	-0,03	-1595,2%
Efficiency:					
22	Cost-effectiveness ratio (4/3)	0,96	0,92	0,03	3,5%
23	Revenue efficiency ratio (3/4)	1,05	0,92	0,12	13,4%
Liquidity:					
24	Total liquidity ratio (8/9)	1,22	1,23	-0,01	-0,4%
25	Rapid liquidity ratio (10+11+12)/9	1,18	1,17	0,01	0,8%
26	Immediate liquidity ratio (11+12)/9	0,40	0,39	0,01	3,0%
27	Absolute liquidity ratio (12/9)	0,07	0,10	-0,03	-33,5%
Financial autonomy:					
28	Financial autonomy ratio (5/6)	0,09	0,15	-0,05	-37,8%
29	Debt / Equity ratio (6/5)	11,06	6,68	4,18	60,8%

OVERVIEW OF THE KEY RESULTS BY BUSINESS LINES

EUROINS INSURANCE GROUP AD

INSURANCE

Despite the pandemic wave of Covid-19 (Coronavirus), which took on a global dimension in early March 2020 and led to a significant reduction in financial activity worldwide, the stable performance of most of the Group's companies continues.

Overview of group insurance results

INSURANCE		Change 2020/2019 %	2020	Change 2019/2018 %	2019
Gross written premiums	000'BGN	▲ 8%	914 365	▲ 32%	847 716
Net premiums earned (incl. Net Earned premiums + Other operating income + Other operating expenses)	000'BGN	▲ 5%	423 948	▲ 11%	407 908
Claims incurred, net of reinsurance	000'BGN	▲ 3%	(283 762)	▲ 19%	(274 182)
Administrative expenses	000'BGN	▲ 14%	(45 637)	▲ 3%	(40 103)
Acquisition costs, net of fee and commission income	000'BGN	▲ 38%	(129 331)	▼ 5%	(93 601)
Financial result before taxes	000'BGN	▼ 241%	(25 169)	▲ 180%	17 849
Financial result after taxes	000'BGN	▼ 272%	(27 950)	▲ 282%	16 249
Financial assets, investment property and cash	000'BGN	▲ 17%	497 540	▲ 10%	423 733
Receivables and other assets	000'BGN	▲ 9%	198 271	▲ 30%	182 682
Reinsurers' share in technical reserves	000'BGN	▲ 23%	523 261	▲ 14%	463 829
Total assets	000'BGN	▲ 11%	1 430 194	▲ 14%	1 284 189
Equity, incl. minority participation	000'BGN	▲ 2%	403 818	▲ 5%	397 170
Liabilities, incl. Subordinated liabilities, including:	000'BGN	▲ 16%	1 026 376	▲ 18%	887 019
Insurance reserves	000'BGN	▲ 9%	836 930	▲ 14%	768 308

(The data of the shown key indicators are based on audited consolidated financial statements of the insurance subholding Euroins Insurance Group AD for 2020.)

FINANCIAL INDICATORS INSURANCE GROUP

N:		(000'BGN)			
		2020	2019	2020/2019	
RATIOS					
1	Financial autonomy ratio	0.39	0.45	0.06%	-14%
2	Debt / Equity ratio	2.54	2.23	0.31%	14%
3	Assets covering the net technical provisions	222%	199%	23%	12%
4	Net combined ratio	108%	100%	8%	8%
5	Loss ratio	66.9%	67.2%	-0.3%	-0.4%
6	Administrative costs ratio	10.8%	9.8%	1%	10%
7	Acquisition costs ratio	30.5%	22.9%	7.6%	33%
	Gross return on equity	(6.20%)	4,49%	-10.69%	-238%
8	Net return on equity	(6.94%)	4.09%	-11.03%	-270%
	Gross return on liabilities	(2.45%)	2.01%	-4.46%	-222%
9	Net return on liabilities	(2.72%)	1.27%	-3.99%	-315%
	Gross return on assets	(1,76%)	1,39%	-3.15%	-227%
10	Net return on assets	(1.95%)	1.27%	3.22%	-254%

In 2020, Euroins Insurance Group (EIG) realized consolidated revenues from insurance premiums in the amount of BGN 914.4 million compared to BGN 847.7 million for 2019.

The main part of the premium income of the Group is realized by Euroins Romania and Euroins Bulgaria, which form respectively 58% and 33% of the total premium income of the Group, or nearly 91% of the total recorded business. For 2020 the insurance companies have achieved the following business development: Euroins Bulgaria records an increase of 23%, Euroins Romania - maintains the level of recorded premium income from 2019, Euroins Macedonia - decreases by 11%, Euroins Ukraine realizes an increase of 28%, Euroins Life also recorded an increase of 58%, Euroins Georgia - increased by 28%, European Travel Insurance, Ukraine (specializing in travel insurance and a leader in this class of insurance in Ukraine) recorded a decrease of 46%.

Despite the reported growth in terms of recorded business, the EIG Group reports a consolidated loss of BGN 28 million (after taxes) for 2020, compared to a profit of BGN 16 million as of December 31, 2019. The main part of the loss for 2020 is formed by the Romanian Insurance Company.

The total consolidated assets of the Company at the end of 2020 are BGN 1.430 million compared to BGN 1.284 million at the end of 2019. The insurance reserves on a consolidated basis, as an element of the Group's liabilities, have increased from BGN 768 million by the end of 2019 to BGN 837 million for 2020.

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 000'BGN	226,334
Total eligible own funds to cover the Minimum Capital Requirement (MCR) in 000'BGN	205,770
Solvency Capital Requirement (SCR) in 000'BGN	180,390
Minimum Capital Requirement (MCR) in 000'BGN	72,113
Coverage of the Solvency Capital Requirement (SCR)	125%
Coverage of the Minimum Capital Requirement (MCR)	285%

The calculations in the table are performed on the basis of preliminary unaudited data provided to the Financial Supervision Commission, according to the Quarterly Reporting on Solvency II for the 4th quarter of 2020.

Results by the insurance companies

Euroins Bulgaria

Euroins Bulgaria is a dynamic company, which in recent years has been constantly expanding its activity. In 2020 the Company has reported a growth of gross written premiums of over 23% as a result of the organic growth in the direct business written both in Bulgaria but also in Greece through an existing branch from the beginning of February 2019 and Poland, according to the principle of the Freedom to provide services within the European Union. There was a continuous improvement of the services provided in those countries by counting on expansion of the networks of partners and clients, by improving the IT solutions and the opportunities for more detailed market analysis and segmentation.

All main non-motor lines of business have registered growth as well: Accident and Travel (80%) due to the increase in the reported income from Travel Assistance in the UK, Cargo (7%), Property (50%) due to the recorded Property insurance premiums of individuals in the Netherlands. MTPL has grown by 24%, Motor Hull – by 1%. Increase in the number of clients in Greece and Poland is the reason for the MTPL growth.

During the reported period net earned premiums have increased by almost 25%. Net claims incurred has grown as well due to the growth of the business and the high-quality services provided to customers and claimants.

There is an increase in the administrative expenses compared to the same period of 2019 with 20%. The main administrative costs are related to the growth of the business itself. This increase however related to net premiums earned, does not lead to a change in the administrative expenditure ratio compared to the previous year.

IC Euroins AD reported a profit for group purposes of BGN 7,339 thousand (2019: 6,289 thousand) before tax and intercompany eliminations. In 2020 compared to the previous year the major operating ratios of the Company are as follows: Net Loss ratio -51.5% (2019: 51.2%), Acquisition Ratio – 29.3% (2019: 28.2%), Administrative Expense Ratio- 13.4% (2019: 13.4%) и Combined Ratio- 94.3% (2019: 97.9%).

As from February 2019 Insurance Company Euroins Branch Greece is officially under operation licensed to write Motor business as well as Property, Accident and Travel.

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 January 2020. The assigned rating is "BBB-" with a long-term stable outlook.

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 2020 Euroins Romania reports gross premium income of BGN 530.3 million compared to BGN 529.9 in 2019. The main part of the gross premium income falls on Motor Third Party Liability Insurance (95%), where the reported income does not differ significantly from that in the previous year. There was an increase in the Credit insurance, where the Company reports gross premium income in the amount of BGN 5.5 million against BGN 1.5 million for 2019.

Gross paid claims increased by 9% compared to 2019, as a result of many factors, including the continuing tendency for working shops to invoice unjustifiably high prices of working hours and to increase the prices of spare parts. In addition, car rental services offered from working shops have become very popular and have become an additional way of doing business and therefore an additional cost for insurance companies.

In 2020 the Company continues to invest in its own damage inspection centres, as well as in a general change of the strategy and the way of liquidation of damages in order to improve the service of the clients and injured persons and to guarantee a high level of satisfaction with the Company's services.

Acquisition costs remain at the level of the previous year. Almost 98% of all gross premiums written, both in 2020 and in 2019, are concluded through brokers. Administrative expenses increased by 9% compared to 2019, due to the increase in costs for hired services.

Initiatives of the new management are underway in order to optimize a number of processes related both directly to the administrative management itself and to processes that are yet to yield results in activities such as sales, claims elimination and internal controls.

The result of Euroins Romania for Group purposes is a loss of BGN 36,281 thousand (2019: BGN 1,666 thousand) before taxes and intra-group eliminations. The reason for the increase in the loss of Euroins Romania is due to the following one-off effects that occurred in 2020:

- » Statutory Fund Expenses (Expenses to Guarantee Fund), which had the following one-off developments in 2020, totalling approx. RON 19,3 m (EUR 4m):
- RON 4.5m (EUR 0.9m) – supplementary one-monthly fee paid to BAAR (Romanian Green Card Bureau);
- RON 3.5m (EUR 0.7m) – penalties paid to ASF – one-off fines in 2020;
- RON 11.3m (EUR 2.35m) – due to effect from reversal of capitalized BAAR fees – before 2020 the policy of BAAR as per the statute of the entity was to capitalize the contributions and this changed towards the end of 2019. In 2020, these fees should be recognized as an expense.

- » Fee and commission income (Reinsurance commissions) total effect of RON 67 million:
- Lower Ceded Earned Premium – also due to the higher statutory fees mentioned above – less income to the Reinsurer, means lower commission to us by the same amount, given the RI Commission on the Quota Share treaties is a sliding scale and is affected by the Earned Premium Ceded and by the Loss Ratio and Ceded Losses;
- Additional RI Liability, which was booked in 2020 and is reflected in the Reinsurance Commission calculation – i.e. decreasing the RI Calculation – this is a statutory booking, due to the opinion of the local regulator (ASF) and it is not in fact confirmed by the Reinsurers themselves. We continue to have a court case against the regulator for this adjustment.

The one-off effect is summarized in the table below, which includes the respective two items of the Euroins Romania Comprehensive Income Statement for 2020 and the comparable period in RON thousands:

Statement of profit or loss or comprehensive income	2020	2019
Other operating expenses	(107,169)	(84,495)
Fees and Commission income	107,133	176,291

In December 2020 Fitch Ratings confirmed the rating that was assigned in 2017, Insurer Financial Strength Rating "BB-".

Euroins Osiguruvanje AD, North Macedonia (Euroins Macedonia)

Euroins Macedonia is a well recognizable and reliable Company with diversified portfolio and stable financial indicators. In 2020 gross written premium grows decrease by 11% reaching BGN 23 million (2019: BGN 26 million). The Company continues to strengthen its position in Agricultural insurance where the written business increased with 6% in comparison to 2019. There is a decrease of 16% in motor third party liability insurance, where gross income of BGN 10.9 million or 47% of the total gross written premiums for the period is realized.

In 2020, administrative expenses increased with 16%, but related to the net earned premiums there is an increase of the ratio with only 1.2%. The increase is mainly due to the increase of the costs for hired services.

The result for 2020 is a profit for Group purposes amounting to BGN1,706 thousand (2019: 1,616 thousand) before tax and intra-company eliminations.

IC Euroins Life EAD (Euroins Life)

In 2020, the gross premiums written by the Company increased by 58% compared to the previous year.

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

There is an increase in the acquisition cost ratio from 39% to 60%, imposed due to the change in the sales strategy from direct sales to the use of distribution channels - financial institutions and brokers.

Net financial income in the amount of BGN 625 thousand also contributes to the reported positive financial result in 2020 i.e. profit for Group purposes in the amount of BGN 82 thousand. before taxes and intra-group eliminations (2019: loss in the amount of BGN 437 thousand).

IC EIG Re EAD (EIG Re)

In 2020, EIG Re signed new quota share intragroup contracts in connection with active reinsurance covering Property, Cargo, Marine Insurance and Carrier's Liability.

In 2020 EIG Re has written gross premiums amounting to BGN 11.7 million (2019: 2.7 million). However, the Company reports a loss before taxes and intra-group eliminations in the amount of BGN 4.5 million in connection with new intra-group reinsurance arrangements undertaken by the Company.

In addition Fitch Ratings reflecting the expected strategic importance of EIG Re as a captive reinsurer within Euroins Insurance Group assigned to the Company Insurer Financial Strength Rating "BB-".

Private AD Euroins Ukraine Insurance Company (Euroins Ukraine)

In 2020 gross written premiums amount to BGN 21,9 million (2019: 17 million) or a growth of 28%. 27% of the written business is non-Motor. Motor third party liability insurance and a green card increased by 39% compared to the previous year, while Casco insurance increased by 3% compared to 2019. The non-motor business has also grown: Accident and travel by 83%, Cargo by 4%, Liability by 9% and Property by 36%. There is also a significant improvement in the technical result of the Company, which is mainly due to the measures taken in connection with the reduction of the average damage in motor insurance. The damage rate decreases from 49% in 2019 to 34% in 2020. The successful investment policy of the Company leads to reporting net financial income in the amount of more than BGN 2 million.

Administrative expenses incurred in 2020 are without significant change compared to 2019, while acquisitions show an increase, which is largely related to the reported higher revenues of the Company.

Euroins Ukraine reports a profit before taxes and intra-group eliminations of BGN 2,387 thousand. (2019: loss of BGN 1,097 thousand) for Group purposes.

Private AD European Travel Insurance (ETI)

European Travel Insurance is one of the biggest Travel insurers in Ukraine and is the only one that specializes only in these insurance types of products. The Company relies on innovative products offered via extremely well-developed distribution channels.

In 2020, the Company recorded gross written premiums amounting to BGN 11.6 million, which is a decrease of 47% compared to 2019. The decrease is due to the spread of the COVID-19 epidemic, which began in mid-March 2020 and led to the introduction of a number of restrictive measures regarding free traveling globally and had a strong negative impact on the tourism sector in which the Company specializes. However, the Company reported a profit of BGN 2 million before taxes and intra-group eliminations (2019: BGN 4 million), due to low administrative costs and online structured sales.

IC Euroins Georgia (Euroins Georgia)

Euroins Georgia specializes in Accident and Health. In 2020 these lines of business comprise 43% (2019: 30%) of the portfolio of the Company, while the rest is split between MTPL (9%), Motor Hull (29%) and etc..

Total gross premiums written in 2020 amount to BGN 12.7 million (2019: 9.9 million) or an increase of 28%. This increase is due to won state public procurements in connection with Casco insurance and concluded several new large contracts regarding Health Insurance.

In 2020, the result for group purposes is a profit of BGN 474 thousand (2019: loss BGN 498 thousand) before taxes and intra-group eliminations.

Euroins Claims I.K.E., Greece

In 2018, Euroins Insurance Group AD acquired 66% of Euroins Claims I.K.E., Greece, established to administratively service the liquidation of insurance claims arising from policies issued by IC 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 at December 31, 2019 owns 100% of the share capital. There is no change in the participation in 2020.

CJSC "ERGO "Insurance Company" Belarus

The acquisition of Ergo Belarus is in line with the global development strategy of Euroins Insurance Group. The company specializes in non-life insurance and is the third largest private insurer in the country, in a sector still dominated by state-owned companies.

EIG is consolidating the Company since the beginning of May 2020, with gross premiums of BGN 10.2 million and profit before taxes of BGN 636 thousand reported for this period. The largest share of the gross written premiums falls on Casco insurance or 66% of the Company's portfolio, while motor third party liability insurance has the right to be concluded only by state insurance companies in Belarus.

OOO Russian Insurance Company Euroins (Euroins Russia)

Entering the Russian insurance market has always been in line with the development strategy of the Group in Eastern Europe. This market, like most in this region, is typified by low insurance market penetration, which in combination with expected positive regulatory changes and economic growth hints at significant growth potential.

In 2020 the Company reported gross premiums of over BGN 61,9 million (2019: BGN 58,4 million) which represents an increase of 6%. Motor business share is 40% of the Company's portfolio. The rest is high quality non-Motor business split between Liability – 5%, Accident & Health – 31%, Marine Casco – 5%, Property – 9%.

The Company reports a profit before tax amounting to BGN 1.9 million (2019: BGN 0.8 million) after taxation.

EUROINS INSURANCE GROUP AD (EIG). BUSINESS OVERVIEW

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

Euroins Insurance Group AD

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

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

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

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

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

As part of the strategy of Euroins Insurance Group to expand its operations in Eastern Europe and the Commonwealth of Independent States (CIS), which offer significant growth potential, given the low coverage of insurance services, in the last few years the insurance holding has expanded its activity by acquiring new companies:

In 2018

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

In 2019

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

In 2020

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

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

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

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

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

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

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

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

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

AVTO UNION AD
AUTOMOTIVE

Despite the serious impact of Covid-19 (Coronavirus) on the automotive industry worldwide, the Eurohold Automotive Group realized a profit from its activities for 2020 and managed to optimize its costs and stocks, as well as minimize the risk of stronger negative impact on the companies of the Group.

Overview the results of the car group

AUTOMOTIVE	currency	<i>Change 2020/2019 in %</i>	2020	<i>Change 2019/2018 in %</i>	2019
				<i>2019/2018 in %</i>	
Sales revenue	000'BGN	▼ 31%	159 672	▲ 6%	233 044
Financial and other income	000'BGN	▼ 35%	13 626	▲ 34%	20 835
Book value of goods sold	000'BGN	▼ 34%	138 451	▲ 9%	211 203
Operating expenses	000'BGN	▼ 14%	23 075	▼ 12%	26 803
Financial and other expenses	000'BGN	▼ 3%	10 231	▲ 62%	10 590
EBITDA	000'BGN	▼ 28%	11 015	▲ 62%	15 370
Financial result before taxes	000'BGN	▼ 66%	1 909	▲ 31%	5 593
Financial result after taxes	000'BGN	▼ 71%	1 541	▲ 54%	5 283
Properties, machines and equipment	000'BGN	▼ 12%	38 737	▲ 35%	44 214
Inventories (cars and spare parts in stock)	000'BGN	▼ 37%	24 128	▼ 33%	38 531
Trade and other receivables	000'BGN	▲ 3%	22 584	▼ 30%	21 841
Total Assets	000'BGN	▼ 10%	128 263	▲ 1%	142 764
Equity	000'BGN	▲ 5%	18 173	▲ 34%	17 269
Non-current liabilities	000'BGN	▼ 18%	40 476	▲ 26%	49 298
Current liabilities	000'BGN	▼ 9%	69 614	▼ 13%	76 197

FINANCIAL INDICATORS AUTOMOTIVE GROUP

N:	RATIOS	2020	2019	(000'BGN)	
				value	%
1	Gross return on equity	0,11	0,32	-0,22	-67,6%
	Net return on equity	0,08	0,31	-0,22	-72,3%
2	Gross return on liabilities	0,02	0,04	-0,03	-61,1%
	Net return on liabilities	0,01	0,04	-0,03	-66,7%
2	Gross return on assets	0,01	0,04	-0,02	-62,0%
	Net return on assets	0,01	0,039	-0,02	-67,5%
4	Cost-effectiveness ratio	9,77	6,36	3,41	53,5%
5	Revenue efficiency ratio	0,10	0,16	-0,05	-34,9%
6	Total liquidity ratio	0,93	0,95	-0,01	-1,4%
7	Financial autonomy ratio	0,17	0,14	0,03	20,0%
8	Debt ratio	6,06	7,27	-1,21	-16,6%

Results of automotive companies

The consolidated financial result of the Group for the period from 01.01.2020 until 31.12.2020 was a profit of BGN 1,541 thousand (2019 – a profit of BGN 5,283 thousand). The consolidated financial result for the parent company's owners for the same period was a profit of BGN 21,221 thousand, compared to the same period in 2019 when it was a profit of BGN 21,841 thousand.

In 2020 the revenues of Avto Union AD are formed by the main activity of the subsidiaries, related to import and sale of cars and scooters, import and sale of oils, service activity, sale of fuels and sale of used cars. Revenues from sales of cars, spare parts, oils and fuels decreased by 32.2%, and those from sales of services by 13.8%. The total realized revenues from contracts with customers decreased by 31.5%, which is a decrease in absolute terms, amounting to BGN 73 million. The number of cars sold by the Group for 2020 decreased by 38.7% compared to the same period of 2019.

За периода, приключващ на 31.12.2020 година, продажбите на нови леки и лекотоварни автомобили, реализирани от Групата на Авто Юнион, възлизат на 3 350 броя спрямо 5 468 броя, продадени през същия период на 2019 година, което представлява спад от 38.7%. По данни на Съюза на вносителите на автомобили в България, пазарът на нови леки и лекотоварни за четвъртото тримесечие с натрупване на 2020 г. отбелязва спад с 31.4% спрямо същия период на 2019 г.

For the period ending on 31.12.2020 the sales of new personal cars and light commercial vehicles realized by Avto Union - the automobile holding in the group of Eurohold Bulgaria, amounted to 3,350 units, compared to 5,468 units sold in the same period in 2019, which represents a decline of 38.7%. According to the Union of Automobile Importers in Bulgaria, for the year 2020 the new car market decreased by 31.4% compared to the same period of 2019.

During the reporting period Opel registered a decline of 39% for Sofia and a decline of 29% for Varna. Espace Auto OOD registered 12% decline in sales of Dacia on the other hand, it recorded an increase of 6% in Renault by 6%. In N Auto EAD, there was a decline in sales by 41% for Nissan cars. Auto Italia EAD decreased its sales of Fiat by 78%, as well as a decline by 55% of brand Alfa Romeo. In the Maserati Lux car brand, Auto Italia AD maintains its levels from the previous year. Star Motors marks a 46% decline in sales of new Mazda cars compared to the same period of previous year.

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

- » The first is a derivative of the Covid-19 pandemic and is related to the fact that in 2019 the companies in Avto Union have traditionally realized large and a large number of corporate (fleet) deals. Closing entire businesses, industries and state borders for a longer period of time inevitably has a negative impact on car dealers, and this impact has a greater impact on those dealers who have had a higher percentage of corporate partners in their mix of customers (as is the case with the companies in the Avto Union group).
- » The second is related to the fact that one of the main partners and suppliers of original equipment (OEM) of Avto Union, namely - Fiat-Chrysler Automobiles (FCA), has a steady trend of losing market position both in the world and in Europe. Uncertainty about the future development of the new French-Italian concern together with the inadequately-responsive to the consumer demand policy

regarding the model range and innovations, lead to shrinking market share and loss of customer confidence worldwide, which unfortunately has its impact in Bulgaria.

The expenses for the entire activity of the Group amount to BGN 32,938 thousand (for 2019: BGN 37,083 thousand), of which interest expenses on loans and borrowings amount to BGN 2,003 thousand (for 2019: BGN 2,278 thousand).

The group's assets decreased to BGN 128,263 thousand mainly due to optimization of inventories.

AVTO UNION AD. BUSINESS OVERVIEW

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

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

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

The Avto Union AD Group also promotes the cross-selling of insurance and leasing products together with Euroins Insurance Group AD and Eurolease Group AD. For each car brand offered by Auto Union AD, the leasing product is developed jointly with a member of Eurolease Group AD to meet the customer's requirements. These products include, for example, Mazda Cash Leasing, Mazda Leasing Six Months (which offers a six-month distribution option) and Fiat Leasing.

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

The companies of the Avto Union Group operate as:

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

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

EUROLEASE GROUP AD
LEASING

The companies in the leasing group in the second quarter of 2020 were severely affected by Covid-19 (Coronavirus), as their operations are almost entirely related to financial and operational car leasing, rental services and sale of used cars. In the second half of the year, after the weakening of anti-epidemiological measures and the partial recovery of consumer activity, the Leasing Group managed to largely neutralize the negative effects of the pandemic and register new business near the second half of the previous 2019.

Overview of the group results of the leasing group

LEASING	currency	Change 2020/2019 in %	2020	Change 2019/2018 in %	2019
					2019
Interest income	000'BGN	▼ 14%	6 411	▲ 34%	7 449
Interest expenses	000'BGN	▼ 19%	(3 804)	▲ 12%	(4 674)
Net interest income	000'BGN	▼ 6%	2 607	▲ 96%	2 775
Income from contracts with clients and from operating leasing		▼ 13%	9 265	▼ 3%	10 654
Administrative expenses		▼ 14%	(13 351)	▲ 6%	(15 473)
Financial result before taxes		▼ 313%	(536)	▼ 78%	251
Financial result after taxes	000'BGN	▼ 326%	(534)	▼ 80%	236
Net investment in financial leasing	000'BGN	▼ 3%	77 343	▲ 1%	79 362
Fixed assets		▼ 5%	26 494	▼ 0.5%	27 946
Cash		▲ 19%	3 017	▼ 31%	2 544
Total Assets	000'BGN	▼ 4%	119 273	▼ 9%	124 717
Equity	000'BGN	▼ 4%	11 687	▲ 2%	12 221
Loans from financial and non-financial institutions, debenture loans		▼ 3%	101 311	▼ 13%	104 225
Total liabilities	000'BGN	▼ 4%	107 586	▼ 10%	112 496

FINANCIAL INDICATORS LEASING GROUP

N:	RATIOS	2020	2019	(000'BGN)	
				value	%
1	Gross return on equity	-0.04	0.02	-0.07	-322%
	Net return on equity	-0.05	0.02	-0.06	-362%
2	Gross return on liabilities ratio	-0.005	0.002	-0.007	-323%
	Net return on liabilities ratio	-0.01	0.002	-0.01	-363%
3	Gross return on assets ratio	-0.004	0.002	-0.007	-323%
	Net return on assets ratio	-0.005	0.002	-0.006	-363%
4	Cost-effectiveness ratio	1,03	0,99	0,039	4,0%
5	Revenue efficiency ratio	0,97	0,99	-0,015	-1,6%
6	Total liquidity ratio	0,94	0,97	-0,02	-2,4%
7	Financial autonomy ratio	0,11	0,11	0,00	0,5%
8	Debt ratio	0,90	0,90	0,00	0,0%

Analysis of the results of the leasing companies

The financial result for 2020 is a loss of BGN 544 thousand compared to a profit of BGN 216 thousand for the previous reporting period - 2019.

The consolidated revenues of the Group 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. In 2020, there was a change in the share of types of revenues from total revenues, which is based on the following factors:

- Financial leasing - In absolute value the realized revenues from financial leasing amount to BGN 7,307 thousand compared to BGN 8,392 thousand as of 31.12.2019;
- Operating lease - the amount of revenues from this area reports a slight increase. As of 31.12.2020 their amount is BGN 7,600 thousand (compared to BGN 6,989 thousand for 2019), which is mainly due to the imposition of the Simpl brand and the increased interest in the new service of Sofia Motors EOOD;
- Short-term rent (rent-a-car) - the amount of revenues from this activity decreased by 59% to BGN 1,408 thousand compared to BGN 3,402 thousand at the end of 2019. The reason for this is the effect of Covid-19, respectively the reduced number of flights and tourists in Bulgaria. In 2020, all fundamental market and geopolitical factors that favor the car rental business were negatively affected, and the trend is expected to continue in 2021. The main such factors are the flow of tourists, international and local events, foreign investment and partnerships, as well as the overall economic situation, not only in Bulgaria, but also in Europe and worldwide;
- Sale of used cars - the relative share of revenues from the sale of used cars decreases. In absolute value, they amount to BGN 1,702 thousand.

A decrease is also observed in the operating expenses, which amount to BGN 13,351 thousand in 2020 compared to BGN 15,473 thousand for 2019, which is due to the optimization of the operating expenses achieved by the companies from the leasing group costs.

As at 31 December 2020 the assets of the Group decreased in their amount and amounted to BGN 119,273 thousand compared to BGN 124,717 thousand at the end of the previous reporting period. The main reason for this is the decrease in the consolidated net investment in financial leasing by 2.54% to BGN 77,343 thousand compared to BGN 79,362 thousand at the end of 2019. Also, fixed assets at the consolidated level reported a decrease to BGN 26,494 thousand, compared to the amount of BGN 27,946 thousand at the end of 2019.

The equity amounts to BGN 11,922 thousand, reporting a decrease of BGN 0.5 thousand.

The liabilities of the Group are also in a decreasing direction and at the end of 2020 amount to BGN 107,586 thousand compared to BGN 112,496 thousand as of 31.12.2019. This is related to a reduction of loan liabilities to other financial institutions, which report levels of BGN 10,074 thousand compared to BGN 11,672 thousand as of 31.12.2019 the change is mainly due from the subsidiary Eurolease Rent A Car to leasing companies financing its activities.

Liabilities on bank loans amount to BGN 81,244 thousand with an increase of 1%, at the same time liabilities on publicly issued debt instruments decreased by BGN 12,089 thousand to BGN 9,993 thousand at the end of 2020.

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

EUROLEASE GROUP EAD. BUSINESS OVERVIEW

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

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

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

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

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

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

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

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

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

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

Against the background of the complex macroeconomic and pandemic situation in a global aspect, the performance of Euro-Finance AD was extremely successful. The company maintained its leading position on the Bulgarian capital market, realizing close to 1/4 of the total turnover of the Bulgarian Stock Exchange (BSE), climbing to 2nd place in the ranking of intermediaries by turnover, as well as an increase by more than 40% the number of the stock exchange transactions concluded by the company.

Overview of the results of Euro-Finance AD

Investment intermediation and Asset Management	Change	2020	Change	2019
	2020/2019		2019/2018	
			in %	
Net result from financial operations	000'BGN	▼ 1%	2 333	▼ 10% 2 352
Net result	000'BGN	▼ 62%	223	▼ 30% 580
Total assets	000'BGN	▼ 3%	38 763	▲ 16% 39 757
Equity	000'BGN	▼ 1%	22 311	▼ 1% 22 634
Total liabilities	000'BGN	▼ 4%	16 452	▲ 48% 17 123

FINANCIAL INDICATORS FINANCIAL AND INVESTMENT GROUP
(000'BGN)

N:	RATIOS	2020	2019	2020/2019	
				value	%
1	Return on equity	0.01	0.03	-0.02	-61%
2	Return on Debt	0.10	0.41	-0.30	-74.4%
3	Return on Assets	0.01	0.02	-0.01	-62.2%
4	Cost-effectiveness ratio	1.02	1.08	-0.06	-5.5%
5	Revenue efficiency ratio	0.98	0.93	0.05	5.8%
6	Total liquidity ratio	14.04	44.43	-30.39	-68.4%
7	Financial autonomy ratio	10.45	15.93	-5.48	-34.4%
8	Debt ratio	0.10	0.06	0.03	52.5%

EURO-FINANCE AD. BUSINESS OVERVIEW

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

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

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

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

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

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

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

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

Eastern European Electric Company II B.V.

BUSINESS OVERVIEW

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

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

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

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

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

CURRENT TRENDS AND LIKELY FUTURE DEVELOPMENT OF THE EUROHOLD GROUP

TRENDS RELATED TO NEW ACQUISITIONS

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

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

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

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

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

TRENDS RELATING TO EXISTING BUSINESSES

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

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

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

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

The main trends related to the activity of the Issuer's group after the last audited financial year (2019) until the date of preparation of this Report are related only to the impact of the COVID-19 coronavirus pandemic on the various business groups and countries in which companies operate. . The change in market conditions following COVID-19 and the anti-epidemic measures taken by governments affecting households, consumption, the supply chain, unemployment, border and travel closures, tourism are key factors affecting the group's business. Based on the measures taken in all countries where the Issuer operates, timely and adequate measures have been taken to limit the infection, the possibility of business process continuity and the introduction of remote work "home office" has been created, alternative sources of sales through online applications have been found, as well as other digital tools at the discretion of each company for best performance.

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

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

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

DESCRIPTION OF THE MAIN RISKS

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

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

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

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

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

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

a) NON-SYSTEMATIC RISKS

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

Risks related to the activity and structure of Eurohold

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

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

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

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

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

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

➤ **Insurance business**

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

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

Underwriting risk

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

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

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

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

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

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

Market Risk

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

Market risk includes the following sub-risks:

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

All marketable financial instruments in the Group are exposed to market risk, which represents the risk of increasing or decreasing their market value as a result of future changes in market conditions. Financial instruments are measured at fair value and any changes in market conditions are reflected directly in the financial statements. In order to avoid the risk of concentration, Euroins Insurance Group AD strives to

maintain optimal diversification of investments and to make them in financial institutions with a high rating. Companies within the scope of the Group adhere to the "prudent investor"

Credit Risk

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

Operational risk

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

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

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

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

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

Insurance risk management

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

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

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

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

The greatest probability of significant losses for any insurance company arises from catastrophic events

such as floods, damage, claims from storms or earthquakes. Each company manages its risk by concluding reinsurance contracts.

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

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

Reinsurance risk management

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

➤ **Automotive sector**

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

Risks related to withdrawal of permits and authorizations

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

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

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

Dependence on norms and standards

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

Other systematic and non-systematic risks of particular importance

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

➤ **Leasing sector**

Risk of lack of attracted external debt financing at reasonable prices

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

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

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

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

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

➤ Investment intermediation and asset management

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

Market and credit risk

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

Risk in settlement and clearing of transactions

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

Risk of change in the regulatory framework

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

Risks in the transmission and processing of information

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

Risks related to Eurohold's development strategy

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

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

Risks associated with future acquisitions and their integration in the structure

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

Risks related to the management of Eurohold. Operating risk

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

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

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

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

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

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

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

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

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

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

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.

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 thousand BGN	31.12.2020	31.12.2019
Equity (net assets and subordinated debt instruments)	211 928	207 537
Total liabilities (excluding subordinated debt instruments)	578 279	533 219
Cash and cash equivalents, and time deposits with banks	(92 255)	(107 477)
Net debt	486 024	425 742
Total Equity and net debt	697 952	633 279
Indebtedness ratio % (Net debt to Equity and net debt)	70%	67%

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), regardless of whether 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 it invests based on their operating activities.

Risks related to recruiting and retaining qualified staff

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

Risk of concentration

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

Risk of lack of liquidity

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

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

Liquidity risk management

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 periods, based on the residual 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

As of 31.12.2020 <i>In thousand BGN</i>	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Total
Subordinated debt instruments	-	-	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
Debt loan 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
Deferred tax liabilities	-	-	-	342	-	-	342
Insurance reserves	-	-	728 289	100 694	7 947	-	836 930
TOTAL	16 286	27 056	994 827	391 227	62 798	-	1 492 194

As of 31.12.2019 <i>In thousand BGN</i>	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Total
Subordinated debt instruments	-	-	-	19 558	-	-	19 558
Loans from banks and non-bank financial institutions	9 820	5 077	32 391	78 614	14 833	-	140 735
Debt loan liabilities	1 613	-	8 535	139 516	8 000	-	157 664
Non-current liabilities	-	-	-	23 242	-	-	23 242
Current liabilities	3 082	2 344	39 813*	-	-	-	43 891*
Trade and other payables	26 786	25 052	53 635	24 367	9 909	-	139 749
Liabilities under reinsurance operations	-	-	26 193	-	-	-	26 193
Deferred tax liabilities	-	-	-	397	-	-	397
Insurance reserves	-	-	668 525	86 285	12 873	-	767 683
TOTAL	41 301	32 473	829 092*	371 979	45 615	-	1 320 460*

* Some of the amounts disclosed in this consolidated financial statement do not correspond to the amounts in the consolidated financial statement for 2019, in connection with the error correction disclosed in Note 50.

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

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

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

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

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

b) SYSTEMATIC RISKS

Macroeconomic risk

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

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

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

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

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

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

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

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

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

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

Risk of occurrence of force majeure circumstances

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

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

Risk associated with COVID-19

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

Global impact of the pandemic of (COVID-19)

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

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

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

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

Today's unpredictable situation is changing rapidly and additional impacts may occur, of which the Issuer is currently unaware. Even after mastering COVID-19, the Eurohold Group may continue to experience adverse effects on its business as a result of the global economic impact of the virus, as well as the impact of any recession that has occurred or may occur in the future.

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

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

For the Eurohold Group, that meant three things. First, that reduced economic activity in local economies will inevitably have a negative impact on the Group's financial results. Secondly, it is the support for our

employees and customers during the pandemic. And thirdly, ensuring business continuity and financial stability for our companies.

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

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

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

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

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

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

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

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

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

Although our offices remained open, we committed to our customers to offer products and services through remote consulting and sales. Immediate measures were taken in the entire group of the Company regarding the protection of employees, development of online platforms for performing activities without the presence of customers, digitalization of the entire activity of concluding leasing contracts, subsequent customer service, including car damage, as well as and the sale of cars, etc. The management of the companies also focused on the development of new products and services to meet the changed market environment and customer needs.

In Romania, a quarter of Euroins customers already uses our mobile application and receives service entirely on-line without physically stepping into our offices. We are currently in the final stage of development of our digital platform in Bulgaria. We also developed new products, in Bulgaria, for example, we were the only ones to offer an insurance product that guarantees vouchers for postponed trips issued

by our tour operators at a time when they were forced to suspend their activities 100%. In this way, we have given a clear signal that Euroins is a reliable and stable partner that can be relied on.

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

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

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

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

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

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

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

Impact of the coronary crisis in the following reporting periods

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

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

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

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

As of the date of this 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.

Analysis of Covid-19 (Coronavirus) risk

Due to the pandemic wave of Covid-19 (Coronavirus), which became global in late February and early March 2020 and led to a significant reduction in financial activity worldwide, the Group 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.

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

⇒ Development of Covid-19 Pandemic (Coronavirus)

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

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

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

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

⇒ Effect on economic growth

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

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

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

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

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

	Historical data			Forecast	Actual	Forecast	
	2017	2018	2019	2020 (before Covid-19)	2020 (Covid- 19)	2021	2022
Romania	7.3%	4.5%	4.1%	3.5%	(3.9)%	6.0%	4.8%
North Macedonia	1.1%	2.9%	3.2%	3.4%	(4.5)%	3.8%	4.0%
Ukraine	2.5%	3.4%	3.2%	3.0%	(4.2)%	4.0%	3.4%
Georgia	4.8%	4.8%	5.0%	4.8%	(6.1)%	3.5%	5.8%
Belarus	2.5%	3.1%	1.4%		(0.9)%	(0.4)	0.8%
Russian Federation	1.8%	2.8%	2.0%	1.9%	(3.1)%	3.8%	3.8%
Greece	1.3%	1.6%	1.9%	2.2%	(8.2)%	3.5%	5.0%
Poland	4.8%	5.4%	4.5%	3.1%	(2.7)%	3.5%	4.5%
Italy	1.7%	0.9%	0.3%	0.5%	(8.9)%	4.2%	3.6%
Spain	3.0%	2.4%	2.0%	1.8%	(11.0)%	6.4%	4.7%
United Kingdom	1.7%	1.3%	1.4%	1.4%	(9.9)%	5.3%	5.1%

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

⇒ Effect on credit ratings

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

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

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

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

Italy	BBB	Negative	BBB-	Stable
Spain	A-	Stable	A-	Stable
United Kingdom	AA	Negative	AA-	Negative

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

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

⇒ **Analysis of the expected effect on the IFRS model 9**

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

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

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

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

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

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

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

- Arithmetic average increase of 34 percentage points of the expected credit loss for unsecured overdue trade receivables, which are subject to calculation of credit losses according to the simplified model;
- Increase in the expected credit loss, of the exposures that are part of the full model (ie deposits and cash in banking institutions), as the average increase for cash in banking institutions is 67.3

percentage points;

- Arithmetic mean increase in the expected credit loss of exposures in loans and local bonds by 169 percentage points compared to 2019.
- As a result of the update in the statistics, the impairment for expected credit losses accrued on receivables from leasing contracts classified in Group 1 in 2020 increases by 0.02% compared to 2019, impairment of receivables under leasing contracts classified in Group 2 decreased by 1.13%, and for those of Group 3 the impairment for expected credit losses increased by 18.66%/-

Political risk

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

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

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

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

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

Risk of high unemployment rates

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

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

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

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

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

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

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

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

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

Source: www.nsi.bg

Credit risk of the country

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

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

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

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

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

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

Source: www.minfin.bg

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

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

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

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

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

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

Source: www.mminfin.bg

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

Credit risk management

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 In thousand BGN	As of 31.12.2020		Parent-company 31.12.2020	Asset management and brokerage 31.12.2020	As of 31.12.2019		Insurance business 31.12.2019	Leasing business 31.12.2019	Asset management and brokerage 31.12.2019
	Insurance business 31.12.2020	Leasing business 31.12.2020			Insurance business 31.12.2019	Leasing business 31.12.2019			
Government securities									
Rating AA	51 893	51 893	-	-	37 069	37 069	-	-	-
Rating A	-	-	-	-	5 000	5 000	-	-	-

Rating													
BBB	21 883	21 503	-	380	10 237	10 023	-	214					
Rating BB	350	350	-	-	1 606	1 606	-	-					
Rating B	5 617	5 617	-	-	5 970	5 970	-	-					
Rating													
AAA	22 470	22 098	-	372	8 338	8 130	-	208					
Corporate bonds													
Rating													
BBB	3 050	1 959	-	1 091	13 994	12 317	596	1 081					
Rating BB	121	121	-	-	535	535	-	-					
Rating B	-	-	-	-	12 336	12 336	-	-					
Rating													
AAA	-	-	-	-	16 707	16 707	-	-					
Rating AA	3 050	1 959	-	1 091	20 548	20 438	-	110					
No rating	18 182	17 921	7	254	-	-	-	-					
Shares													
Rating AA	407	407	-	-	-	-	-	-					
Rating													
BBB	35 339	35 339	-	-	45 770	45 770	-	-					
Rating BB	54	54	-	-	1 561	1 561	-	-					
No rating	91 798	89 728	-	2 070	44 774	43 148	-	1 626					
Total	251 164	246 990	7	4 167	224 445	220 610	596	3 239					

The Group has exposures to government debt as follows:

Portfolio as of 31.12.2020 In thousand BGN	Ukraine	Austria	Belgium	Italy	France	Netherlan d	Germany	Roma nia	Belarus	North Macedo nia	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

Portfolio as of 31.12.2019 In thousand BGN	Ukraine	Germany	EU	Belgium	Italy	Romania	France	Spain	North Macedonia	Total
Reported at fair value	-	8 338	12 492	8 105	10 023	214	16 472	5 000	-	60 644
Reported at amortized cost	5 970	-	-	-	-	-	-	-	1 606	7 576
Total	5 970	8 338	12 492	8 105	10 023	214	16 472	5 000	1 606	68 220

Inflation risk

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

According to NSI data, the consumer price index for March 2021 compared to February 2021 is 100.1%, i.e. monthly inflation is 0.1%. Inflation since the beginning of the year (March 2021 compared to December

2020) is 0.9%, and annual inflation for March 2021 compared to March 2020 is 0.6%. The average annual inflation for the period April 2020 - March 2021 compared to the period April 2019 - March 2020 is 0.8%.

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

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

Source: www.nsi.bg

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

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

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

Currency risk

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

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

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

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

Currency risk management

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, North Macedonia, Ukraine, Georgia and Belarus. 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 currencies as of December 31, 2020 is as follows:

As of 31 December 2020 <i>In thousand BGN</i>	Bulgarian leva	Euro	M	Romanian lei	Other curren cies	Total
			acedonia n denar			
Cash and cash equivalents	10 266	47 719	1 388	2 236	7 191	68 800
Fixed-term deposits in banks	4 305	1 175	7 389	-	10 586	23 455
Receivables from financial leasing	15 220	49 402	10 088	-	-	74 710
Government securities at fair value through profit or loss	-	96 246	-	-	-	96 246
Government securities carried 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
Share of reinsurers in insurance reserves	3 943	476 162	-	43 156	-	523 261
Total	195 077	723 807	24 774	49 083	39 466	1 032 207
Subordinated debt instruments	32 784	44 201	-	-	-	76 985
Loans from banks and non-bank financial institutions	26 339	135 378	9 922	-	2 702	174 341
Debt loan liabilities	17 813	125 539	-	-	19 990	163 342
Insurance reserves	195 455	88 586	20 342	447 810	84 737	836 930
Total	272 391	393 704	30 264	447 810	107 429	1 251 598

The distribution of significant financial assets and liabilities exposed to currency risk by currencies as of December 31, 2019 is as follows:

As of 31 December 2019 <i>In thousand BGN</i>	Bulgarian leva	Euro	Mace donian denar	Romanian lei	Other currenci es	Total
			donian denar			
Cash and cash equivalents	9 872	69 478	1 276	2 528	8 536	91 690
Time deposits in banks	4 272	1 176	7 253	-	3 086	15 787
Receivables from financial leasing	18 068	50 549	8 406	-	-	77 023
Government securities at fair value through profit or loss	-	60 430	-	214	-	60 644
Government securities carried at amortized cost	-	-	1 606	-	5 970	7 576
Corporate bonds at fair value through profit or loss	11 105	31 681	-	-	20 738	63 524
Open-end investment funds	8 496	267	3 788	-	-	12 551
Equity investments at fair value through profit or loss	63 202	11 972	1 039	3 746	191	80 150
Other financial assets	21 206	3 846	28	1 092	11 282	37 454
Share of reinsurers in insurance reserves	-	463 829	-	-	-	463 829
Total	136 221	693 228	23 396	7 580	49 803	910 228
Subordinated debt instruments	-	19 558	-	-	-	19 558
Loans from banks and non-bank financial institutions	30 106	102 728	7 765	-	136	140 735
Debt loan liabilities	19 653	116 678	-	-	21 333	157 664
Insurance reserves	101 842	153 349	20 365	458 219	33 908	767 683
Total	151 601	392 313	28 130	458 219	55 377	1 085 640

Interest rate risk

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

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

Interest risk management

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, 2020 is as follows:

As of 31 December 2020 <i>In thousand BGN</i>	Variable interest rate	Fixed interest rate			Total
			Interest-free		
Cash and cash equivalents	-	11 970	56 830		68 800
Time deposits in banks	-	23 455	-		23 455
Receivables from financial leasing	56 756	14 673	3 281		74 710
Government securities at fair value through profit or loss	-	96 246	-		96 246
Government securities carried 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

The distribution of financial assets according to their sensitivity to interest rate risk as of December 31, 2019 is as follows:

As of 31 December 2019 <i>In thousand BGN</i>	Variable interest rate	Fixed interest rate			Total
			Interest-free		
Cash and cash equivalents	-	66 627	25 063		91 690
Time deposits in banks	-	15 787	-		15 787
Receivables from financial leasing	57 951	16 045	3 027		77 023
Government securities at fair value through profit or loss	-	60 644	-		60 644
Government securities carried at amortized cost	-	7 576	-		7 576
Corporate bonds at fair value through profit or loss	374	61 978	1 172		63 524

Open-end investment funds	-	-	12 551	12 551
Equity investments at fair value through profit or loss	-	-	80 150	80 150
Other financial assets	-	35 796	1 658	37 454
Total	58 325	264 453	123 621	446 399

Risks related to regulatory changes Regulatory risk

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

Risk of increased competition

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

c) MANAGEMENT AND RISK MINIMIZATION MECHANISMS

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

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

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

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

ADDITIONAL INFORMATION LEGALLY REQUIRED REGARDING THE COMPANY

I. INFORMATION UNDER ART. 187d AND 247 OF THE COMMERCIAL ACT

1.1. Number and nominal value of the acquired and transferred during the year own shares, the part of the capital they represent, as well as price for the acquisition or the transfer

In 2020 the Company has not bought back or transferred any of its own shares, therefore at the end of the period the Company does not have any own shares

1.2. Number and nominal value of own shares and the part of the capital they represent

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

As of 31.12.2020 97 227 pcs. Shares of Eurohold Bulgaria AD are held by one subsidiary - Euro - Finance AD with a nominal value of BGN 97,227, representing 0.05% of the capital of Eurohold Bulgaria AD. The shares owned by Euro-Finance AD were not acquired in 2020.

1.3. Pledge of enterprise

Up until now, the Company has not transferred or pledged its enterprise, has not acquired and has not disposed of assets of significant value outside the Company's usual course of business.

1.4. Information about the insolvency proceedings

The Company is not aware of any claims filed for initiating an insolvency procedure against it or against any of its subsidiaries.

1.5. Information on the amount of remuneration of each of the members of the management and supervisory bodies for the reporting financial year, paid by Eurohold Bulgaria and its subsidiaries.

In 2020, the members of the management and control bodies received the following gross remuneration from Eurohold Bulgaria and its subsidiaries, as follows:

Remuneration received by the members of the Supervisory Board and the Management Board for 2020	from Eurohold Bulgaria AD	from subsidiaries	TOTAL
Supervisory Board	178 307	314 661	492 968
Asen Christov	14 640	130 672	145 312
Dimitar Dimitrov	7 200	124 851	132 051
Radi Georgiev	<i>there is no agreed and paid remuneration for 2020.</i>	59,138	59 138
Kustaa Äimä	<i>there is no agreed and paid remuneration for 2020.</i>	<i>there is no agreed and paid remuneration for 2020.</i>	<i>there is no agreed and paid remuneration for 2020.</i>
Lyubomir Stoev	87 618	<i>there is no agreed and paid remuneration for 2020.</i>	87 618
Luisse Gabrielle Roman	68 849	<i>there is no agreed and paid remuneration for 2020.</i>	68 849
Management Board	111 600	997 403	1 109 003
Kiril Boshov	24 000	547 318	571 318
Asen Minchev	75 600	53 760	129 360
Velislav Christov	<i>there is no agreed and paid remuneration for 2020.</i>	119 177	119 177
Asen Assenov	12 000	277 148	289 148
Razvan Lefterov	<i>there is no agreed and paid remuneration for 2020.</i>	<i>there is no agreed and paid remuneration for 2020.</i>	<i>there is no agreed and paid remuneration for 2020.</i>
Procurators	13 320	-	17 218
Hristo Stoev	13 320	<i>there is no agreed and paid remuneration for 2020.</i>	13 320
Milena Guentcheva	<i>there is no agreed and paid remuneration for 2020.</i>	3 898	3 898

Source: Eurohold Bulgaria AD

Kustaa Lauri Äimä and Razvan Lefter do not have an agreement with Eurohold to pay monthly remuneration for their work as Members of the Supervisory Board and the Management Board, therefore such was not voted on by the General Meeting of Shareholders (GMS) and was not paid during the historical periods in any form.

No remuneration and/or compensation in kind were paid to the members of the Management and Supervisory Boards during the specified period.

Eurohold Bulgaria, as well as its subsidiaries, does not set aside amounts for payment of pensions, retirement benefits or other similar benefits to the members of the Management and Supervisory Boards, as well as to the Procurators of the company.

The members of the Management Board and the Supervisory Board receive their remuneration on the basis of concluded management contracts and control contracts with the Company, respectively. The current employment contracts of the members of the Management and Supervisory Boards with Eurohold are valid until the termination of the respective position.

Eurohold Bulgaria has adopted a policy for the remuneration of the members of the Supervisory and Management Boards. This policy regulates the basic rules for determining the remuneration of persons who hold office as members of the supervisory and management board of the public company in connection with the exercise of their powers in the exercise of management and supervisory functions in the company. The remuneration policy has been developed on the basis of the requirements in the Public Offering of Securities Act and Ordinance No.48 of the Financial Supervision Commission of March 20, 2013 (amended and supplemented, SG, issue 61 dated 10.07.2020) for the requirements to the remuneration with a view to creating a transparent and fair internal framework for formation of the remuneration of the members of the Supervisory Board and the Management Board of Eurohold Bulgaria AD. As of the date of preparation of the Report on the activity in the company, the function of the Remuneration Committee is performed by the Supervisory Board.

1.6. Company shares owned by members of the Management and Supervisory Board

As of December 31, 2020, the members of the Management and Supervisory Boards and the Procurator of the Company hold shares in the capital of Eurohold Bulgaria, as follows:

Members of Management Board and Supervisory Board	Owned number of shares
Supervisory Board	200
Assen Christov	does not own
Dimitar Dimitrov	200
Radi Georgiev	does not own
Kustaa Äimä	does not own
Lyubomir Stoev	does not own
Luis Gabriel Roman	does not own
Governing Board	67 600
Kiril Boshov	does not own
Asen Minchev	does not own
Velislav Christov	200
Assen Assenov	67 400
Razvan Lefterov	does not own
Procurators	-
Hristo Stoev	does not own
Milena Guentcheva	does not own

Source: Eurohold Bulgaria AD.

In 2020, the members of the Management and Supervisory Boards, as well as the procurators of the company did not acquire shares of the company and did not transfer shares to the company.

The members of the Management and Supervisory Boards, as well as the procurators have not acquired, do not own and have not transferred bonds issued by the company.

1.7. Rights of the members of the boards to acquire shares and bonds of the Company

As of the date of preparation of this activity report no agreements or other agreements have been reached with the employees of Eurohold Bulgaria AD for their participation in the capital of the Company.

The members of the Management Board and the Supervisory Board and the Procurators of the Company may freely acquire shares from the capital, as well as bonds of the Company on a regulated securities market in compliance with the provisions of the Law on Implementation of Measures against Market Abuse, European regulations and Financial Regulation and the Public Offering of Securities Act.

No options for acquisition of Company's shares have been issued in favor of the management and supervisory bodies' members, employees or third parties.

1.8. Information on the participation of the members of the management and control bodies of the Company and of its procurator / s in legal entities, as unlimited partners, the ownership of 25 and more percent of the capital of another company, as well as their participation in management or control bodies or as procurators in other legal entities

Eurohold Bulgaria AD has a two-tier corporate governance system as follows: a Management Board, composed of five natural persons, and a Supervisory Board composed of six natural persons.

The Management Board of the Company consists of the following members: Kiril Ivanov Boshov, Asen Minchev Minchev, Velislav Milkov Christov, Assen Emanouilov Assenov and Razvan Stefan Lefter.

The Supervisory Board consists of the following members: Assen Milkov Christov, Dimitar Stoyanov Dimitrov, Kustaa Lauri Äimä, Radi Georgiev Georgiev, Lubomir Stoev and Louise Gabrielle Roman.

Procurators of Eurohold Bulgaria AD are Hristo Lubomirov Stoev and Milena Miltchova Guentcheva.

The Company is represented jointly by an executive member of the Management Board and a procurator of the Company.

There are family relationships between the members of the Management Board and the Supervisory Board. Assen Christov and Velislav Christov are second degree collateral relatives (brothers). There are family relationships between the member of the Supervisory Board - Lubomir Stoev and the Procurator Hristo Stoev who are first degree lineal relatives (father and son).

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

Supervisory Board

Name	Assen Milkov Christov
Title	Chairman of the Supervisory Board
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<ul style="list-style-type: none"> ◆ Euroins Insurance Group AD – Chairman of the Board of Directors; ◆ Starcom Holding AD – Executive member of the Board of Directors and shareholder holding 51 % of the capital.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Alfa Euroactive EOOD – Sole owner of the capital and Manager; ◆ First Investment Bank JSC, Russia - Chairman of the Supervisory Board; ◆ Starcom Hold AD –Chairman of the Board of Directors and shareholder holding 99.67% of the capital; ◆ Hanson Asset Management Ltd., United Kingdom – Director; ◆ Wonder Group AD – Chairman of the Supervisory Board; ◆ Quintar Capital Limited, Hong Kong – member of the Board of Directors.

	<p>Current in other legal entities:</p> <ul style="list-style-type: none"> ◆ Association "Multi-Sport Students Club at Private Secondary School "Saint George" – Chairman of the Management Board ◆ Association "Bulgarian Athletics Federation" – member of the Management Board <p>Previous:</p> <ul style="list-style-type: none"> ◆ Formoplast 98 AD – Chairman of the Board of Directors until 04.09.2020, as at the date of this activity report the person is not Chairman of the Board of Directors; ◆ Euroins Osiguruvanje AD, Skopje, North Macedonia – Chairman of the Board of Directors until 10.07.2020, as at the date of this activity report the person is not Chairman of the Board of Directors; ◆ Euro-Finance AD – Chairman of the Board of Directors until 02.04.2020, as at the date of this activity report the person is not Chairman of the Board of Directors; ◆ Euroins Romania Asigurare - Reasigurare S.A. – Chairman of the Board of Directors until 26.03.2020, as at the date of this activity report the person is not Chairman of the Board of Directors; ◆ Starcom Hold AD –Executive member of the Board of Directors until 06.06.2019, as at the date of this activity report the person is not Executive member of the Board of Directors, but remains Chairman of the Board of Directors and shareholder holding 99.67% of the capital; ◆ Avto Union AD - Chairman of the Board of Directors until 26.10.2018, as at the date of this activity report the person is not a Chairman of the Board of Directors; ◆ Balkan International Basketball League OOD - Manager and a partner holding 50% of the capital until 17.11.2017, as at the date of this activity report the person is not a Manager and a partner holding 50% of the capital.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<p>As at the date of this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
Relevant professional experience	<p>Asen Christov holds a master's degree in Physics from Sofia University "St. Kliment Ohridski" and has specialized in the Institute for Nuclear Research in Dubno, Russia. He has completed a specialization in Management in Open University - London. Speaks Russian and English.</p> <p>Asen Christov has exercised the above-mentioned managerial positions during different periods within the last 5 years. He has held the position of Chairman of the Board of Directors of Eurobank AD between 1997 and 2000 with representative functions exercised, he was also a Chairman of the Supervisory Board of IC Euroins AD from 2000 until 2007, as well as of the investment firm Euro-Finance AD.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	<p>As of the date of this report, the person has been imposed one administrative penalty (fine) for failure to introduce an internal procedure in a company within the Eurohold Bulgaria AD group and two administrative penalties (fine) on the grounds of Art. 221, para. 1, item 4 of the Public Offering of Securities Act. The penal decrees imposing the two administrative penalties on the grounds of Art. 221, para. 1, item 4 of the Public Offering of Securities Act are subject to court appeal, as one of the penal decrees has been revoked by the court within the court appeal by a decision already entered into force and effect, and the other is still in court proceedings and accordingly has not entered in force.</p> <p>During the previous 5 years no coercive administrative measures have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>

Name	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	<ul style="list-style-type: none"> ◆ IC Euroins AD – Procurator.

are significant with respect to the Company	
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Eurologistic Technologies EOOD – Manager; ◆ Cable Network AD – member of the Board of Directors and Executive Director; ◆ Creative Software Solutions EOOD – Manager and Sole owner of the capital; ◆ Starcom Hold AD – member of the Board of Directors and Executive Director; ◆ Starcom Finance EAD – member of the Board of Directors and Executive Director. <p>Previous:</p> <ul style="list-style-type: none"> ◆ 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, 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	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 previous 5 years no coercive administrative measures and administrative penalties have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).

Name	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; ◆ Aurejärvi Varainhoito Oy – member of the Board of Directors; ◆ UAB D Investiciu Valdymas – member of the Board of Directors; ◆ Amber Trust SCA – Director; ◆ Amber Trust II SCA – Director; ◆ Amber Trust Management S.A. – member of the Management Board; ◆ Amber Trust II Management S.A. – member of the Management Board; ◆ AS Toode – member of the Supervisory Board; ◆ Managetrade OÜ – member of the Supervisory Board; ◆ AB Baltic Mill – member of the Board of Directors; ◆ UAB Malsena Plius – member of the Board of Directors; ◆ JSC Rigas Dzirnavnieks – Chairman of the Supervisory Board; ◆ Bostads AB Blåklinten – member of the Board of Directors. <p>Previous:</p> <ul style="list-style-type: none"> ◆ 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 Apdrošijamasnams – 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.
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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"> ◆ 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>
Relevant professional experience	<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	<p>During the previous 5 years no coercive administrative measures and administrative penalties have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>

Name	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; ◆ Corporate Advisors EOOD – Sole owner of the capital. <p>Current in other legal entities:</p> <ul style="list-style-type: none"> ◆ Association "Republic of Art" - Chairman of the Management Board and legal representative; ◆ Law Firm "Kalaïdziev and Georgiev" – partner. <p>Previous:</p> <ul style="list-style-type: none"> ◆ IC Euroins AD – member of the Supervisory Board until 09.07.2020, as, due to change in the corporate governance system of IC Euroins AD from two-tier to one-tier from 09.07.2020, as at the date of this activity report the person is not a member of the Supervisory Board.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<p>As at the date this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>

Relevant professional experience	Attorney at the Sofia Bar Association (since 1996), a partner in the Law Firm "Kalaidjiev and Georgiev".
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the previous 5 years no coercive administrative measures and administrative penalties have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).
Name	Lubomir Stoev
Title	Independent member of the Supervisory Board
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	As at the date of this activity report, there are no activities performed outside of the Company, which are significant with respect to the Company.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ AFG Invest GmbH – Executive Director; ◆ Sofia Sound EOOD – sole owner of the capital. <p>Previous:</p> <ul style="list-style-type: none"> ◆ Dar Finance EOOD – Manager until 13.01.2017, as at the date of this activity report the person is not a Manager.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	As at the date this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.
Relevant professional experience	Mr. Stoev graduated from the University of Mining and Geology "St. Ivan Rilski", Sofia, qualification Engineer. In the same year, he obtained a Master's degree in Sociology and Economics at the University of Economics and Business Administration in Vienna. In October 2009, Mr. Stoev obtained qualification as insurance and investment advisor at the Deutsche Vermögensberatung Bank AG in cooperation with the Generali Group and the Chamber of Commerce in Vienna. From February 2005 to December 2007, Mr. Stoev was the Executive Director of the company Vitosha Unternehmensbeteiligung AG (part of the Uniqa Group). Since November 2010 until May 2012 he was a member of the Board of Directors of Expat Capital AD, responsible for the elaboration of business strategies and analyzes, risk assessment and investment opportunities and other. Since December 2006, Lubomir Stoev is the Chief Executive Officer of AFG Invest GmbH, whose main activity is related to investments in commercial undertakings and real estates.
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the previous 5 years no coercive administrative measures and administrative penalties have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).
Name	Louise Gabrielle Roman
Title	Member of the Supervisory Board
Business address	Box 522, Midland Park, NJ 07432, United States of America
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these	As at the date of this activity report, there are no activities performed outside of the Company, which are significant with respect to the Company, except as a consultant at Minerva Global Consulting LLC.

are significant with respect to the Company	
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Minerva Global Consulting LLC – founder; ◆ PacificBridge Capital LLC – partner. <p>Previous:</p> <ul style="list-style-type: none"> ◆ Dechert LLP – Partner until June 2018, as at the date of this activity report the person is not a Partner; ◆ Dewey & LeBoeuf – Partner until April 2012, as at the date of this activity report the person is not a Partner.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	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 previous 5 years no coercive administrative measures and administrative penalties have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).

Management Board

Name	Kiril Ivanov Boshov
Title	Chairman of the Management Board and Executive member
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<ul style="list-style-type: none"> ◆ Avto Union AD – Deputy Chairman of the Board of Directors; ◆ Euroins Insurance Group AD – Executive Director; ◆ Euroins Romania Asigurare-Reasigurare S.A. – Chairman of the Board of Directors; ◆ Starcom Holding AD – Chairman of the Board of Directors and shareholder holding 34 % of the capital.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Alcommerce EOOD – Manager and sole owner of the capital; ◆ Eurolease Auto S.A., Romania – Member of the Board of Directors;

	<ul style="list-style-type: none"> ◆ Capital-3000 AD – Chairman of the Board of Directors; ◆ Starcom Hold AD – Deputy Chairman of the Board of Directors; ◆ Hanson Asset Management Ltd., United Kingdom – Director; ◆ Wonder Group AD – member of the Supervisory Board; <p>Current in other legal entities:</p> <ul style="list-style-type: none"> ◆ Association "Endeavor Bulgaria" – member of the Management Board; ◆ Association "Association of Bulgarian Insurers" – member of the Management Board; ◆ University of National and World Economy (UNWE), Sofia – member of the Trustees Council. <p>Previous:</p> <ul style="list-style-type: none"> ◆ Euroins Osiguruvanje AD, Skopje, North Macedonia – member of the Board of Directors until 10.07.2020, as at the date of this activity report the person is not a member of the Board of Directors; ◆ Euro-Finance AD – Deputy Chairman of the Board of Directors until 02.04.2020, as at the date of this activity report the person is not a Deputy Chairman of the Board of Directors; ◆ N Auto Sofia EAD – member of the Board of Directors until 10.11.2017, at the date of this activity report the person is not a member of the Board of Directors; ◆ Euroins - Health Insurance EAD (the entity was merged into IC EIG Re EAD) – Chairman of the Board of Directors until 27.06.2017, as at the date of this activity report the person is not a Chairman of the Board of Directors.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<ul style="list-style-type: none"> ◆ Armada Capital AD – member of the Board of Directors until 28.02.2020, as at the date of this activity report the person is not a member of the Board of Directors and the company is dissolved through voluntary liquidation, deleted from commercial register on 28.02.2020. <p>As at the date of this activity report, there is no information about any other bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
Relevant professional experience	<p>Kiril Boshov holds a Master's degree in Accounting and Control from the University of National and World Economy, Sofia. He speaks English and Russian.</p> <p>From 1995 to 1997 Kiril Boshov was the Chief Accountant of Mobikom – the first mobile operator in Bulgaria, a joint venture between Bulgarian Telecommunication Company and Cable and Wireless, United Kingdom. As Deputy Chairman of the Board of Directors and a procurator he participated actively in the restructuring of the assets portfolio of Eurobank AD, representation of the bank and direct management of the active bank operations – lending and capital markets. From 2000 to 2008 Kiril Boshov was a Chairman of the Management Board of Insurance Company Euroins AD and in 2006 the company was awarded "Company with best corporate management" by the Association of Investors in Bulgaria. In his capacity of a Chairman of the Board of Directors of Eurolease Auto AD, he managed the fund raising activities of the Company as well as the overall management process for the conclusion of an International Funding Agreement between Eurolease Auto AD and Deutsche Bank AG – branch London amounting to EUR 200 million.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	<p>As of the date of this report, the person has been imposed one administrative penalty (fine) for failure to introduce an internal procedure in a company within the Eurohold Bulgaria AD group and five administrative penalties (fine) on the grounds of Art. 221, para. 1, item 4 of the Public Offering of Securities Act. The penal decrees imposing the administrative penalties on the grounds of Art. 221, para. 1, item 4 of the Public Offering of Securities Act are subject to court appeal, as two of the penal decrees have been revoked by the court within the court appeal by decisions already entered into force and effect, and the other three are still in court proceedings and accordingly have not entered in force.</p> <p>During the previous 5 years no coercive administrative measures have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>

Name	Asen Minchev Minchev
Title	Executive Member of the Management Board
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a	<ul style="list-style-type: none"> ◆ Auto Italia EAD – Member of the Board of Directors;

management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<ul style="list-style-type: none"> ◆ Star Motors EOOD - Procurator.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Capital-3000 AD – Executive Member of the Board of Directors; ◆ Cable Network AD – Chairman of the Board of Directors. <p>Previous:</p> <ul style="list-style-type: none"> ◆ Bulvaria Holding EAD (currently VI Lyulin EAD) – member of the Board of Directors until 27.01.2020, as at the date of this activity report the person is not a member of the Board of Directors.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<p>As at the date of this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
Relevant professional experience	<p>Asen Minchev holds a Master's degree in Accounting and Control from the University of National and World Economy.</p> <p>Asen Minchev was an Executive Director of the holding company Eurohold AD for the period 1998 - 2006 until its merger with Starcom Holding AD. From 1996 to 2000 he was a member of the Management Board of IC Euroins AD, and was also a representative of the Deputy Chairperson of the Supervisory Board of Euroins - Health Insurance AD.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	<p>As of the date of this report, the person has been imposed three administrative penalties (fine) on the grounds of Art. 221, para. 1, item 4 of the Public Offering of Securities Act. The penal decrees imposing the administrative penalties mentioned are subject to court appeal, as one of the penal decrees was upheld, the second has been revoked by the court within the court appeal by a decision already entered into force and effect, and the third is still in court proceedings and accordingly has not entered in force.</p> <p>During the previous 5 years no coercive administrative measures have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>

Name	Velislav Milkov Christov
Title	Member of the Management Board
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<ul style="list-style-type: none"> ◆ Starcom Holding AD –member of the Board of Directors and shareholder holding 15 % of the capital; ◆ IC EIG Re EAD – member of the Supervisory Board; ◆ Starcom Finance EAD – Chairman of the Board of Directors; ◆ PJSC Insurance company Euroins, Belarus (former PJSC "IC ERGO") – Chairman of the Supervisory Board; ◆ Euroins Osiguruvanje AD, Skopje, North Macedonia – Chairman of the Board of Directors.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Wonder Group AD – Chairman of the Supervisory Board. <p>Previous:</p> <ul style="list-style-type: none"> ◆ IC Euroins AD – member of the Management Board until 09.07.2020, as, due to change in the corporate governance system of IC Euroins AD from two-tier to one-tier from 09.07.2020, as at the date of this activity report the person is not a member of the Supervisory Board

Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<ul style="list-style-type: none"> ◆ BM24.BG Ltd. – Sole owner of the capital until 10.04.2017, as at the date of this activity report the person is not a Sole owner of the capital and the company was dissolved through voluntary liquidation, deleted from commercial register on 10.04.2017. <p>As at the date of this activity report, there is no information about any other bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
Relevant professional experience	<p>Velislav Christov has more than 25 years of experience as a lawyer and consultant in the field of civil, commercial, banking and insurance law, as well as over 20 years of experience in business management. His career includes a number of managerial positions as a member of the management and supervisory bodies of banks, insurance companies, public and private commercial companies and the head of the legal departments of the same. Velislav Christov is at the same time a freelance lawyer and holds a Master's degree in Law from the Faculty of Law of the Sofia University.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	<p>As of the date of this report, the person has been imposed five administrative penalties (fine) on the grounds of Art. 221, para. 1, item 4 of the Public Offering of Securities Act. The penal decrees imposing the administrative penalties mentioned are subject to court appeal, as four have been revoked by the court within the court appeal by a decision already entered into force and effect, and the last fifth is still in court proceedings and accordingly has not entered in force.</p> <p>During the previous 5 years no coercive administrative measures have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<ul style="list-style-type: none"> ◆ Avto Union AD – member of the Board of Directors and Executive Director; ◆ Amigo Leasing EAD – Chairman of the Board of Directors; ◆ Auto Italia EAD – Chairman and Executive member of the Board of Directors; ◆ Autoplaza EAD – Chairman of the Board of Directors and legal representative; ◆ Avto Union Service EOOD – Manager; ◆ Bulvaria Varna EOOD – Manager; ◆ Bulvaria Sofia EAD – member of the Board of Directors and Executive Director; ◆ Eurolease Auto EAD – Chairman of the Board of Directors and legal representative; ◆ Eurolease Group EAD – Chairman of the Board of Directors and legal representative; ◆ Eurolease Rent-a-Car EOOD – Manager; ◆ Espace Auto OOD – Manager; ◆ Motohub OOD – Manager ◆ N Auto Sofia EAD – Chairman of the Board of Directors and legal representative; ◆ Sofia Motors EOOD – Manager; ◆ Star Motors EOOD – Manager; ◆ Motobul EAD – Chairman of the Board of Directors; ◆ Benzin Finance EAD – member of the Board of Directors.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Benzin EOOD – Manager; ◆ Eurolease Auto S.A., Romania – Chairman of the Board of Directors; ◆ Eurotruck EOOD – Manager;

	<ul style="list-style-type: none"> ◆ Izgrev 5 EOOD – Manager and Sole owner of the capital; ◆ Motobul Express EOOD – Manager; ◆ Rentronics OOD – partner, holding 40 % of the capital; ◆ Forest Park 4 OOD – Manager and partner, holding 50 % of the capital. <p>Current in other legal entities:</p> <ul style="list-style-type: none"> ◆ Association "Athletics Sports Club "Saint George" – member of the Management Board. <p>Previous:</p> <ul style="list-style-type: none"> ◆ Daru Car AD – member of the Board of Directors and Executive Director until 22.04.2020, member of the Board of Directors from 21.01.2021 until 12.03.2021, as at the date of this activity report the person is not a member of the Board of Directors and/or Executive Director; ◆ Bulvaria Holding EAD (currently VI Lyulin EAD) – Chairman of the Board of Directors and Executive Director until 27.01.2020, as at the date of this activity report the person is not a Chairman of the Board of Directors and Executive Director; ◆ Motobul EAD – Executive Director until 15.09.2018, as at the date of this activity report the person is not an Executive Director, but remains member and Chairman of the Board of Directors; ◆ Motobul EOOD – Manager until 26.12.2017, as, due to the reorganization of Motobul EOOD by means of change of the legal form from a sole owned limited liability to a sole owned joint stock company, as at the date of this activity report the person is not a Manager. <p>Previous in other legal entities:</p> <ul style="list-style-type: none"> ◆ Association "Bulgarian Tennis Federation" – member of the Management Board until 28.02.2020, as at the date of this activity report the person is not a member of the Management Board.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<p>As at the date this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
Relevant professional experience	<p>Asen Assenov holds a Master's degree in Accounting and Control and a Bachelor's degree in International Economics Relations from the University of National and World Economy in Sofia. Mr. Assenov has an MBA (<i>Master of Business Administration</i>) in International Accounting Standards and International Business from the University of Economics in Vienna.</p> <p>Asen Assenov began his professional career 11 years ago at Eurohold AD as an accountant. In the period 2002-2004 he was the chief accountant of Eurohold AD. Since the end of 2004, Mr. Assenov was appointed for Executive Director of Eurolease Auto EAD – the leasing company in the structure of Eurohold at that time.</p> <p>Currently, Mr. Assenov is responsible for the leasing and automotive businesses within the group structure of Eurohold Bulgaria AD. Mr. Assenov is the Executive Director of Avto Union AD and manages the Group's leasing companies in Romania and Macedonia; in addition, he manages the car dealer companies selling Nissan, Renault, Dacia, Saab, Opel, Chevrolet, Fiat, Lancia, Alfa Romeo, Mazda, Maserati brands and Castrol and BP motor oil dealer companies (Motobul), all of which are also parts of the subsidiary sub-holding of Eurohold Bulgaria – Avto Union AD.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	<p>As of the date of this report, the person has been imposed three administrative penalties (fine) on the grounds of Art. 221, para. 1, item 4 of the Public Offering of Securities Act. The penal decrees imposing the administrative penalties mentioned were subject to court appeal within which all three penal decrees have been revoked by the court by a decisions already entered into force and effect.</p> <p>During the previous 5 years no coercive administrative measures have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>
Name Title Business address	Razvan Stefan Lefter Independent member of the Management Board 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"> ◆ Teroplast SA – Member of the Board of Directors until 01.2021, as at the date of this activity report the person is not a Member of the Board of Directors; ◆ KJK Caramida Srl. – Member of the Board of Directors until 06.2018, as at the date of this activity report the person is not a Member of the Board of Directors; ◆ Conpet SA – Member of the Board of Directors until 17.05.2018, as at the date of this activity report the person is not a Member of the Board of Directors; ◆ Mundus Services AD – Member of the Board of Directors and Executive Director until 01.12.2017, as, due to change in the corporate governance system from one-tier to two-tier from 01.12.2017, as at the date of this activity report the person is not a Member of the Board of Directors and Executive Director, but a member of the Supervisory Board; ◆ Cemacon SA – Member of the Board of Directors until 08.02.2017, as at the date of this activity report the person is not a Member of the Board of Directors.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<ul style="list-style-type: none"> ◆ Condmag SA – Independent Member of the Board of Directors until 20.07.2015, as at the date of this activity report the person is not a Member of the Board of Directors and the company is undergoing insolvency proceedings. Company's special administrator has not made any legal claims against Mr. Razvan Lefter, who was an independent member of the Board of Directors of the company at the date the insolvency of the company was declared. As at the date of this activity report the company is undergoing reorganization proceedings <p>As at the date of this activity report, there is no information about any other bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
Relevant professional experience	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	As of the date of this report, the person has been imposed three administrative penalties (fine) on the grounds of Art. 221, para. 1, item 4 of the Public Offering of Securities Act. The penal decrees imposing the administrative penalties mentioned are subject to court appeal, as two of the penal decrees have been revoked by the court within the court appeal by a decisions already entered into force and effect, and the last third is still in court proceedings and accordingly has not entered into force.

PROCURATORS

Name	Hristo Lubomirov Stoev
Title	Procurator
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	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	Current:

management or supervisory body and/or partner at any time in the previous 5 years	<ul style="list-style-type: none"> ◆ Geniponika Management AD – Member of the Board of Directors and Executive Director shareholder, holding 30% of the capital; ◆ DB Project OOD – Manager; ◆ DZZD Project Rilamar - Dolna Banya - representative ◆ COCA Project RilaMar – Dolna Banya - Representative ◆ Intelectnova Ltd. – Manage and partner, holding 50% of the capital. <p>Previous:</p> <ul style="list-style-type: none"> ◆ IT Baseline OOD – Partner holding 1% of the capital until 09.05.2016, as at the date of this activity report the person is not a Partner in the company.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<p>As at the date of this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
Relevant professional experience	<p>Mr. Stoev graduated from the University of Mining and Geology "St. Ivan Rilski", Sofia in 1973, degree in "Development of ores and mineral resources". In 1973, he began working at Gorubso Madan Mining. From 1978 to 1983 Mr. Stoev was a research associate at the Minproekt Science Department. In 1985 Mr. Stoev became the Assistant Professor at the University of Mining and Geology "St. Ivan Rilski". At present, Mr. Stoev is a professor and member of the Bulgarian Blasting Engineers Association. Hristo Stoev has a number of publications.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	<p>During the previous 5 years no coercive administrative measures and administrative penalties have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>
Name	Milena Milchova Guentcheva
Title	Procurator
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<p>Current:</p> <ul style="list-style-type: none"> ◆ Euroins Romania Asigurare-Reasigurare S.A. – Managing Director; ◆ PJSC Insurance company Euroins, Belarus (former PJSC "IC ERGO") – Chairman of the Supervisory Board.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>As at the date of this activity report, there is no information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years.</p>
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<p>As at the date of this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>
Relevant professional experience	<p>Milena Guentcheva holds a Master's degree from Moscow City University, Moscow with a Master degree in Foreign Languages and has completed a specialized course in Finance and Organization Management at NBU, Sofia. Fluent in English, French and Russian.</p> <p>Milena Guentcheva has been part of the Eurohold's team for 20 years and during this time she has participated and managed various projects and has gained significant professional knowledge and experience in the insurance field.</p>

	<p>She has been part of Euroins Insurance Group since the establishment of the company, where her main responsibilities and duties are related to building and developing long-term relationships with corporate clients of the group, as well as monitoring and coordination of insurance activities. For 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	<p>As of the date of this report, the person has been imposed an administrative penalty (fine) on the grounds of Art. 163, para. 4, letter "b" of the Law 237/2015 on the licensing and supervision of the insurance activity and reinsurance and an administrative measure (withdrawal of an approval) on the grounds of Art. 163, para. 5, letter "a" of Law 237/2015. The decision imposing the administrative measure and penalty mentioned is subject to court appeal, and as of the date of this activity report the decision of the administrative body has been revoked by the court, but the act of the court issued within the court appeal has not yet entered into force.</p> <p>During the previous 5 years no other coercive administrative measures and administrative penalties have been imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency or receivership proceedings; he has never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company (including an issuer) or from acting in the management or conduct of the affairs of any company (including an issuer); he has never been officially publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies).</p>

The Supervisory and Management Boards of Eurohold Bulgaria AD, in accordance with the Company's Articles of Association, are elected with a term of office of five years. In the event that the contracts of the members of the Management and the Supervisory Board are not terminated explicitly before the expiration of their term of office, they shall automatically be deemed to be renewed for a further five-year term. The possibility for extension of the contracts for management and supervision of the members of the Management Board is unlimited.

The members of the Management and Supervisory Boards are appointed under a management and control contract. The ongoing contracts of the members of the Management Board and the Supervisory Board shall have effect until the termination of the implementation of the position.

The management agreements concluded with Eurohold Holding AD or with one of its subsidiaries do not provide for compensations or remunerations which the persons would receive upon their early termination.

	Date of the management/ control contract	until date
SUPERVISORY BOARD		
Assen Christov	12.12.2006	Until termination
Dimitar Stoyanov Dimitrov	12.12.2006	Until termination
Radi Georgiev	17.04.2015	Until termination
Kustaa Äimä	27.07.2017	Until termination
Luise Gabrielle Roman	27.11.2018	Until termination
Lyubomir Stoev	27.07.2017	Until termination
MANAGEMENT BOARD		
Kiril Boshov	12.12.2006	Until termination
Asen Minchev	12.12.2006	Until termination
Assen Assenov	20.08.2009	Until termination
Velislav Christov	22.10.2012	Until termination
Razvan Lefter	22.08.2017	Until termination

	Date of contract for proccuracy	Until date
proccuracy		
Hristo Stoev	10.02.2016	Until termination
Milena Guentcheva	22.12.2020	Until termination

1.9. Contracts entered into in 2020 with the members of the Management Board and the Supervisory Board or persons related to them, which go beyond the usual activity of the Company or materially depart from the market conditions

No agreements that fall outside of the usual scope of the business activity of the Company or deviate significantly from the market conditions have been signed with the company by the members of the Management Board and Supervisory Board or related to them parties.

1.10. Planned economic policy for the next year, including expected investments and human resources development, estimated income from investments and company development, as well as upcoming transactions substantial for the Company's activity

Information regarding the planned business policy, including forthcoming transactions essential for the company's activity is presented in the item "*Current trends and likely future development of the Eurohold Group*".

In 2020, no new employees were hired at Eurohold Bulgaria AD and no temporary employees were hired. As of December 31, 2020, Eurohold Bulgaria AD employs 15 employees on an employment contract.

In connection with the nature of the holding company's activity, as well as the fact that as such, Eurohold does not perform regular commercial and/or production or other type of activity requiring the hiring of new staff in business growth and development, Eurohold Bulgaria is not expected significant development in the hiring of staff in the company in the short and medium term.

Since the establishment of Eurohold Bulgaria AD to date there have been no trade union organizations of the employees.

II. ADDITIONAL INFORMATION ACCORDING TO ANNEX 10 OF ORDINANCE №2 OF THE FSC

2.1. Information given in value and quantity on the main categories of goods, products and/or services provided, indicating their share in the Company's sales revenue as a whole and the changes occurring during the accounting financial year.

As a holding company, the main activity of Eurohold Bulgaria AD is acquisition, management, evaluation and sale of shares in Bulgarian and foreign companies, as well as financing of subsidiaries.

The Company does not perform independent commercial and manufacturing activity. The revenues of Eurohold Bulgaria AD are formed from a financial activity related to the creation and management of participations and financing of related enterprises.

Detailed information, given in value and quantity, on the main categories of products and services by segments is presented in this report in the section "OVERVIEW OF GROUP FINANCIAL RESULTS" and in the section "OVERVIEW OF KEY RESULTS BY BUSINESS LINES".

Realized consolidated sales revenues by segments for 2020 and the comparable period of 2019 are as follows:

Revenues from operating activities by business segments	2020 000'BGN	2019 000'BGN
Revenues from the insurance segment	1 434 748	1 323 840
Revenues from the automotive segment	162 697	244 757
Revenues from the leasing segment	21 628	25 301
Revenues from financial and investment segment	7 935	4 521
Revenues from the activity of the parent company	3 028	2 390
	1 630 036	1 600 809

Other income by business segments	2020	2019
	000'BGN	000'BGN
Automotive business*	2 240	14
Leasing*	227	-
Financial-investment activity	19	173
	2 486	187

* Represent funding received in 2020 (BGN 2,240,000 for the automotive business and BGN 227,000 for the leasing business) in connection with overcoming the consequences of the Covid-19 pandemic under the government's employment retention program "Payment of compensations by the order of art. 1, para 3 of CMD №55 / 30.03.2020 of an employer, who has established part-time work under the art. 138a, para 2 of the Labor Code, measure 60 / 40".

The conditions and the order for payment of the compensations are settled 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).

2.2. Information on revenue broken down by category of activity, internal and external markets as well as information on the sources of supply of materials necessary for the production of goods or the provision of services reflecting the degree of dependence on each individual seller or buyer/user, in case the relative share of any of them exceeds 10 per cent of the costs or revenues from sales, information is provided for each person separately, about his share in the sales or purchases and his relations with the Company.

The 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 activity in this sense does not carry out activity on domestic and foreign markets, such activity is carried out by the subsidiary subholding structures.

Detailed information on the consolidated revenues, distributed by separate categories of activities of Eurohold Bulgaria AD on a consolidated basis by segments and distribution on domestic and foreign markets, is presented in this report in the "OVERVIEW OF GROUP FINANCIAL RESULTS" and in the section "OVERVIEW OF KEY BUSINESS RESULTS".

2.3. Information on significant transactions concluded

In 2020, Eurohold Bulgaria AD did not enter into major transactions and those of significant importance for the activity of the Holding, except for those mentioned in this report, namely:

✓ **Increase by BGN 48.4 million of the investment in the subsidiary Euroins Insurance Group AD after:**

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

✓ **On 01.11.2020, a new contract was concluded for the acquisition of own bonds**

Eurohold has entered into a new contract for the acquisition of its own bonds (10,500), which bonds are given as collateral in connection with a REPO transaction with a closing date of 31.10.2021.

✓ **On 26.11.2020, Eurohold Bulgaria issued a second-tier bond loan.**

Bond loan with ISIN: BG2100013205 in the amount of EUR 30,000,000 is registered by Central Depository AD. The issue is the second in a row ordinary, registered, dematerialized, interest-bearing, secured, non-convertible, freely transferable bonds under the conditions of primary private (non-public) placement within the meaning of Art. 205, para. 2 of the Commercial Law. The nominal and issue value

of each bond is EUR 1,000 (one thousand). The maturity date of the issue is November 26, 2027, and the principal is repaid once at maturity. Interest payments are made every six months, as of the date of registration of the issue (November 26, 2020), at a fixed nominal interest rate - 3.25% on an annual basis. Bond loan is secured by an insurance contract "Bond loan" concluded between Eurohold Bulgaria AD as an insurer and Euroins Bulgaria AD as an insurer. The trustee of the bondholders of the issue is Financial House Ever AD.

During the comparative period - 2019, Eurohold Bulgaria AD has not entered into major transactions and those essential for the activities of the Holding other than those mentioned in this report acquisition of a minority stake in Euroins Insurance Group AD and sale of a minority stake in Eurolease Group, as follows:

✓ **In 2019 Eurohold makes the following investments in the capital of Euroins Insurance Group AD:**

- » contribution in the amount of BGN 3.9 million from unpaid capital;
- » purchase of a part of the remaining minority share in the subsidiary insurance sub-holding in connection with which BGN 12.3 million were paid;

✓ **In 2019, Eurohold sold 9.99% of Eurolease Group AD**

The investment in the subsidiary Eurolease Group AD decreased by BGN 2.7 million in connection with a contract for the sale of 9.99% of the capital of the subsidiary. As of 31.12.2020, as well as follows: of the date of preparation of this report, the holding of Eurohold Bulgaria AD in Eurolease Group has been reduced to 90.01% of the capital.

During the reporting periods, the Company has entered into transactions with related parties, including dematerialized transactions that have no effect on the financial result. The transactions are described in the next item 2.4 below.

2.4. Information on transactions entered into between the Company and related parties during the reporting period proposals for such transactions as well as transactions that are outside its normal course or materially deviate from the market conditions on which the issuer or its subsidiary is country with an indication of the value of the transactions, the nature of the relationship and any information necessary to assess the impact on the issuer's financial position.

As of the date of preparation of the Activity Report there are no transactions or proposals for transactions with related parties which are of considerable importance for the Eurohold or any of its subsidiaries, which are uncommon or have unusual conditions.

Within the holding, there are constantly conducted transactions between the parent company and the subsidiary as a result of the nature of their main business activity.

All transactions are made on a fair value basis Transactions between the holding and the subsidiaries are typical, where the intragroup loans manage the liquidity of the individual companies and conduct an investment policy. The company grants loans to its subsidiaries for the purposes of working capital funding.

In connection with these transactions as of 31.12.2020 and as of the comparable period 31.12.2019 the Company has incurred revenues and expenses from and to related parties, as follows:

Related party transactions and balances according to the consolidated financial statements

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 31.12.2020 the Group has the following transactions with related parties:

	31.12.2020 BGN'000	31.12.2019 BGN'000
Receivables on loans from Starcom Holding AD	32 130	5 731
Receivables from repo transactions from Starcom Holding AD	2 206	239
Other receivables from Starcom Holding AD	1 193	1 180
Other receivables from Hanson Asset Management Ltd	194	226
Loan liabilities to Starcom Holding AD	3 255	6 988
Subordinated debt instruments - Starcom Holding AD	57 427	-
Other liabilities to Starcom Holding AD	20 536	20 536
Investments in debt instruments of Starcom Holding AD	3 898	3 494
Dividend liabilities Starcom Holding AD	101	101
Commission income - Starcom Holding AD	186	124
Rent income - Hanson Asset Management Ltd	358	137
Service income - Starcom Holding AD	11	-
Interest income - Starcom Holding AD	874	593
Interest expenses - Starcom Holding AD	1 323	157

The composition of key management personnel is disclosed in Appendix 1. The remuneration and other short-term benefits of key management personnel for 2020 are disclosed in a remuneration report available at: <https://www.eurohold.bg/files/documents/articles/e9bdffd2aa2bd35391491d08c92c5c26.pdf>

2.5. Information about events and indicators with an unusual nature for the Company that have a material impact on its activities and its realized revenues and expenses; assessing their impact on results in the current year.

During the reporting period there were no events, which were unusual for the Company and which have a considerable impact on its activity and its revenues and expenses, in addition to the outbreak of the Covid-19 pandemic and the impact it has had on the business and performance of Eurohold's subsidiaries, as disclosed in this Activity Report.

2.6. Information on off-balance sheet transactions - nature and business purpose, indication of the financial impact of the transactions on the activity, if the risk and benefits of these transactions are significant for the Company and if the disclosure of this information is essential for assessing the financial condition of the Company

Eurohold Bulgaria AD has no off-balance sheet transactions.

WARRANTIES AND GUARANTEES PROVIDED

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 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 04.02.2019 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 maturing on 01.01.2021.

Insurance

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 under bank guarantees, each of which in the amount of EUR 600 thousand in favor of NBBAZ, as the funds securing the bank guarantees in question are blocked on deposit accounts of the Group 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 Association of Greek Insurers. As of December 31, 2020, the Company through its branch in the Hellenic Republic is a guarantor 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 of a related company. In its role of insurer, Euroins Insurance Group AD retains its right of ownership over the financial collateral.

As at the date of the consolidated financial statements there are no guarantees and guarantees provided by third parties.

2.7. Information on equity interests of the Company, its main investments in the country and abroad (in securities, financial instruments, intangible assets and real estate) as well as investments in equity securities outside its Group of companies within the meaning of the Accountancy Act and the sources/ways of financing.

Detailed information on the Company's shareholdings and its main investments in the country and abroad is presented in this report in the section "ECONOMIC GROUP"

2.8. Information about the concluded by the Company, its subsidiary or parent Company, in their capacity as borrowers, loan agreements, with indication of their conditions, including the deadlines for repayment, as well as information on guarantees and commitments.

Funds raised from financial institutions:

	Limit	Original currency	Interest rate %	Maturity	31.12.2020	31.12.2020 Incl. Principal	31.12.2019	31.12.2019 Incl. Principal
Insurance business								
Creditor	10 000	EUR	6.50%	31.3.2025	19 165	19 163	9 593	9 315
Creditor	18	BGN	12.75%	31.10.2022	5	5	15	15
Creditor	4 372	BYN	4% yearly + commision 2,2% of the loan as of 01.01	12.08.2027	2 702	2 702	-	-
Creditor	80 000	GEL	10.00%	-	-	-	48	48
Creditor	143 000	GEL	10.00%	-	-	-	87	87
Creditor	3 000	GEL	3.00%	-	-	-	1	1
Automotive business								
Creditor				31.12.2021				
Bank 1	800 000	EUR	1M EURIBOR + 3.5%	1	809	809	809	809
Creditor	500 000	EUR	1M EURIBOR + 3.5%	30.9.2021	760	760	-	-
Creditor	400 000	EUR	1M EURIBOR + 3.5%	31.12.2021				
Bank 1	1 144	EUR	1M EURIBOR + 3.5%	1	782	782	782	782
Creditor	750 000	EUR	1M EURIBOR + 3.5%	31.12.2021	1 050	1 050	1 050	1 050
Creditor	50 000	EUR	1M EURIBOR + 3.5%	1	467	467	467	467

Creditor	1									
Bank 2	760	000	EUR	1M EURIBOR + 3.5%	10.12.202	1	663	663	887	887
Creditor	1									
Bank 2	360	000	EUR	1M EURIBOR + 3.5%	10.12.202	1	1 187	187	1 386	1 386
Creditor	870	000	EUR	1M EURIBOR + 2.25%	10.12.202	1	1 257	257	1 602	1 602
Creditor	Bank 2									
Bank 2	160	000	EUR	3M EURIBOR + 3.3%		-			101	101
Creditor	907									
Bank 2	993		EUR	3M EURIBOR + 3.3%		-			160	160
Creditor	2									
Bank 2	500	000	EUR	1m EURIBOR + 2.0%	30.6.2023	4 889	889	4 884	4 884	
Creditor	240	000	EUR	3M EURIBOR + 4%	20.9.2022	407	407	466	466	
Creditor	Bank 4									
Bank 4	145	879	EUR	5,25%	21.12.202	1	195	195	188	188
Creditor	1									
Bank 5	200	000	EUR	AIR in euro at FIB +3.7641%, min 3.95%	31.5.2021	2 286	286	-	-	-
Creditor	1	292	EUR	1M SOFIBOR + 1.8%		-	-	520	520	
Creditor	2	869	EUR	BDILE + 1.80%		-	-	106	106	
Creditor	3	196	EUR		31.12.202	0	5	-	-	-
Leasing busines s	Limit	Original currenc y	Interest rate	%	Maturity	31.12.202	31.12.202 0 Incl. Principal	31.12.201 9	31.12.201 9 Incl. Principal	
Creditor	9				11.2023					
Bank 1	779	BGN	ODI+2.3%/min 2.3%			6 857	6 857	8 667	8 667	
Creditor	3				10.2023					
Bank 2	500	EUR	3m.Euribor+2.8%			3 020	3 020	4 160	4 160	
Creditor	Bank 2									
Bank 2	2	000	BGN	1m.Euribor+3.5%/min.3.5%	08.2021	193	193	536	536	
Creditor	Bank 2									
Bank 2	3	912	BGN	Prime+2.72%/min.2.72%	02.2024	2 562	562	3 258	3 258	
Creditor	Bank 2									
Bank 2	13	691	BGN	Prime+2.72%/min.2.85%	11.2022	4 574	574	7 286	7 286	
Creditor	Bank 2									
Bank 2	978	BGN	Prime+2.85%/min.2.85%		02.2023	464	464	616	616	
Creditor	Bank 2									
Bank 2	9	779	BGN	Prime+1.72%/min.2.72%	09.2026	5 203	203	2 434	2 434	
Creditor	Bank 2									
Bank 2	10	244	EUR	3m.Euribor+3.5%/min 3.5%	11.2026	15 428	428	17 096	17 096	
Creditor	Bank 2									
Bank 2	4	150	EUR	3m.Euribor+2.5%/min.2.5%	07.2022	3 788	788	5 818	5 818	
Creditor	Bank 2									
Bank 2	850	EUR	3m.Euribor+2.5%/min.2.5%		07.2022	1 282	282	1 640	1 640	
Creditor	Bank 2									
Bank 2	5	000	EUR	3m.Euribor+2.75%/min 2.75%	10.2024	7 986	986	1 990	1 990	
Creditor	Bank 2									
Bank 2	723	EUR	3m.Euribor+3%/min.3%		12.2021	255	255	495	495	
Creditor	Bank 2									
Bank 2	2	600	EUR	3m.Euribor+3.5%/min.3.5%	09.2022	837	837	1 778	1 778	

Creditor								
Bank 3	446	EUR	3m.Euribor+3%/min.3%	05.2022	208	208	364	364
Creditor								
Bank 3	500	BGN	3m.Euribor+2.95%/min.2.95%	11.2025	4 562	4 562	987	987
Creditor								
Bank 3	1456	BGN	Prime+2.32%/min.2.32%	09.2022	506	506	748	748
Creditor								
Bank 4	1956	BGN	Prime+2.85%/min.2.85%	02.2024	1 403	1 403	1 799	1 799
Creditor								
Bank 4	1956	BGN	Prime+1.85%/min.2.85%	09.2025	1 013	1 013	274	274
Creditor								
Bank 4	550	EUR	3m.Euribor+2.8%	09.2023	536	536	742	742
Creditor								
Bank 5	3000	EUR	3m.Euribor+3%/min.3%	6.2023	115	115	-	-
Creditor								
Bank 6	1050	EUR	6m.Euribor+4.75%/min.4.75%	05.2021	1 358	1 358	1 894	1 894
Creditor								
Bank 6	2000	EUR	3m.Euribor+5.25%/min.5.25%	06.2025	2 884	2 884	3 490	3 490
Creditor								
Bank 6	2000	EUR	6m.Euribor+5.25%/min.5.25%	04.2025	3 388	3 388	3 013	3 013
Creditor								
Bank 6	2468	BGN	Prime+2.32%	03.2024	3 096	3 096	3 614	3 614
Creditor								
Bank 7	4500	EUR	5,25%	12.2023	8 360	8 360	6 985	6 985
Creditor								
Bank 7	1000	EUR	1m.Euribor+4.25%	04.2026	1 366	1 366	780	780
Parent company								
				12.2021				
Creditor	15000	EUR	6,0%+ EURIBOR		10	10	17	17
Bank 1					704	561	846	602
				03.2025				
Creditor	10000	EUR	6,0%+ EURIBOR		15	15	18	18
Bank 1					176	060	194	072
				07.2022				
Creditor	20000	EUR	6,5%		29	29	-	-
Bank 2					510	337		
				TOTAL	174 341	173 903	140 735	139 955

Bond obligations by segments

		31.12.2020	31.12.2019
		BGN'000	BGN'000
Automotive business		14 606	14 151
Leasing business		5 212	9 900
Parent company		143 524	133 613
		163 342	157 664

Bond obligations – long term, by segments

		31.12.2020	31.12.2019
		BGN'000	BGN'000
Automotive business		13,542	13 067
Leasing business		2 524	1 591
Parent company		123 493	132 858

139 559**147 516****37.2. Bond obligations – short term, by segments**

	31.12.2020 BGN'000	31.12.2019 BGN'000
Automotive business	1 064	1 084
Leasing business	2 688	8 309
Parent company	20 031	755
	23 783	10 148

Issued bonds

	Cupon	Original currency	Maturity	31.12.2020 Nominal in thousand	31.12.2019 Nominal in thousand
Automotive Business					
Corporate bonds*	4.50%	BGN	12.2022	6 800	6 800
Corporate bonds	3.85%	BGN	06.2028	8 800	8 800
Leasing business **					
Corporate bonds	4.75%	BGN	03.2022	1 500	-
Corporate bonds	4.00%	BGN	05.2025	6 000	-
Corporate bonds	3.75%	EUR	07.2023	1 250	1 250
Corporate bonds	5.00%	BGN	02.2020	-	6 000
Corporate bonds	3m.Euribor + 3.95%	EUR	07.2021	5 800	5 800
Parent company					
EMTN Programme	6.50%	EUR	12.2022	70 000	70 000
EMTN Programme	8.00%	PLN	12.2021	45 000	45 000
Corporate bonds***	3.25%	EUR	11.2027	30 000	-

* The company Auto Union AD is an issuer of a bond issue traded on the Bulgarian Stock Exchange with ISIN: BG2100025126. The issue was put on trading 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 terms. The amount of 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 in 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.

*** 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 (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. The maturity date of the issue is November 26, 2027, and the principal is repaid once at maturity. Interest payments are made every six months, as of the date of registration of the issue (November 26, 2020), at a fixed nominal interest rate - 3.25% on an annual basis. The debenture loan is secured by a bond loan insurance contract concluded between the issuer Eurohold Bulgaria AD, as an insurer, and Euroins AD Insurance Company as an insurer. The trustee of the bondholders in the issue is Ever Financial House AD.

2.9. Information on loan agreements concluded by the Company, its subsidiary or parent company, in its capacity as lenders, including the provision of guarantees of any kind, including to related parties, indicating the specific conditions thereof, including the final payment deadlines, and the purpose for which they were granted.

All loans granted by Eurohold Bulgaria AD, including related parties, are disclosed in detail in the certified annual separate financial statements of the company for 2020.

All loans granted by the subsidiaries of Eurohold Bulgaria AD, including related parties, are disclosed in detail in the certified annual separate financial statements of the companies for 2020.

All audited financial statements of the subsidiaries mentioned above can be found on the websites of the respective companies.

2.10. Information on the use of funds from new issue of securities made during the reporting period

Within 2020, no procedure for increasing the capital of the Company was carried out.

The company has issued a bond issue in the amount of 30 000 000 EUR. The funds raised from the issue were used according to the purposes for which it was issued, namely to repay short-term liabilities of the Company to non-banking institutions - Euro Commercial Papers (ECP) (in 2020 they were issued, repurchased and repaid and deleted from the registers three issues of Euro Commercial Papers (ECP), with a total face value of EUR 20,200 thousand and additional payment of subscribed but unpaid capital of the subsidiary Euroins Insurance Group AD in the amount of EUR 10,000 thousand .

As of the date of this Report, Eurohold Bulgaria AD is in the procedure of share capital increase in connection by a decision of the GMG, taken on April 10, 2021. The parameters of the capital increase are described in the item "*Significant events*" and "*Other information*" below.

2.11. Analysis of the ratio between the achieved financial results stated in the financial statements for the financial year and previously published forecasts for these results.

Eurohold Bulgaria AD has not published or submitted profit forecasts.

2.12. Analysis and evaluation of the policy on the management of financial resources, indicating the possibilities for servicing the obligations, the possible threats and measures that the issuer has taken or is about to take with a view to their elimination.

The main activity of Eurohold Bulgaria AD, as a holding company, is to effectively manage the money resources accumulated in the whole structure and accordingly to allocate them according to the needs of the individual subsidiaries. The Company policy in this field is to carry out the funding in the direction - "subsidiaries - parent company" instead of "subsidiary - subsidiary". The management of the free financial resources of subsidiaries is carried out in accordance with the regulatory requirements and for the purpose of achievement of good profitability under the conditions of reasonable assumption of risk.

The investment program of Eurohold Bulgaria AD in 2020 is realized through own and borrowed funds.

2.13. Assessment of the possibilities for realization of the investment intentions, indicating the amount of the available funds and stating the possible changes in the structure of the financing of this activity.

Information regarding the planned economic policy, including forthcoming transactions essential to the company's activities is presented in the item "*Current trends and probable future development of the Eurohold Group*".

2.14. Information on changes that occurred during the reporting period in the key management principles of the Company and its subsidiaries within the meaning of the Accountancy Act.

During the reporting period there was no change in the basic principles of management of the Company and the companies from its economic group.

2.15. Information on the main features of the internal control system and the risk management system applied by the Eurohold in the process of preparing the financial statements.

In Eurohold Bulgaria AD and the companies from the economic and the group has a built-in system for risk management and internal control which ensures the efficient functioning of the accounting and financial reporting and disclosure systems. The internal control system is being developed and functioning also in order to identify the risks accompanying the Group's activity and to support their effective management.

The main features of the internal control system are as follows:

- ◆ **Control environment:**
 - built on the basis of integrity and ethical behavior;
 - presence of experienced management with direct participation in the business processes of the Company and critical review of the activity;
 - the organizational structure is in line with the nature of the business and ensures a division of responsibilities;
 - levels of competence are tailored to specific positions;
 - hierarchy and clear rules, rights, obligations and reporting levels;
 - the delegation of authority and responsibilities policy;
 - policies and practices on human resources is addressed to the appointment of competent and credible employees.
- ◆ **Risk management** - a process for identifying, assessing and controlling potential events or situations that may adversely affect the achievement of the Company's objectives through direct participation of the Management in the activity;
- ◆ **Control activities** - control activities aimed at minimizing the risk and increasing the probability that the goals and objectives of the Group will be achieved. These are the procedures for:
 - approval and decision-making (authorization);
 - preliminary control of legality, executed by the Executive Director immediately before signing a decision;
 - complete, accurate, accurate and timely booking of all operations (processing of information);
 - Operational control and review of the results of the work performed by the Executive Director on a daily basis in the assignment and performance of the work.
 - division of duties;
- ◆ **Information and communication** - the availability of efficient and reliable information and communication systems ensuring the collection and dissemination of complete, reliable and reliable information, horizontal and vertical communication from and to all levels, as well as a timely accountability system.
- ◆ **Monitoring** - there is a system for ongoing monitoring and evaluation of controls, and in case of established deviations, corrective and corrective measures are taken.

2.16. Information about the changes in the managing and the supervisory bodies during the reporting financial year

In 2020 there were no changes in the management and supervisory board of the Company. In December 2020, Milena Gentcheva was appointed with a contract for procuracy.

2.17. Information on the amount of remuneration, rewards and/or benefits of each member of the management and supervisory bodies for the accounting financial year and its subsidiaries, regardless of whether they were included in the Company's costs or are attributable to distribution of profits, including:

- a) received amounts and non-monetary remunerations
- b) contingent or deferred wages arising during the year, even if the remuneration is due at a later date;
- c) an amount due by the Company or its subsidiaries for the payment of pensions, retirement benefits or other similar benefits.

Information under this item is provided in this report in section "Additional Information, Regulatory Required", I. Information under Art. 187d and Art. 247 of the Commercial Act under item 5.

Eurohold Bulgaria has published together with the audited separated financial statements Remuneration Report for 2020, the same is available on the company's website www.eurohold.bg.

2.18. For the public companies – information about Company's shares held by the members of the managing and supervisory bodies, procurators and the senior management, including the shares held by anyone of them separately or as a percentage of shares of each class, as well as the options provided by the Company to its securities – type and number of securities over which the options have been established, price of exercising the options, purchase price, if any, and term of the options.

Information under this item is provided in this report in section D14 „Additional Information, Regulatory Requirement”, I. Information under Art. 187d and Art. 247 of the Commercial Code under item 6.

The members of the Management and Supervisory Boards do not have options on the issued securities of the Company.

2.19. Information for the arrangements known by the Company (including after the end of the financial year), which may result in a future period in changes in the relative portion of shares or bonds held by present shareholders or bondholders.

As of the date of the reporting period and after closing of the fiscal year, the Company is not aware of any arrangements that might cause changes in the relative part of shares or bonds held by the current shareholders or bondholders.

2.20. Information on pending court, administrative or arbitration proceedings concerning liabilities or receivables of the Company amounting to at least 10 percent of its equity; if the total value of the liabilities or receivables of the Company in all initiated proceedings exceeds 10 per cent of its own capital, information about each production shall be presented separately.

Parent company

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

The parent company is a plaintiff in a case with a material interest of EUR 375 363.21. The parent company seeks a refund of the amount it has transferred. The transferred amount was completely blocked on an account in Erste Bank, Novi Sad, based on a prosecutor's order and an order of the civil court, and will be returned to the company after a formal decision on the above case. A final decision on the case is expected within the next 1 to 3 months. In view of the declared state of emergency in the country, it is possible to extend the term.

Asset management and brokerage

In 2019, on the basis of Order – 3 – 137 of 23.04.2019 of the Deputy Chairman of the FSC, head of the Investment Activity Supervision Department, an inspection of EURO-FINANCE AD was opened, which has not been completed as of the date of preparation of the financial statement. The administrative sanctions and coercive administrative measures imposed in the course of the inspection are appealed by the company before the respective competent Bulgarian court, as as of the date of preparation of the financial statements there are no indisputably determined administrative sanctions. For this reason, it is not possible to predict with certainty whether EURO-FINANCE AD will incur significant costs for court costs and payment of administrative sanctions in connection with the appealed penal decrees. Nevertheless, and given the fact that some of the penal decrees were confirmed at first instance, the sanctions imposed on the issued penal decrees were provided by EURO-FINANCE AD in order to comply with the precautionary principle and accrued costs amounting to BGN 280 thousand, because if they are confirmed by the court and come into force, a serious cost will be incurred for the payment of administrative sanctions.

2.21. Changes in the share price of Eurohold Bulgaria AD

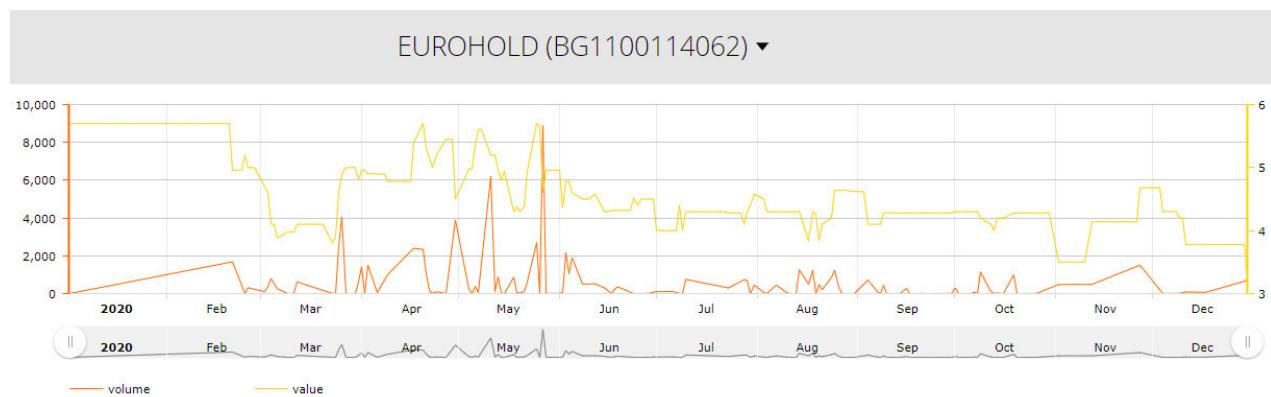
All shares of Eurohold Bulgaria AD are registered for trading on the Main Market of BSE AD, Standard shares Segment, with stock exchange code - EUBG.



The chart shows the movement of the prices of the shares of Eurohold Bulgaria AD on the BSE for the period 02.01.2020 - 30.12.2020 (respectively the first and last stock exchange quotation for the reporting 2020).

- Initial price: BGN 1.610 (07.01.2020)
- Last price: BGN 1.740 (30.12.2020)
- Maximum price: BGN 1.780 (30.12.2020)
- Minimum price: BGN 0.740 (30.03.2020)
- Value change: BGN +0.130
- Relative change: +8.07%
- Average price: BGN 1.323

After the dual listing in 2011, the shares of Eurohold Bulgaria AD have been traded on the Warsaw Stock Exchange, Main market, with stock index – **EHG**.



The chart shows the movement of the prices of the shares of Eurohold Bulgaria AD on the Warsaw Stock Exchange for the period 02.01.2020 - 30.12.2020.

- Initial price: BGN 2.47/PLN 5.70 (03.01.2020)
- Last price: BGN 1.44/PLN 3.32 (30.12.2020)
- Maximum price: BGN 2.47/PLN 5.70 (03.01.2020)
- Minimum price: BGN 1.44/PLN 3.32 (30.12.2020)
- Value change: BGN -1.03/PLN -2.38
- Relative change: -41.75%
- Average price: BGN 2.23 /PLN 4.54

OTHER INFORMATION

Events after the end of the reporting period

COVID-19 (Coronavirus)

At the end of 2019, news from China about COVID-19 (Coronavirus) first appeared, when a limited number of unknown virus cases were reported to the World Health Organization. During the first few months of 2020, the virus spread worldwide and its negative effects gained momentum. On 11.03.2020, after cases of new coronavirus strains were reported in 114 countries, the World Health Organization (WHO) announced the COVID-19 epidemic for a pandemic. On 13.03.2020, at the request of the government, the National Assembly declared a state of emergency in Bulgaria due to the coronavirus, which lasted until 13.5.2020 and was replaced by an emergency epidemic till 31.5.2021.

The Group takes all necessary measures in order to preserve the health of workers and to minimize the impact of the crisis at this stage of its occurrence. The actions are in accordance with the instructions of the National Operational Headquarters and strictly comply with the instructions of all national institutions.

The Management is closely monitoring the situation and looking for ways to reduce its impact on the Group, but a fall in the prices of shares on the global stock exchanges could affect the fair value of the Group's investments if the negative trend continues.

Management will continue to monitor the potential impact and will take all possible steps to mitigate the potential effects.

CHEZ Group

On January 19, 2021, the Energy and Water Regulatory Commission (KEVR) authorized Eurohold Bulgaria AD to acquire the companies of the Czech energy company CEZ Group in Bulgaria.

In this way, Eurohold received all necessary regulatory permits for the implementation of the acquisition. The deal was already approved by the Competition Commission on 29 October last year.

Eurohold will acquire control of CEZ Group's business in Bulgaria through its subsidiary and specially established Eastern European Electric Company B.V. (EEEC). The transaction includes 67% of the capital of the electricity distribution company CEZ Distribution Bulgaria AD and the public electricity supply company CEZ Electro Bulgaria AD, as well as 100% of the shares of the licensed electricity trader CEZ Trade Bulgaria EAD, the IT services company CEZ ICT Bulgaria EAD, the photovoltaic park Free Energy Project Oreshitz, the company for the production of electricity from biomass - Barra Group, and CEZ Bulgaria EAD, which coordinates and manages the activities of all companies of the Czech group in the country.

The next steps in the realization of the deal are the signing of the financing agreements and the transfer of the shares. The financing will be provided through own funds and borrowed capital from leading global investment banks.

Extraordinary annual cession of the General meeting of the shareholders

On April 10, 2021, at an extraordinary general meeting of shareholders, the following decisions were made:

- Decision to increase the capital of Eurohold Bulgaria AD, from BGN 197,525,600 (one hundred ninety-seven million five hundred twenty-five thousand six hundred) to BGN 276,535,840 (two hundred seventy-six million five hundred thirty-five thousand eight hundred and forty) by issuing a new issue of shares under the conditions of public offering under the Public Offering of Securities Act. The new issue consists of 79,010,240 shares of the same type and class as the existing issue of shares of the company, namely: dematerialized, registered, non-preferred, with the right to 1 (one) vote at the general meeting of shareholders of the company, entitled to dividend and right to liquidation share, proportional to the nominal value of the share. The nominal value of each share is BGN 1.00 (one). The issue value of each share is BGN 2.50 (two and 0.50). The capital of Eurohold Bulgaria AD will be increased only if at least 31,604,096 shares are subscribed and fully paid, representing 40% (forty percent) of the offered shares. In this case, based on Art. 192a, para. 2 of the Commercial Law, the capital will be increased only by the value of the subscribed and fully paid shares, equal to or exceeding the indicated minimum admissible amount

of the raised capital, whereby the public offering is considered to be successfully completed. It is not possible to subscribe for shares above the maximum admissible amount of the capital requested for raising in the amount of 79,010,240 shares.

With a decision from a meeting of the Financial Supervision Commission dated 29.04.2021, a prospectus for initial public offering of an issue of shares, which will be issued by Eurohold Bulgaria AD, was approved. <https://www.fsc.bg/bg/novini/resheniya-ot-zasedanie-na-kfn-na-29-04-2021-g--10350.html>

- Decision for amendments to the Articles of Association of the company.
- Decision to authorize the Management Board and the persons who manage and represent Eurohold Bulgaria AD to conclude a corporate guarantee of a total value above the threshold under Art. 114, para. 1, item 2, proposed 4 in connection with Art. 114, para. 1, item 1, letter "b" of the Public Offering of Securities Act, according to a motivated report prepared by the Management Board of the company, as a result of which an obligation will arise for Eurohold Bulgaria AD, in its capacity of corporate guarantor, for the payment of all liabilities (including, but not limited to, principal, interest, penalties, fees, commissions, other expenses) of its subsidiary - Eastern European Electric Company BV, which are related to and / or would be arising from the conclusion of financing transactions in the form of (i) subordinated debt, (ii) perpetual non-convertible preference shares with guaranteed dividend, issued by the subsidiary - Eastern European Electric Company BV. and / or by the subsidiary - Eastern European Electric Company II BV (Eastern European Electric Company II BV), (iii) a mezzanine loan and / or (iv) another financial instrument with an economic effect similar to the effect of the instruments under (i), (ii) and / or (iii), in the following main parameters of the financing transaction and, respectively, of the provided corporate guarantee: minimum value EUR 50 000 000 (fifty million), including the corresponding return for the applicable financing instrument for creditors / investors (eg interest, fixed dividend, nominal discount) and maximum value 150 000 EUR 000 (one hundred and fifty million), including the relevant return for creditors / investors (eg interest, fixed dividend, nominal discount); term - from 3 to 10 years; The transaction is carried out in favor of the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company BV and / or the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company II BV and indirectly, in favor of the parent company Eurohold Bulgaria AD; Purpose of the transaction - financing of part of the acquisition price of CEZ Group's assets in Bulgaria, parties to the transaction: Eurohold Bulgaria AD - corporate guarantor, on the one hand and the creditors / investors in the above-mentioned financing instruments of Eastern European Electric Company "B.V. and / or Eastern European Electric Company II BV - counterparty (beneficiary) to the corporate guarantee transaction, on the other hand.

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

Eurolease Group AD

On 27.11.2020, at a meeting of the Board of Directors of Eurolease Group AD, a decision was made to change the capital structure, as well as to reduce it. At the same meeting a decision was made to cover the accumulated loss and change the statute in connection with the reduction of capital.

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

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

By Decision № 135 - E of March 18, 2021, the Financial Supervision Commission approved a prospectus for admission to trading on a regulated market of an issue of Eurolease Group AD in the amount of BGN 6,000,000 (six million), distributed in 6,000 (six thousand).) the number of ordinary, interest-bearing, dematerialized, registered, freely transferable, secured, non-convertible bonds, with a single nominal and issue value of BGN 1,000 (thousand) each, issued on 05.02.2020 and maturing on 05.02.2025, with a fixed annual interest rate of 4% and with periodicity of interest payments for a period of 6 months, with ISIN

code BG2100001200. The indicated issue is entered in the register under Art. 30, para 1, item 3 of FSCA, led by FSC, for the purpose of trading on a regulated market.

Avto Union AD

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

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

Euroins Insurance Group AD

On February 19, 2021 an agreement for granting a cash loan in the form of a subordinated term debt was concluded between Starcom Holding AD (Lender) and EIG AD (Borrower) in the amount of up to EUR 10 million at an interest rate of 6% and a repayment period not exceeding -early than 5 years from the disbursement of the last tranche under the contract. In March 2021, the first tranche of the contract was received in the amount of EUR 5 million.

At the end of September 2020, the Company received a decision №. 1137 / 29.09.2020, whereby 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, paid on June 26, 2020 in the amount of EUR 5.5 million, respectively RON 27 million; (b) subordinated debt provided by a contract signed on 29 June 2020 in the amount of EUR 10 million, respectively RON 48.7 million and (c) a capital increase, (Extraordinary General Meeting of Shareholders on September 17, 2020) in the amount of RON 50 million. On December 3, 2020 Euroins Insurance Group AD decided to convert the two subordinated debts totally amounting to RON 75.7 million, as well as the calculated, but unpaid interest amounting to RON 0.8 million as of September 30, 2020 into equity. With Decision 342/March 11,2021, the capital increase of RON 50 million was approved by the local financial regulator. The short-term financing plan was approved with Decision 1469/December 14,2020 and was fully implemented within the deadline imposed by the decision of the Romanian Financial Regulator. The long-term recovery plan was adopted with Decision 22/January 07, 2021 and contains measures and actions in almost all areas of activity of the Company, which will 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 it.

On March 2, 2021, a loan agreement in the form of a subordinated debt was signed between EIG AD (Lender) and Euroins Romania (Borrower) in the amount of EUR 5 million. In March 2021, the first tranche of EUR 3.5 million was transferred.

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 capital decrease, Euroins Insurance Group AD became the sole owner of the capital of CJSC "ERGO" Insurance Company "Belarus.

On March 11, 2021, Ms. Tanya Blatnik was approved as Executive Director of Euroins Romania by the local financial regulator;

On March 31, 2021, Mr. Kiril Boshov was approved as Chairman of the Board of Directors of Euroins Romania by the local financial regulator;

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

CONTACT INFORMATION - INVESTOR RELATIONS DIRECTOR

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investors@eurohold.bg

Eurohold Bulgaria AD, Sofia

7 May 2021

Eurohold Bulgaria AD

2020

CONSOLIDATED NON-FINANCIAL DECLARATION

CONSOLIDATED NON - FINANCIAL STATEMENT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT OF THE EUROHOLD GROUP FOR 2020

Eurohold Bulgaria, as one of the largest independent financial groups in the region of Central and Southeast Europe, puts corporate social responsibility and sustainable development at the center of its activities.

This sustainability report describes how we understand and apply ours,

- corporate sustainability;
- sustainability strategy;
- sustainable financing program;
- social responsibility;
- the policies and guidelines we follow;
- the goals we have set;
- as well as our main achievements.

This report covers the entire structure of Eurohold Bulgaria and corresponds to the scope of financial information included in the annual consolidated financial statements for 2020.

Our non-financial data were collected through a group process, which included all companies part of the economic group of Eurohold Bulgaria.

Eurohold Bulgaria chooses an integrated approach to reporting non-financial information together with financial information, in order to more clearly present the relationship between the Group's activities in the field of social responsibility and sustainable development and financial activities, the economic group's business strategy, process management and the results of them.

We developed the content of this report, based on the European Commission's Guidelines on Disclosure of Non-Financial Information (2017 / C 215/01); European Commission Guidelines on Disclosure of Non-Financial Information: Supplement on Disclosure of Climate-Related Information (2019 / C 209/01); as well as International Integrated Reporting Council (IIRC) standards. In 2019 we started to direct our material topics to the disclosures recommended by the Working Group for Disclosure of Financial Information Related to Climate (Task force on climate-related financial disclosures) and in 2021 we will continue to work in this direction.

Basis for preparation of the Consolidated Non-Financial Statement

This Consolidated Non-Financial Statement of Eurohold Bulgaria SA is in accordance with Section III. "Non-financial statement" 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.

The preparation of this Consolidated Non-Financial Statement also takes into account the PUBLIC STATEMENT of the European Securities and Markets Authority (ESMA) "Common European Enforcement Priorities for the Annual Financial Statements for 2019".

In the process of disclosing non-financial information, we are guided by the following basic reporting principles, namely:

- ↳ **materiality** - disclosure of material information that is relevant to the Eurohold Group's ability to create value;
- ↳ **objectivity, balance and lucidity** - disclosure of all significant issues, positive and negative, in a balanced way;
- ↳ **comprehensive but concise** - includes relevant information for understanding organizational strategy, management and implementation;
- ↳ **strategic and future-oriented** - the Group's strategy and how it is used to create value in the short, medium and long term;
- ↳ **Stakeholder-oriented information** - includes information on relationships with key stakeholders, how the organization understands, takes into account and responds to their needs and interests;
- ↳ **consistent and coherent information** - consistent and coherent presentation between: the elements of the report; past, present and future; capital; financial and non-financial information; quantitative and qualitative information; internal (management) and external information; as well as between the information disclosed in the integrated report and the other reports of the group.

ORGANIZATIONAL REVIEW AND EXTERNAL ENVIRONMENT

Eurohold operates in the field of insurance, car sales, leasing and financial services - investment intermediation and asset management, the interconnection of business lines favours the creation of a single standard aimed at sustainable development in all companies.

EUROHOLD GROUP

14 { • COUNTRIES

33 { • COMPANIES

2 830 { • EMPLOYEES

1 579 130 { • BGN OPERATING INCOME

FOR EUROHOLD BULGARIA

Name and legal form of the Company

Eurohold Bulgaria AD is a holding joint stock company registered in the Republic of Bulgaria with a unified identification code (UIC) 175187337, which carries out its activities in accordance with Bulgarian legislation.

Headquarters and address of management

Republic of Bulgaria, Sofia 1592, 43 Christopher Columbus Blvd., where the head office of the Company is located, www.eurohold.bg.

Activity

The statutory subject of activity 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 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 main activity of the company is focused on financial and investment activities related to the acquisition, sale and management of participations and financing of related companies.

Public company

Eurohold Bulgaria AD is a public joint stock company within the meaning of the POSA. The shares of the company are registered for trading on the main market of the Bulgarian Stock Exchange AD with stock exchange code 4EH. The company's shares have been admitted to trading since December 15, 2011 and on Warsaw Stock Exchange (WSE) - Poland with stock exchange code EHG.

As a public company Eurohold Bulgaria AD is subject to financial supervision by the Financial Supervision Commission, www.fsc.bg.

Activities

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

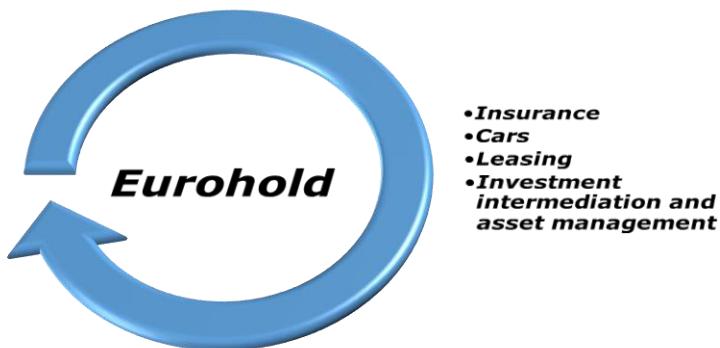
Investments

The company has significant investments in subsidiaries and as such does not conduct regular commercial transactions.

The holding, together with its subsidiary sub-holding structures and their operating companies, forms an economic group. At the same time, Eurohold Bulgaria AD is part of the economic group of its majority shareholder Starcom Holding AD.

CORPORATE PROFILE

The Eurohold economic group offers products and services in four directions.



Sub holding structures - business areas

The business lines are organized by types of activities and market segments, namely: insurance, car sales, leasing and financial services - investment intermediation and asset management.

The current business structure of Eurohold Bulgaria AD includes: four main sub-holdings and one investment intermediary company, namely:

- Euroins Insurance Group AD - specialized in insurance;
- Avto Union AD - specialized in the sale of cars;
- Eurolease Group EAD specialized in leasing;
- Euro-Finance AD - investment intermediation and asset management
- In 2019, Eurohold created another sub-holding with a focus on energy, but currently it is not operating.



The 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.

OUR COMMITMENT AND APPROACH TO SUSTAINABILITY

For Eurohold Bulgaria AD, sustainability means long-term economic success, combined with care for the environment, healthy and highly efficient working environment for employees and social commitment to society. Understanding the corporate management of Eurohold for sustainable development is a basic principle underlying the structure and corporate values of the holding. We believe that the continued success of an organization 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 the creation of ethics, collegiality and good faith, which are accepted by companies throughout the economic group. Eurohold's commitment is aimed at creating responsible social behavior towards the company's employees and customers, the needs of society and care for the environment.

WHAT WE DO

- ***Unified model***

The Eurohold Group has imposed 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, introducing and engaging our business partners to our environmental standards, social rights, human rights, the fight against 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 define areas for improving the environment at all levels of the company, projects related to environmental and health issues are initiated.

THE SUSTAINABLE DEVELOPMENT OF THE EUROHOLD GROUP

Eurohold Bulgaria, in the field of sustainable development and social responsibility

OUR GROUP MISSION is to offer a comprehensive, quality and fast service to our customers. We strive to be a constantly evolving group to be a market leader in the services it offers. That is why we are dedicated to the continuous development of our products and services depending on the needs of customers and society as a whole. The group strategically aims to offer such 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 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 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 from work and team spirit.**

THE BUSINESS STRATEGY of the whole group in the field of sustainable development is based on the understanding of creating shared value aimed at:

- ↳ **Business**
- ↳ **Management and employees**
- ↳ **Environmental protection**
- ↳ **The interests and needs of customers and society**

Ethics - Eurohold Bulgaria and all companies in the group observe and apply all principles of business ethics, moral values, ethical behaviour and protection of human rights.

The corporate culture of the Eurohold Group is:

Multicultural environment - based on support for the protection of human rights - equality and equal opportunities; protection against discrimination and introduction of good practices; adherence to ethical standards and respect for and by employees.

Flexible organization - the ability to cope with the inclusion of new companies, changing markets, competition, as well as meeting the changing needs of employees.

Results-oriented - constant pursuit of improvements and innovations; clear and precise definition of the values and indicators for achieving the adopted market strategy (quality, quantity, costs, time).

Oriented to market requirements and consumer preferences - development of innovations and new products, service culture.

Teamwork - promoting teamwork, inclusive atmosphere, ability to deal with conflict situations and joint problem solving.

Care and safety for employees - training, motivation through additional social incentives.

Communication - built an effective system of internal (vertical and horizontal) and external communications.

Future-oriented - our company culture is future-oriented, as evidenced by the company's motto - **Everyone has a history, we have a vision.**

Creating value

What we do to create value

The Eurohold Group operates in the financial sector of the economy - insurance, leasing, investment intermediation and asset management, as well as in the field of car sales. All four areas of the group create value in a model of companies offering services.

In the process of creating value for our services, we use primary and supporting value creation activities:

Primary activities:

Marketing and Advertising
Inbound management
Operations
Output management
After sales service

Supporting activities:

Company infrastructure - electricity, water, security, offices / showrooms / services, information system, activities related to general management, planning, finance and reporting, legal security, etc.
Human resources management - recruitment, company training (internal to the organization, external), staff development and remuneration
Technological development - activities related to product improvement, technological equipment, computers, etc.
Purchases - delivery of resources

The realized profit for the companies is the difference between the total value (the price of the product) and the total costs for the execution of the operations for creating the value.

The process of creating value goes through three stages:

- » First of all, we analyse and identify the key topics for us (planning), which helps us to focus our efforts on such services (products), where the greatest value can be created.
- » Secondly, we define the interaction with the stakeholders in relation to the priority key topics.
- » The third stage of value creation is the identification of risk factors influencing value creation, as well as making management decisions to deal with them.

The main principles on which the company's value creation policy is based are:

- » Sound resource management.
- » Generating stable profitability.
- » Ensuring publicity and transparency for the activities of the Company.
- » Social responsibility to society.

How we make value

As a highly integrated structure, the Eurohold Group creates value through its business model by using different types of capital, which it transforms through business activities and interactions, to obtain products and services that create value for the organization and stakeholders.

What we achieve

We increase our operating revenues by reducing administrative costs, strive to maintain operational efficiency and improve processes and return on investment. We build the necessary support and development by investing in our employees, in technology development and implementation of innovative business processes. Creating value is based on good business relationships. In everything we do, we are committed to the obligations and responsibilities that the Group has assumed to all stakeholders, which includes responsible action everywhere, following our core values, mission and vision.

Identify key stakeholder groups

To respond to changes, technological innovations and the growing digitalisation, we identify key stakeholder groups and actively engage with them.

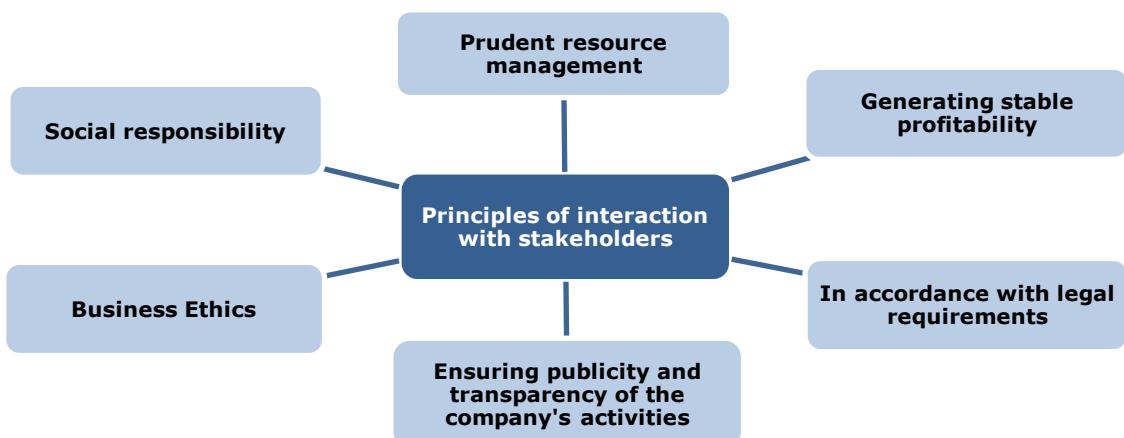
Stakeholders are both external to the company and internal, namely:

- » investors,
- » employees,
- » customers,
- » providers,
- » brokers and agents,
- » creditors,
- » other counterparties,
- » the local community and
- » other stakeholders.

The analysis of the expectations of the stakeholders is an important process for the Group's managers. Successfully responding to this challenge, our ability to adapt, to identify the risks and opportunities that are important to our key stakeholders depends on the success of our business.

Interaction with stakeholders

The group policy towards the stakeholders is based on principles that are followed by all companies part of the Eurohold economic group.



Eurohold Bulgaria SA 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 technologies and other functions.

Types of capital

In creating value, we use all types of capital:

Financial capital

- Our group financial capital is a combination of share capital, cash flows generated from operating activities, external financing from capital markets and financial institutions.

Production capital

- The group offers services and products for which the material and technical base for securing the points of sale is extremely important, as well as the highest level of information and technical equipment.

Human capital

- The success of Eurohold and the whole group depends on the diligence and professionalism of its employees. Therefore, the Group continues to invest in the professional and personal development of its employees. We strive to encourage our employees to activities that would allow them to reach their full potential and realize their professional ambitions.

Intellectual capital

- Our corporate procedures, management systems and organizational experience, skills and model, technologies, 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 cooperative relationships with our key stakeholders, through investments in strategic partnerships, support for municipal programs, support for 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 introduced practices to protect the environment and reduce electricity, water, gas and paper costs.

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-holding structures. Detailed information on the qualification, experience and competence of the members of the Supervisory and Management Boards of Eurohold Bulgaria is available in section "Additional information required by law for the company".

Management and control bodies of Eurohold Bulgaria SA

Supervisory Board	Management Board	PROSECUTORS
Asen Hristov <i>Chairman of the SB</i>	Kiril Boshov <i>Chairman of the Board and representing the company</i>	Hristo Stoev <i>Procurator</i>
Dimitar St. Dimitrov <i>Deputy Chairman of the SB</i>	Asen Minchev <i>Executive Member of the Management Board</i>	Milena Gencheva <i>Procurator</i>
Radi Georgiev <i>Member of the SB</i>	Velislav Hristov <i>Member of the Management Board</i>	
Kustaa Aima <i>Independent member of the SB</i>	Assen Assenov <i>Member of the Management Board</i>	
Lyubomir Stoev <i>Independent member of the SB</i>	Razvan Lefter <i>Independent Member of the Management Board</i>	
Louise Roman <i>Independent member of the SB</i>		

Eurohold Bulgaria is represented only jointly by one executive member of the Management Board and one Procurator of the company.

MANAGEMENT BODIES OF THE SUBSIDIARIES OF EUROHOLD BULGARIA
EUROINS INSURANCE GROUP
INSURANCE
BOARD OF DIRECTORS
Asen Hristov

Chairman of the Board of Directors

Kiril Boshov

Executive member of the Board of Directors

JERUN CAROL VAN LEYWAN

Member of the Board of Directors

The company is represented by the Executive Member of the Board of Directors Kiril Boshov

EUROLEASE GROUP
LEASING
BOARD OF DIRECTORS
Ivaylo Emilov Petkov

Executive member of the Board of Directors

Asen Assenov

Chairman of the Board of Directors

Parvoleta Ivanova

Deputy Chairman of the Board of Directors

The company is represented by the Executive Member of the Board of Directors Ivaylo Petkov and the Chairman of the Board of Directors - jointly and severally

AUTO UNION
AUTOMOBULES
BOARD OF DIRECTORS
Asen Assenov

Executive member of the Board of Directors

Kiril Boshov

Chairman of the Board of Directors

Milen Hristov

Deputy Chairman of the Board of Directors

The company is represented by the Executive Member of the Board of Directors Asen Assenov

EURO – FINANCE
INVESTMENT INTERMEDIATION AND ASSET MANAGEMENT
BOARD OF DIRECTORS
Vasil Stefanov

Deputy Chairman of the Board of Directors

Toma Kavroshilov

Executive member of the Board of Directors

Pavel Nikolov

Executive member of the Board of Directors

Milena Avramova

Executive member of the Board of Directors

Ivan Vlaev

Executive member of the Board of Directors

Desislava Aneva

Executive member of the Board of Directors

The company is represented by each of two executive members of the Board of Directors - together

EASTERN EUROPEAN ELECTRIC COMPANY II B.V.
ENERGY
DIRECTORS
Milen Hristov

Director A

Rance Gerard Boks

Director B

The company is represented by the two directors - together

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 in applying the principles of legality, expediency and efficiency.

The management system is adequate, built in accordance with the regulatory requirements for each area, and the following summary can be made valid for all companies of the Eurohold Group.

- ↳ There is an adequate and transparent organizational structure, compliant with the regulatory requirements for the specific business;
- ↳ Responsibilities are clearly and appropriately allocated;
- ↳ An effective system for providing information has been built;
- ↳ The management system meets the requirements of the guidelines for the management system of the European Insurance and Occupational Pensions Authority (EIOPA) - valid for the insurance companies of Euroins Insurance Group (applies to the insurance business);
- ↳ The management system is periodically reviewed;
- ↳ Eurohold Bulgaria as a public company has adopted, observes and is guided by the internationally accepted and applied principles of corporate governance. The holding has imposed these principles on the entire economic structure. The management of the subsidiaries and operating companies understands and shares the principles of good corporate governance, pursuing a policy of achieving optimal relationships between the practices of the Company and its internal regulations.

The management system of each company in the economic structure of Eurohold is the main responsibility of its governing bodies. The necessary internal organizational structure is provided to ensure that all processes, as well as the services and products provided by the companies, are in accordance with the current regulations.

The Management Board (MB) is the competent body that monitors the adequacy of the management system and takes the necessary measures in case of identified weaknesses or inefficiencies of elements of the system.

Specifics of the management system for the companies of the Insurance Sub-holding

Euroins Insurance Group SA / EIG / as an insurance holding company is subject to the special regulation provided in the Insurance Code (IC, in force from 01.01.2016), reproducing the European regulatory framework in insurance, transposing the provisions of Directive 2009 / 138 / EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), better known as the Solvency II regime. The regime introduces a number of changes in the structure and organization of the work of insurance companies, as well as of their "parent companies" (requirements for interaction and management at the level of insurance group). Increased requirements to the financial condition, monitoring and internal control of the solvency measurable with the prudential indicators, as well as obligations for current regulatory reporting and disclosure of information are envisaged. At the level of insurance holding there are requirements to the management and internal organization, as well as obligations for maintenance, guarantee and control in the consistent application of the management system in the insurers, part of the insurance group. The insurance holding company is also subject to regular regulatory reporting and disclosure on a consolidated basis. The annual reports are subject to confirmation by an external auditor. The performed audit is jointly performed by two independent external auditors, coordinated with the supervisory body - FSC.

The EIG management system is built in accordance with the requirements of Art. 265, para. 1 in connection with art. 76 - 79 and Art. 86 - 100 of the Insurance Code and the relevant texts in Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138 / EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and

Reinsurance (Solvency II) as well as the relevant guidelines of the European Authority, part of the European Supervisory Mechanism responsible for the insurance sector - the European Insurance and Occupational Pensions Authority (EIOPA). The management system of the insurance holding is applied consistently in the companies in the Group, as control mechanisms have been introduced at group level. It corresponds to the nature, volume and complexity of the group itself and is subject to periodic review - primarily as an obligation at the individual level performed by the supervisory or management bodies of insurers, part of the Group and subsequently at the group level through the application of group policies and rules. with the assistance of the EIG compliance function. The periodic inspection of the management system shall be carried out at least once a year.

The management system in insurers, part of the Group based outside the Member States of the European Union, respectively falling outside the scope of the Solvency II regime, is applied and introduces good practices to ensure the harmonious and consistent functioning of the whole system at EIG level.

The management system of the insurance group generally covers:

- » Reliability and professional management and control over the activities of the insurance group through the members of the top management, including the members of the Board of Directors, their qualification, professional experience and reliability.
- » Organization and fulfilment of the obligations of the key functions - in the insurance group, 4 (four) key functions function and are organized: risk management, internal audit, compliance and actuarial function.
- » System of internal acts - policies, rules and procedures approved by the competent authority, subject to periodic review and evaluation and consistent with the activities and internal organization of the processes in the EIG, as well as at the individual level of insurance companies part of the insurance group.

For the effective and consistent implementation of the management system in the insurance group, the Board of Directors of EIG is assisted by 4 key functions, performing practical tasks at group level, namely:

- Actuarial function;
- Risk management function;
- Internal audit;
- Compliance function.

The key functions, together with the audit committees, are essential for the establishment of the second and third line of defense, as well as for the protection of interests, the establishment of effective mechanisms and channels for adequate, timely and accurate provision of quantitative and qualitative information to individual stakeholders. faces. The insurance group recognizes the importance of disclosures as essential, in addition to protecting the interests of investors, customers, intermediaries, supervisors and other stakeholders, as well as to increase market discipline.

In this regard, the insurance subholding reports a significant increase in the importance, volume and criteria for disclosure of quality information, and is assigned to the Group Compliance Function to monitor and inform the management of changes, including in this area. The events of the reporting year 2020 have significantly affected this topic - in addition to approving the Regulation establishing a framework to facilitate sustainable investment and (Regulation (EU) 2020/852) and amending the Regulation on disclosures on sustainability information in the sector of financial services (Regulation (EU) 2019/2080), part of the Green Deal, initiated discussions on the introduction of a regulatory technical standard, as well as a revision of Directive 2015/95 / EU of the European Parliament and of the Council of 22 October 2014. amending Directive 2013/34 / EU as regards the disclosure of non-financial information and diversity information by certain large enterprises and groups (NFRDs). As of the date of this report, a draft for both initiatives has been submitted for discussion, and as of March 2021, the life insurance company in the insurance group disclosed information in connection with Regulation (EU) 2019/2080.

Given the above, in the reporting year 2020, the insurance subholding actively invests time and effort and assigned the compliance function to build and test a unified model of system for assessment, monitoring and analysis of stakeholders concerning insurance activity, their interests, associated risk and strategy / goals of the company for risk reduction by individual groups. The developed system is used for testing in connection with the complicated pandemic situation in connection with the pandemic COVID-19 announced by the World Health Organization. The idea of the developed model is to increase the efficiency and quality of information, both in connection with the disclosures in their individual reports and in reporting for group purposes.

Insurers disclose quality information through:

- ↳ Reports to the annual financial statements - a significant part of the insurers in the group have an obligation to prepare and disclose a corporate governance statement;
- ↳ Solvency report and financial reporting - a report prepared in accordance with the requirements of Solvency II, which is prepared at the individual level / by insurers in Bulgaria and Romania / and at the group level / by EIG /.
- ↳ Non-financial statement - in case of large companies and in case there is no relief in connection with consolidated disclosure.

Companies that are not obliged to prepare reports at the individual level, covering the nature of the required information according to the legislation applicable to the sub-holding and the holding, prepare and report the same internally for group purposes.

Forms of management in the insurance group part of Eurohold Bulgaria

The companies in the EIG insurance group are organized with a different management structure depending on the scale, nature and complexity of their activity. All insurers, including the insurance holding company, are joint stock companies.

In a two-tier form of management, the management functions are performed by a management board, and the control functions in the company are performed by a supervisory board. In the one-tier form of management, the management and control functions are combined in one body - the Board of Directors. There is no requirement in the relevant legislation restricting the application of the one-tier form of government.

It should be noted that, according to the requirements in the different jurisdictions, the exercise of representative power is exercised in several different regimes:

- Through registered members of the management body;
- Through a person registered as a representative who is not part of the management body;
- Entirely from the management body.

Regardless of the mode of representation, all persons with representative authority in the insurance companies part of the group are subject to an assessment of qualification and reliability, which is confirmed as a last resort with the approval of the local regulatory authority. The policy of the insurance group concerning the qualification and reliability of the management is discussed in the section for good management.

All insurers follow the basic principles of expediency in the composition of members of the administrative, management and control body to ensure appropriate qualifications, experience and knowledge. The qualification and reliability requirements in the individual subsidiaries vary in different jurisdictions, but in general the Insurance Group reports good coverage of the minimum requirements at group level, based on the following indicators:

- ↳ Existence of internal evaluation
- ↳ Approval / certification / notification to the local supervisory authority;
- ↳ Minimum requirements for education and professional qualification

- » Requirements for reliability and financial reliability;

The Group recognizes that companies outside the scope of European legislation, despite the lack of local requirements and regulation, by decision of the competent company authority introduce and / or expand the scope of application of the requirements for qualification, reliability and conflict of interest. The main difference is the so-called former CIS republics, where the requirements for reliability and financial stability are not sufficiently affected by local legislation. At the same time, the company in Northern Macedonia, which is a candidate country for EU membership, reports significant coverage of the requirements of the Solvency II regime, which will ensure and speed up the process of bringing the company in line when the new insurance regulations are approved.

Taking into account the data for 2020, the Group plans to plan its adaptation to the specifics of the Group in the medium term during the review of the Group's qualification and reliability policy, carried out on an annual basis.

Good governance

During the periodic review of the management system, its adequacy is controlled and monitored, applying the following model:

Management system evaluation model	
Basic criteria	Additional criteria
Compliance of the management system with the regulatory requirements - completeness of the submitted internal documents	The management system meets the requirements of the EIOPA management system guidelines
Existence of an adequate and transparent organizational structure	The system is subject to periodic inspection
Clear and appropriate division of responsibilities	The management of the Company understands and shares the principles of good corporate governance, pursuing a policy of achieving optimal relationships between the practices of the Company and its internal regulations.
An effective system for providing information	The employees of the Company are familiar with, understand and share the importance of the management system

The main policies affecting the management and functioning of the insurance group are:

- » Codes of good governance;
- » Qualification and reliability policy;
- » Conflict of interest management policies and ethical standards;
- » Remuneration policy;
- » Quality of the offered insurance services and social commitment;
- » others

The insurance group encourages direct and immediate communication between management and employees, including timely reporting of events and risks that may significantly affect the activities of the company. The communication is carried out through various channels, reaching the management of the insurance holding.

Codes of good governance

Eurohold Bulgaria SA as a public company has adopted and complies with the National Code of Corporate Governance. Eurohold Bulgaria SA adheres to the recommendations given in the National Corporate Governance Code, guided by the best practices in the field of corporate governance. In this regard, the companies from his economic group have also adopted and comply with the National Code of Corporate Governance, although most of them do not have a regulatory requirement for this.

Като силно регулиран сектор, застрахователния подхолдинг изпълнява принципите, като се съобразява с изискванията на специалното законодателство, насоките на европейския надзорен орган, както и с размера, статута, сложността на

дейността и обемите на ниво застраховател. Изградената система на управление в отделните застрахователи и групата като цяло, покрива съществена част от принципите, но се прилага в съответствие с относимите за дружеството регулатии. В качеството на предприятия от обществен интерес, българските застрахователи оповестяват декларация за корпоративно управление към годишния финансов отчет, подчинена на принципа „спазвай или обяснявай“.

The management of Eurohold Bulgaria SA guarantees 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 about their rights in a timely manner.

The strategic goals of corporate governance are:

- ◆ equal treatment of all shareholders, guarantee and protection of their rights;
- ◆ improving the level of information security of shareholders and transparency;
- ◆ achieving transparency and publicity of the processes for providing information by the Company;
- ◆ providing a mechanism for good management of the Company by the management bodies and
- ◆ Opportunity for effective supervision of management by shareholders and regulators

As a result of applying the principles of corporate governance is a balanced interaction between shareholders, management and stakeholders.

The Corporate Governance Statement of Eurohold Bulgaria SA is subject to the "comply or explain" principle.

More on compliance with corporate governance principles is available in section F "Corporate Governance Statement".

Diversity policy

Eurohold Bulgaria has not adopted an explicit policy regarding the diversity of the members of the Supervisory and Management Boards, the managers and the employees.

However, Eurohold Bulgaria, as well as the companies part of the Eurohold economic group adhere to the principles of:

- » Equality,
- » Impartiality,
- » Avoid any form of discrimination and
- » Provides equal opportunities,

striving to achieve a gender balance in the management and supervisory bodies or boards of directors of subsidiaries, managers and employees.

In the internal regulations of the companies part of Eurohold there is no division by sex, age, nationality, race, ethnicity, religion, disadvantaged people and any other form of illegal and unjust discrimination.

The leading factors in electing a new member of the management and supervisory bodies or the boards of directors of the companies or of managers and employees in companies part of the Eurohold Bulgaria group are: appropriate qualification and education, management skills, professional experience, competence, knowledge of regulations and the requirements of the specific sector in which the Company operates.

Insurance companies, as the largest group in the structure of Eurohold, also do not have a formalized policy of diversity / diversity, but adhere to the principles of equality and provide equal opportunities, striving to achieve gender balance in the Boards of Directors or the Management Board and the Supervisory Board. . The nominations and the election of representatives of the administrative,

management and supervisory body (AEO) must ensure that the members of the AEO together have the appropriate qualifications, experience and knowledge at least for:

- » Insurance and financial markets;
- » Business strategy and business model;
- » Management system;
- » Financial and actuarial analyzes;
- » Regulations and requirements.

With regard to diversity policy, it should be noted that all insurance companies declare equal opportunities and anti-discrimination measures. The management of the sub-holding believes that the provision of equal opportunities is an ethical standard that companies should strive for, but should not increase the risk of illegal behavior and / or increase the risk for users of insurance products. All companies in the insurance sub-holding have Codes of Ethics.

AUDIT COMMITTEES

Eurohold Bulgaria AD; Euroins Insurance Group AD and the companies from the insurance sub holding; Eurolease Group AD and Eurolease Auto EAD, as well as Auto Union SA and Motobul EAD have established audit committees.

Characteristic of all audit committees is:

- Independent body of the Company, consisting of at least 3 members.
- In appointing the members, the principle of providing at least one independent member is observed.
- The members of the Committee are elected by the GMS, which approves its status and rules.

Characteristic of all audit committees is:

- » Monitors financial reporting processes
- » Monitors the effectiveness of internal control systems
- » Monitors the effectiveness of risk management systems
- » Supervises the independent financial audit
- » Performs a review of the independence of the registered auditor of the Company

Regulatory specifics regarding the members of the Supervisory and Management Boards, as well as the Boards of Directors of the insurance subholding companies and the investment intermediary.

All members of management and supervisory bodies are subject to prior approval by the relevant regulatory authority and meet the conditions under the Articles of Association of the Company and the requirements of local regulations, having sufficient professional qualifications and experience necessary to participate effectively in management. Most companies in the insurance holding company require an internal assessment of the members of AUNO, including key and management positions.

The members of the Board of Directors of the investment intermediary Eurofinance are also subject to approval by the regulatory body, all of which meet the conditions under the company's Articles of Association and regulatory requirements, having sufficient professional qualifications and experience necessary to participate effectively in management.

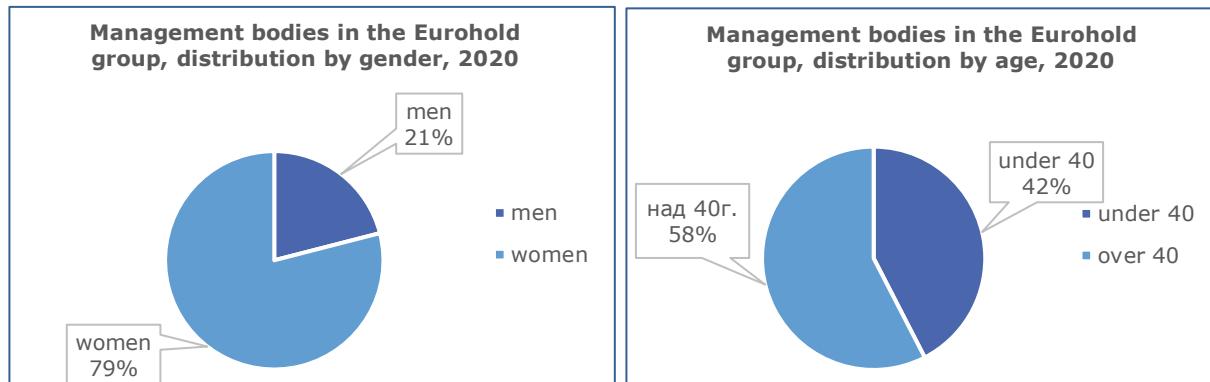
Distribution of the governing bodies by gender and age

As of 31.12.2020 In the companies of the Eurohold Group there are 138 individuals elected as members of Supervisory and Management Boards, Boards of Directors and Managers, of which 110 are male and 28 are female. According to age distribution criteria, members with experience and professional qualification over 40 years predominate.

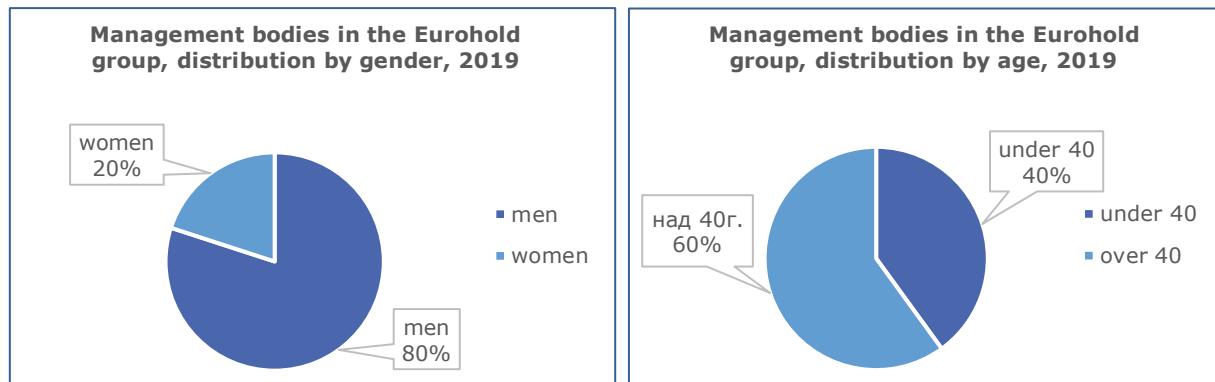
As of December 31, 2019, the companies of the Eurohold Group have elected 93 individuals as members of Supervisory and Management Boards, Boards of Directors and Managers, of which 75 are male and

18 are female. According to age distribution criteria, members with experience and professional qualification over 40 years predominate.

Analysis of the members of the management bodies for 2020.



Comparative analysis of the members of the management bodies for 2019.



POLITICS

Eurohold Bulgaria SA and its subsidiaries have developed a huge set of policies and procedures, depending on the nature of the activity and regulatory requirements.

Some of the policies and internal regulations developed and implemented at group level are the following:

↳ **Code of Ethics for the employees of the Group**

Its goal is to develop and establish standards of professional ethics. The document reflects the principles of correctness, honesty and integrity 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 undue payments and benefits.

The managements of Eurohold Bulgaria and all companies in the holding structure respect the national legislation in the field of anti-corruption and in no way stimulate, support or encourage corruption schemes and practices. Ethical group standards are applied by all companies and in each country in which the group participates.

↳ **Policy to prevent conflicts of interest and to ensure confidentiality**

It regulates the criteria for disclosing potential sources of conflict of interest and the principles for preventing conflicts of interest in the companies of the group, as well as the procedure for disclosing conflicts of interest and ensuring trust by policy makers in the specific the company.

↳ **Information security policy**

- » Information security policy has the following main objectives:
- » ensuring the confidentiality of information by applying approved restrictions on access and disclosure;
- » ensuring the continuity of business processes and maintaining the integrity, accessibility of information during its storage and processing;
- » minimizing information security risks;
- » providing the necessary resources to maintain the information security management system (ISMS) and its continuous improvement and increase its efficiency;
- » achieving accountability of information by introducing control over access and rights to information resources;
- » awareness of employees about their responsibilities and obligations regarding information security.

↳ **Instruction on the conditions and methods of collection, processing, storage and protection of personal data.**

All companies organize and take measures to protect personal data from accidental or illegal destruction, from unauthorized access, from alteration or dissemination, as well as from other illegal forms of processing. 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 and Euroins Insurance Group AD, as well as the companies from the insurance group have developed and approved the Remuneration Policy approved by the respective competent authority.

In 2020, based on an amendment to Ordinance № 48 of the Financial Supervision Commission for determining remuneration, Eurohold's Remuneration Policy was reviewed and a new draft of the same was submitted to the General Meeting of Shareholders. The General Assembly, held on 30.09.2020, approved the Policy, without any comments on it. Eurohold published together with the audited annual non-consolidated financial statements of the Company for 2020 its first report with extended scope.

The current Remuneration Policy and the Remuneration Report for 2020 of Eurohold Bulgaria is available on the company's website www.eurohold.bg.

The remuneration policy is designed to create a transparent and fair internal framework for the formation of remuneration of certain employees, which allows attracting, retaining and motivating employees to work to achieve the goals of the organization, in order to limit the taking of excessive risks and prudent management of the activity. The remuneration policy regulates the basic rules for determining the remuneration of persons holding office as:

- members of the Supervisory Board and the Management Board of Eurohold, valid also for the Procurators of the Company,
- members of the Board of Directors in connection with the exercise of their powers in the exercise of management and supervisory functions in insurance companies, including persons holding a position of head of a key function, within the meaning of the Insurance Code and the remuneration of persons, holding managerial positions, outside the persons provided under Art. 80, para. 1 of the IC.

The remuneration of the above-mentioned persons is determined by the General Meeting of Shareholders.

According to the adopted current Remuneration Policy of Eurohold Bulgaria AD, the members of the Supervisory Board and the Management Board and the procurators of the Company receive only a permanent remuneration, which represents 100% of the agreed remuneration.

The permanent gross remuneration paid by Eurohold Bulgaria to the members of the Supervisory Board is in accordance with the agreements in the current contract for control of the respective member, to the members of the Management Board according to the agreements in the current contract for assignment of management to the respective member. .

The members of the management, control bodies and procurators do not have concluded employment, civil and / or consulting contracts with Eurohold Bulgaria and / or any of its subsidiaries.

Eurohold and its subsidiaries pay to the members of the Supervisory and Management Boards, as well as to the procurators of the Company, fixed and agreed permanent remuneration on a monthly basis, without paying conditional or deferred compensations and compensations in kind.

Eurohold Bulgaria has adopted and applies the Remuneration Policy of the members of the Supervisory and Management Boards, in connection with the implementation of their responsibilities and obligations for the control and management of the company's activities and with a view to reliable and effective risk management and conflict avoidance. interests.

According to the Remuneration Policy, the members of the Supervisory Board and the Management Board may receive different amounts of remuneration. Also, the GMS, respectively the Supervisory Board may not decide to receive a permanent remuneration from a member of the Supervisory Board, respectively the Management Board, after the explicit consent of this member and the same applies to the procurators of the Company. In this regard, some of the members of the management or supervisory bodies of Eurohold Bulgaria AD do not have an agreed remuneration and respectively in 2020 such remuneration was not paid to them.

According to the remuneration policy, the members of the Supervisory and Management Boards, as well as the procurators, may receive other remunerations, including fixed and variable ones, agreed by subsidiaries of Eurohold Bulgaria, in which they perform management and / or control functions.

Eurohold does not have an agreement for the payment of amounts for compensations upon termination of a contract with the members of the Management and Supervisory Boards, as well as with the procurators, regardless of the reason for the termination of the person's functions. In the reporting year 2020 there is no case of early termination of a contract for control, management or power of attorney with a member of the supervisory or management board or with a procurator of the Company, both from Eurohold and its subsidiary.

Eurohold Bulgaria or its subsidiary has no agreed obligations to the members of the Supervisory Board and the Management Board, as well as to the procurators of the company for payment of additional (variable) remuneration linked to the results of the activity in the form of profit distribution or in the form of shares and / or options on shares and / or other incentive schemes based on shares or in any other form of incentive.

Eurohold Bulgaria, as well as its subsidiaries, does not pay at its own expense contributions for additional voluntary pension insurance to the Executive Director, as well as to the members of the Supervisory Board, the Management Board, incl. and the procurators.

Due to the lack of the arrangements described above, the members of the Management and Supervisory Boards and the procurators, both Eurohold and its subsidiaries, have not been paid such sums or provided in kind.

↳ **Rules for the control and prevention of money laundering and terrorist financing**

Rules on the control and prevention of money laundering and terrorist financing have been adopted in order to implement best practices. These rules shall establish the conditions and procedure for collecting, processing, storing and disclosing information related to the activity of control and prevention of money laundering and terrorist financing, determine precise criteria for identifying suspicious operations, transactions or counterparties and regulate the actions and responsibilities of the companies towards the clients, the transactions related to their servicing. The rules are intended to help create and implement a standard for refining and unifying the forms and content of current documentation for

identifying customers and / or counterparties, collecting, storing, monitoring and reporting information on suspicious transactions and transactions throughout holding structure.

The scope of the obligors, according to the Law on Measures against Money Laundering promulgated in 2018 and the subsequent promulgation of the Implementing Regulations in 2019, taking into account the amendments up to the date of this report, includes companies from the insurance subholding, by the leasing and investment intermediary.

At the level of insurance subholding, according to the requirements of art. 4, item 5 of the LMML, the obligated person is only the life insurance company - Euroins Life. In foreign jurisdictions, the companies in Ukraine, Belarus, Georgia, as well as the associate in Russia are liable to the subholding under local law. According to the reported data, the legislation in the 4 jurisdictions was amended in 2020, as insurers have taken measures to bring it into line by updating their internal acts or planning their revision. Depending on the internal organization of the insurers, a unit is organized and / or a person is responsible for the measures against money laundering.

BUSINESS MODEL

Eurohold Bulgaria AD is a fast growing holding organization developing both organically and through new acquisitions. Eurohold has investments in many subsidiaries divided into sub-holding structures from four sectors of the economy - insurance, automobiles, leasing and asset management.

In 2019, Eurohold created another sub-holding company in order to unite business activities in the energy sector. The energy business is a new and strategic market for Eurohold, which corresponds to the medium and long-term investment strategy of the Holding, 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 based mainly on synergies and relationships between subholding structures, through which subsidiaries create new innovative, competitive and combined products and services. A system has been created for continuous monitoring of consumer behavior and satisfaction in order to meet the needs and expectations of customers.

The internal model of work is based on the idea that each business direction to achieve independent financial profitability and cost optimization and to serve as a source of business for other areas.

The aim of the group is to offer products of different price range and this is most pronounced in the automotive subholding, which offers cars of low, medium and high class both in terms of price and equipment.

The group can offer customers a one-stop-shop service for car sales, leasing and insurance, saving them time and providing them with profitable, attractive and innovative conditions based on combined products.

The group uses the highest technology by developing online platforms available on the company's websites, in order to care for customers, meet their needs, flexibility and accessibility to all our products and services. Thus, customers get the opportunity to choose and configure the level of equipment of the car and the conditions of its purchase, leasing and insurance package, depending on the set options of combinations.

The financial sector in which the group operates is most affected by the insurance sector and the asset management sector, new regulations are constantly being developed and introduced, and customer behaviour is changing rapidly.

To meet the 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 using the experience, product development and know-how of different countries.

Our business model gives the following opportunities to the group:

- » adequate risk management;
- » opening the market opportunities;
- » reduction of certain operating costs;
- » fast 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 us to adequately respond to challenges and create value for key stakeholders.

We know very well the business environment in which we work. Our companies have many years of experience in the sectors in which they operate. The companies of the group are one of the leaders in the development of new products and services.

CHARACTERISTICS OF THE BUSINESS ENVIRONMENT

✓ *Regulated business environment*

The Eurohold Group operates in a highly regulated business environment in various European countries.

It can be said that the activity of the Eurohold Group is highly regulated, as almost all companies in the Group are either supervised or report to the local financial regulator through the consolidated financial statements of the sub-holding company in whose assets they fall, and hence through the consolidated financial statements. of Eurohold Bulgaria AD.

The activity of Eurohold Bulgaria AD and the businesses in which it operates, through its subsidiaries, is not seasonal and does not depend on patents, industrial contracts or new production processes.

However, the activities of some subsidiaries in the Group may be dependent on individual contracts for the supply or sale of goods or services (dealer contracts concluded by car companies).

Also, the activity of the companies from the insurance group, from the leasing sub-holding offering financial leasing and the activity of the investment intermediary Euro-Finance AD is performed under a licensing regime.

Regulation of the activity of the Eurohold group

Eurohold Bulgaria as a public company within the meaning of the Public Offering of Securities Act, whose shares are registered for trading on the main market of BSE AD with stock exchange code EUBG and of Warsaw Stock Exchange (WSE) - Poland with stock exchange code EHG is a supervised person of the Financial Supervision Commission.

Regulation of the main activity of the subsidiaries by areas

A. Regulation in the insurance field

All insurance subsidiaries of Euroins Insurance Group AD are subject to regulation by the regulatory authority of the respective country in which they are registered. The insurance companies have a license issued by the respective regulatory body for carrying out insurance activity and for the respective classes and type of insurance, respectively general insurance; life insurance; reinsurance (in case of need of a separate license). All insurance companies from the Issuer's group operating in EU member states apply the requirements for capital management and risk management, compliance with the Minimum Capital Requirement (MIC) and Solvency Capital Requirement (SCI) applicable to insurance and reinsurance Solvency II companies.

B. Regulation in the leasing direction

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 the supervision of compliance with the regulatory framework. They are also subject to regulation by the Consumer Protection Commission, the National Social Security Institute, the State Agency for National Security.

Eurolease Auto EAD Skopje is subject to supervision by the Ministry of Finance of Macedonia, as the company is licensed by the Ministry of Finance under the Leasing Act and is a supervised entity of the National Bank of Macedonia.

C. Regulation of automobile direction

Sales of cars on the markets in which the Auto Union Group AD operates are not subject to licensing. The prices at which Auto Union AD sells cars depend on the agreement with the respective car manufacturer or importer. In order to carry out their activity, the car companies are dependent on the conclusion of a contract for exclusive representation or dealership.

D. Regulation in the direction of investment activity

Euro-Finance AD is a licensed investment intermediary operating in accordance with the legislation of the European Union (EU). Euro-Finance AD is licensed and regulated by the Financial Supervision Commission. He is a member of the Bulgarian Stock Exchange AD and the only Bulgarian member of the Deutsche Börse Group and is registered to perform investment intermediation activities in Germany. The company is also licensed to operate as an investment intermediary in the UK and Romania.

Euro-Finance AD is regulated by European legislation, and the company is a member of a number of institutions, exchanges, associations and unions.

As a licensed investment intermediary in an EU country, Euro-Finance AD fully complies with the regulations and requirements related to transactions with 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 significant impact on its operations.

THE MAIN REGULATORY ACTS APPLICABLE TO THE ISSUER'S ACTIVITY:

Eurohold Bulgaria AD is a public holding company that does not develop independent production and / or trade activities. In this sense, there is no special regulatory regime or legislation for the Issuer regulating its activity.

A. The main normative acts applicable to the public status of Eurohold Bulgaria AD are the following:

Normative acts

- Commercial Law (CA);
- The Public Offering of Securities Act (POSA);
- Law on the Financial Supervision Commission;
- The Law on Implementation of Measures against Market Abuse of Financial Instruments;
- Personal Data Protection Act;
- Law on measures against money laundering.

By-laws

- Ordinance № 2 of 17.09.2003 on the prospectuses for public offering and admission to trading on a regulated securities market and on the disclosure of information (amended and supplemented, SG No. 61 of 10.07.2020) „
- Ordinance № 39 of 21 November 2007 on the disclosure of a shareholding in a public company,
- Ordinance on the minimum content of a power of attorney for representation of a shareholder at the general meeting of a company whose shares have been the subject of a public offering

Regulations

- Regulation (EU) № 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation),
- Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46 / EC (General data protection regulation)
- Regulation (EU) (1129/2017 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003 / 71 / EC;
- Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing Regulation (EU) № 1129/2017 of the European Parliament and of the Council as regards the regulatory technical standards on financial information contained in the summary of the prospectus, the publication and qualification of prospectuses, advertisements for securities, supplements to prospectuses, as well as the portal for notifications and repeals of Commission Delegated Regulation (EU) № 382/2014 and Commission Delegated Regulation (EU) 2016/301;
- Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) № 1129/2017 of the European Parliament and of the Council of 14 June 2017 as regards the form, content, verification and approval of the prospectus to be shall be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) (809/2004);
- and others.

B. Specific regulations relevant to the activities of insurance companies:

- operating in the territory of the European Union

The Insurance sector is a highly regulated environment, where regulatory and legal standards of conduct have increased significantly in recent years. Most of the major policies and legislative initiatives at EU level directly affect insurance companies. The legal and regulatory environment in the insurance sector is regulated in the following main acts, part of the European legislation and applicable / directly or through transposition / in Bulgaria, Greece and Romania, as well as partially through introduction in Northern Macedonia:

- Directive 2009/138 / EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).
- Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138 / EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).
- DIRECTIVE (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on the distribution of insurance products
- DIRECTIVE 2009/103 / EC of the European Parliament and of the Council of 16 September 2009 on insurance against civil liability in respect of the use of motor vehicles and for the control of liability to provide

- Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46 / EC (General data protection regulation)
- DIRECTIVE 2011/83 / EU of the European Parliament and of the Council of 25 October 2011 on consumer rights.
- DIRECTIVE (EU) 2019/2161 of the European Parliament and of the Council of 27 November 2019 on better enforcement and modernization of consumer protection rules in the Union
- DIRECTIVE (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, amending Regulation (EU) № 648/2012 of the European Parliament and of the Council and repealing Directive 2005/60 / EC of the European Parliament and of the Council and Commission Directive 2006/70 / EC (the act concerns mainly the life insurance company in the Group and limited to some of the non - life insurance companies).
- Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16 / EC as regards the mandatory automatic exchange of information in the field of taxation in relation to reported cross-border arrangements has been transposed into existing national law from 01.07.2020 / the act concerns only the life insurance company in the Group /.
- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on disclosures related to sustainability in the financial services sector, in force since 10.03.2021, will have a certain impact on the activity of the life insurance company in the Group. and Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (Taxonomy Regulation), debtors, again only the life insurance company appears.

In 2020, Commission Regulations (EU) 2020/2097, (EU) 2020/551, (EU) 2020/34 and (EU) 2020/1434 adopted amendments to IAS / IFRS effective from 01.01.2020. and from 01.01.2021. Directive (EU) 2019/2177 of the European Parliament and of the Council of 18 December 2019 amended Directive 2009/138 / EC (Solvency II), which is to be transposed in 2021.

Of a recommendatory nature, the European Insurance Supervisory Authority, EIOPA, issues guidelines that companies apply in good practice.

- operations in Bulgaria

The activity of the Bulgarian insurance companies, where the seat of both the insurance holding and the Issuer is located, is carried out in accordance with the provisions of the general legislation in connection with conducting commercial activity, maintaining accounting and disclosing annual financial statements and reports to them, consumer protection. and data, tax code and others. The following main legal documents are a source of special regulations for insurers and insurance holdings:

- By-laws adopted by the Financial Supervision Commission, including:
 - Ordinance № 53 of the FSC on own funds and on the solvency requirements of insurers, reinsurers and groups of insurers and reinsurers
 - Ordinance № 51 of the FSC on the requirements for reporting, valuation of assets and liabilities and the formation of technical reserves of insurers, reinsurers and the Guarantee Fund
 - Ordinance № 49 on the compulsory insurance under motor third party liability insurance and Accident of passengers in public transport
 - Ordinance № 54 of the FSC on the registers of the Guarantee Fund for the exchange and protection of information and on the issuance and reporting of compulsory insurance under Art. 461, items 1 and 2 of the Insurance Code
 - Ordinance № 48 of the FSC on the requirements for remuneration;
 - Ordinance № 31 on the terms and conditions for conducting an examination and for recognizing the legal capacity of a responsible actuary, for recognizing legal capacity acquired outside the Republic of Bulgaria, for the form of the actuarial certification, the form and content of the actuarial report and the references of the Insurance Code, which the responsible actuary certifies, as well as for the form and the obligatory content of the annual actuarial report under the Social Security Code;
 - Ordinance № 15 of the FSC on the keeping and storage of the registers by the Financial Supervision Commission and on the circumstances subject to entry
 - Ordinance № Iz-41 of the FSC on the documents and the procedure for their preparation in case of traffic accidents and the procedure for information between the Ministry of Interior, the Financial Supervision Commission and the Guarantee Fund

Changes in the legal and regulatory environment are monitored and reported periodically by the Group's key compliance function.

- operating outside the territory of Bulgaria

Some of the insurance companies in the Issuer's group are outside the territories of the European Union and have no obligation to apply the above standards in a harmonized manner. These insurers are regulated and managed in accordance with local law.

For the purposes of the Issuer and the insurance holding, the insurers operating outside the territory of Bulgaria and the EU, as a whole, adapt their reporting forms and report data in accordance with the local requirements, having built the necessary reporting lines and internal control environment to ensure consistent application of procedures, appropriate mechanisms for identifying and measuring all material risks, reliable reporting and accounting procedures for monitoring.

C. Regulations applicable to car companies

For the automobile companies from the group of Auto Union AD there are no specific normative acts regulating their activity. They work on the principle of a distribution contract with regard to the brands of cars they sell. Distribution agreements (or the official representation of the brand in the country) generally give the group the right to sell the brand, to develop dealer networks, to carry out marketing campaigns and activities, to set prices and trade conditions and to act as a brand ambassador in the agreed jurisdiction.

D. Normative acts related to leasing companies

- Law on Credit Institutions;
- Consumer Credit Act;
- Law on measures against money laundering;
- Personal Data Act.

E. Normative acts related to the investment intermediary

- 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;
- Regulation (EU) № 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) № 648/2012 Text with EEA relevance;
- Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65 / EU of the European Parliament and of the Council as regards the organizational requirements and conditions for the conduct of business by investment firms and the definition of for the purposes of that Directive;
- Regulation (EU) № 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) № 648/2012;
- Law on Markets in Financial Instruments;
- Ordinance № 38 on the requirements for the activity of investment intermediaries.

SECTORAL OVERVIEW OF THE BUSINESS ENVIRONMENT

MAIN MARKETS

Eurohold Bulgaria AD as a holding company does not develop independent production and / or trade activity or activity related to the provision of services. In this sense, the Company does not generate regular income from such activity, on the basis of which it can be attributed to a certain market by the economy. The operating revenues of Eurohold Bulgaria are related to financial operations for acquisition and management of subsidiaries, due to which the Company belongs to the financial sector.

Eurohold Bulgaria through its subsidiaries is positioned on the markets in the region of Central and Southeastern Europe, operating in the insurance, automotive, leasing and financial investment sectors.

The following tables present summarized information on the nature of the Issuer's consolidated revenues based on the geographical positioning of the market operations of the Eurohold economic group, sector and segment of activity of the companies.

Eurohold Bulgaria

Sector - Finance

Segment of activity:	Types of operations	business	Geographic markets:
Eurohold Bulgaria AD			
Holding activity	financial operations related to the acquisition and management of companies		Bulgaria

Subsidiaries

Sector - Insurance

Segment of activity:	Types of operations	business	Geographic markets:
Euroins Insurance Group AD			
Holding activity	financial operations related to the acquisition and management of companies		Bulgaria

Operating companies - insurance

General insurance	non-life insurance products	Bulgaria; Romania; Northern Macedonia; Ukraine; Georgia; Belarus; Russia (associated participation)
Life insurance	life insurance products	Bulgaria;
Travel insurance	travel insurance	Ukraine;
Elimination of damages	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, Great Britain (the company ZD Euroins AD operates in these markets as part of the Issuer's insurance business)

Sector - Cars

Segment of activity:	Types of operations	business	Geographical region:
Auto Union AD			
Holding activity	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 activity, card refueling operator	sale of new and used cars; service activity; sale of lubricants for vehicles; providing a service as a card operator for refueling; service activity		Bulgaria
Sale of cars, service activity	sale of new cars; service activity		Northern Macedonia;

Sector - Leasing

Segment:	Types of operations	business	Geographical region:
Евролийз Груп ЕАД			
Holding activity	financial operations related to the acquisition and management of companies		Bulgaria
Subsidiaries			
Leasing of motor vehicles (motor vehicles); leasing; ren a car; purchase and sale of used cars	interest on financial leasing; short and long term car rental services; sale of used cars		Bulgaria
Leasing of new vehicles	interest on financial leasing		Northern Macedonia;

Sector - Finance

Segment:	Types of operations	business	Geographical region:
Euro-Finance AD			
Investment intermediation and asset management	investment intermediation; investment and securities operations; asset management; currency operations; commissions		Bulgaria
Investment intermediation	investment intermediation		Germany, through Euro-Finance AD as a member of the Frankfurt Stock Exchange - Deutsche Börse Xetra

Sector - Energy		Types of operations	business	Geographical region:
Segment:				
EASTERN EUROPEAN ELECTRIC COMPANY II B.V.				
Holding activity		financial operations related to the acquisition and management of companies		Bulgaria
Operating companies - Energy				
As of this date, the Energy Division is not operating. The company is in the process of acquiring CEZ's energy companies in Bulgaria.				
Following the acquisition of CEZ's Assets in Bulgaria, the operating companies will operate in the following segments:				
Sale of electricity; Electricity supply; Research, consulting, design, financing and construction of energy facilities; Transmission and distribution of electricity for the purpose of supply to consumers; Production and trade in energy from renewable sources; Information and communication technology services				
Acquisition companies will operate on the market in Bulgaria				

OVERVIEW OF MAIN MARKETS

Business environment of Insurance direction

The insurance sector is one of the sectors in the economy that is developing extremely dynamically and in the last few years is characterized by several specifics:

- Growth trend in revenue from recorded gross premiums;
- High degree of market concentration;
- Entry of new market participants;
- Consolidation of the market through mergers and acquisitions;
- Concentration of insurance portfolios;
- Distribution channels are dominated by insurance brokers;
- Enhanced role of the regulator.

INSURANCE MARKET IN BULGARIA

As of December 2020, the insurance market in Bulgaria decreased by only 0.9% compared to the same period of 2019 (according to the latest published data by the Financial Supervision Commission) reaching BGN 2,885 million.

Non-life insurance market

The latest published data by the FSC for December 2020 show a continuation of the trend of the non-life insurance market in Bulgaria to move steadily around levels close to the previous year 2019. The amount of gross written premiums in non-life insurance for 2020 is BGN 2,438 million. noting a slight increase of 1% on an annual basis. The paid indemnities in the general insurance amount to BGN 1,210 million, remaining unchanged compared to 2019, while in life insurance BGN 198 million were paid, which is 11.3% more than in the previous 2019.

The structure of the portfolio of the general insurance market in Bulgaria is characterized by a significant predominance of motor insurance - civil liability of motorists and motor hull insurance (motor vehicles). The data by the end of 2020 confirm the positive growth trend in property insurance.

Life insurance market

10 life insurance companies operate on the market and the first 6 have a total market share of 96.6%

The latest published data from the FSC for 2020 show a decrease in gross insurance premiums by 10.4% compared to 2019. For 2020 the market has realized premium income in the amount of BGN 447 million, which is 15.5% of the total insurance market .

Life and Annuity Insurance has the highest share of the entire market, namely 48%. The main part of the premiums recorded under this type of insurance falls on the products offered through the networks of Banks and financial institutions. Life Insurance related to the Investment Fund continues to increase its share in the total portfolio of life savings insurance as in 2020 its share is 24% against 18% in 2019. The compensations paid until 2020 amount to BGN 197 million, which is an increase of BGN 20 million compared to the same period in 2019.

Our presentation on the insurance market in Bulgaria

Euroins Insurance Company AD

IC Euroins AD is a dynamic company that has been constantly expanding its activities in recent years. In 2019, the Company reports an increase of 41% in gross written premiums, and in 2020 an increase of 23%. The main reason for this is the organic growth in direct insurance both on the territory of Bulgaria and Greece, through an operating branch from the beginning of February 2019, and in Poland and Great Britain, where the company operates according to the principle of freedom to provide services within of the European Union. There is a continuous improvement of the quality of services in these countries, relying on increasing the partner and client network of the Company, improved IT capabilities and opportunities for market analysis and segmentation.

The insurance products in the portfolio of IC Euroins AD cover all types of non-life insurance according to the current regulations. The company has licenses from the FSC for the sale of 18 types of insurance products.

IC Euroins AD operates both on the territory of Bulgaria and on the territory of other member states.

Main geographical areas in which the Company operates:

- Bulgaria;
- Greece;
- Spain;
- Italy;
- Poland;
- The United Kingdom (a new market);
- The Netherlands (a new market);
- Germany (new market).

Euroins Insurance Company AD is one of the main insurance companies in the field of non-life insurance in Bulgaria with a market share of over 12.24% (according to statistical data as of the end of 2020 published by the Financial Supervision Commission) as the Company ranks 2nd in gross written premiums from companies operating on the general insurance market in the country.

Reinsurance market in Bulgaria - through EIG Re EAD

IC EIG Re AD is an insurance company in the field of non-life insurance in Bulgaria with a market share of over 0.5% (according to statistical data as of the end of December 2020 published by the Financial Supervision Commission) as the Company ranks 17th in terms of gross written premiums from the general insurance market in the country.

For 2020, the total recorded gross premium income from the Company increased by BGN 9 million, reaching the amount of BGN 11.7 million.

According to audited data for 2020, the premium income of IC EIG Re EAD amounts to BGN 12 million compared to BGN 3 million for 2019, reporting an increase of 327.8%. The increase in the premium income of IC EIG Re EAD is due to an increase in recorded premiums for active reinsurance under the

main lines of Motor Third Party Liability and Property. The premium income on these lines of business amounts to: BGN 2 million for motorists, BGN 6 million, Industrial fire, fire and other hazards, BGN 2 million, Cargo during transport.

↳ **Life insurance market in Bulgaria - through Euroins Life EAD**

As of 31.12.2020, Euroins Life operates only on the territory of the Republic of Bulgaria.

The company offers and concludes insurance contracts for the following types of insurance and for the following insurance risks:

- Life insurance and rent;
- Marriage and child insurance;
- Life insurance related to an investment fund;
- Additional insurance.

According to statistics published by the Financial Supervision Commission at the end of 2020, the Company ranks 9th with a market share of 0.5%. Euroins Life Insurance Company EAD is the only Life Insurance Company in Bulgaria that does not have a license for Sickness and Accident Insurance. This in turn has an impact when comparing it with other companies on the market.

According to the audited financial statements for 2020, the premium income of the company amounts to BGN 3,870 thousand or 58% higher than that for 2019, which amounts to BGN 2,454 thousand. The increase is mainly due to an increase in the share of group risk insurance of borrowers with a share of premium income of 83%.

INSURANCE MARKET IN ROMANIA

According to the latest published market data, the local regulator, as of December 31, 2020, 28 insurance companies operated, authorized and regulated by ASF, of which 15 are only allowed for non-life insurance business, 7 are only allowed for life insurance business and 6 are allowed for composite business .

The Romanian insurance market is characterized by a medium to high degree of concentration.

In the twelve months of 2020, about 89% of the total volume of gross written premiums, amounting to BGN 10,229 million (BGN 4,109 million) were generated by 10 insurance companies (non-life and non-life insurance). For 2020, the insurance companies authorized and regulated by AS recorded a total gross premiums of over 11,500 million lei (BGN 4,620 million), which is an increase of approximately 4.6 compared to 2019. The Romanian insurance company The market remains oriented towards non-life insurance with a share of 81% of the total gross premiums written by all insurance companies.

Non-life insurance is dominated by motor insurance, including non-rail transport insurance and civil liability insurance, which represent about 71% of total gross non-life insurance premiums and 57% of total gross premiums paid by insurance companies for 2020. Casco Insurance registered premium income of BGN 2,414 million (BGN 970 million) compared to BGN 2,318 million (BGN 948 million) for 2019 and recorded an increase of 4% (calculated in lei).

The current situation, marked by increased uncertainty about the future development of economic activities, exacerbated by the negative effects of the COVID-19 pandemic has led to increased interest in insurance with guarantees amounting to 464 million lei (187 million levs) with increasing of 68%.

A more serious decline in premium income for 2020 was registered by travel insurance (a decrease of 53%) influenced by the measures taken to limit the spread of the COVID-19 pandemic, which had a negative impact on tourism and business travel.

The insurance market in Romania is characterized by a high degree of concentration, both in terms of exposure to the main classes of insurance and in terms of the significant size of market shares held by a relatively small number of insurance companies. There has been a continued increase in the concentration of the Romanian Third Party Liability insurance market, with the first two insurers in this

class (City Insurance and Euroins Romania Asigurare-Reasigurare SA) having a cumulative market share of around 75%.

Our presentation on the insurance market in Romania

Euroins Romania Asigurare-Reasigurare SA

According to data published by ASF, at the end of 2020, Euroins Romania Asigurare-Reasigurare S.A. ranks 3rd in gross written premiums on the general insurance market, where the market share held by the company is 14.67%.

As of December 31, 2020, Euroins Romania Asigurare-Reasigurare S.A. registered a market share of 32.29% in motor third party liability insurance and ranked 2nd on the market in this class of insurance. The company reports an increase in the amount of gross premium income of 2.31% - BGN 1,311 million (BGN 526 million) for 220 compared to BGN 1,281 million (BGN 524 million) for 2019.

Motor third party liability increased by 2% and amounted to 1,245 million lei (BGN 501 million) for 2020. The share of motor third party liability insurance amounts to 95% of the total written premiums of the Company.

An increase is observed in the guarantees under Guarantees, where the Company reports gross premium income in the amount of BGN 7.2 million against BGN 1.4 million for 2019.

INSURANCE MARKET IN NORTHERN MACEDONIA

In 2020, 16 insurance companies operated on the insurance market in Northern Macedonia - 11 non-life insurance and 5 life insurance companies. Insurance companies with foreign capital predominate - 15 companies.

There is a decrease of 4.9% in the recorded gross non-life insurance premiums of 8,753 million mak. Denars (BGN 287 million) in 2019 at 8,325 million mak. denars in 2020 (BGN 264 million).

The largest increase in the insurance market for 2020 is observed in insurance class Loans by 94.6% with a recorded premium income for 2020 of 25 million mak. Denars (BGN 0.8 million). Property insurance also increased by 5%, amounting to MKD 1,860 million (BGN 59 million). Motor insurance decreased by 2020, respectively - Civil Liability by 9.6% with a recorded premium income of 4,136 million mak. Denars (BGN 131 million) and Casco by 1.7% at a value of 824 million mak. Denar (BGN 26 million).

Our presentation on the insurance market in Northern Macedonia

Euroins Osiguruvanje AD

Euroins Osiguruvanje AD ranks 7th on the insurance market in Northern Macedonia with a market share of 8.73%.

In 2020, the revenues from recorded gross premiums of Euroins Macedonia decreased by 11% compared to 2019 and reached BGN 23 million. The company continues to strengthen its position in the Agricultural Insurance, where the recorded business has grown and reached over BGN 6.9 million, and for 2019 BGN 6.6 million or an increase of 6% were reported. There is a decrease of 15% in motor third party liability insurance, where gross income of BGN 11 million was realized, representing 48% of the total gross written premiums for the period.

INSURANCE MARKET IN UKRAINE

Euroins Insurance Group operates on the Ukrainian insurance market through 2 insurance companies - Chad ZK Euroins Ukraine and Chad European Tourist Insurance.

According to data, by the end of 2020, 215 insurance companies operate on the Ukrainian insurance market, of which 195 in general insurance and 20 in life insurance. For comparison, in 2019 their number is 233 - 210 in non-life insurance and 23 in life insurance.

The market is characterized by a low level of insurance penetration - 1.5% of GDP. In terms of concentration - the first 30 insurance companies generate nearly 80% of gross written premiums on the market.

As of July 1, 2020, the insurance market is regulated by the Ukrainian National Bank, and one of the main tasks of the new supervisory authority is the introduction of European insurance regulations and in particular the tightening of solvency and capital adequacy requirements.

Gross written premiums from insurance companies on the market for the first nine months of 2020 amount to EUR 1.106 million (total insurance - EUR 986 million; life insurance - EUR 120 million), compared to EUR 1.831 million for 2019. (total insurance - EUR 1.671 million; life insurance - EUR 160 million).

The share of Chad ZK Euroins Ukraine in the total insurance at the end of the third quarter of 2020 is 0.83%, which is an increase compared to 2019 of 0.52%.

Our presentation on the insurance market in Ukraine

Chad ZK Euroins Ukraine

The share of Chad ZK Euroins Ukraine in the total insurance at the end of the third quarter of 2020 is 0.83%, which is an increase compared to 2019 of 0.52%.

In 2020, Chad ZK Euroins Ukraine reported gross premiums written in the amount of BGN 21.9 million or an increase of 28% compared to the same period of the previous year. Almost all major business lines are growing as follows: Motor Third Party Liability - 49%, Cargo - 15%, Health - 117%, Liabilities - 14%, Property - 45%.

CHAD "European Tourist Insurance"

In terms of gross premiums collected, CHAD European Tourism Insurance is invariably one of the three leaders in the travel insurance market with 16% market share.

In 2020, Chad European Tourist Insurance recorded premiums totaling BGN 11.6 million, which is a decrease of 47% compared to 2019. The decrease is due to the outbreak of the COVID-19 epidemic in mid-March 2020 and led to the introduction of a number of restrictive measures regarding the free movement of people globally and had a strong negative impact on the tourism sector in which the Company specializes.

INSURANCE MARKET GEORGIA

In 2020, 18 active insurers operate on the Georgian insurance market.

For the period 31.03.2019-31.09.2020 the total gross written premiums on the insurance market increased by 5.5% from 462.5 million gel to 487.9 million gel (from 134.7 million to 142 million).

The change in gross written premiums by lines of business is as follows:

Casco - (0.5%); Health insurance - 16.6%; Cargo - (18.0%); Civil liability of motorists - (31.0%); Accident - 12.2%; Liabilities - (8.4%); Guarantees - 34.2%; Property - 20.3%; Travel - (67.4%); Aviation - (49.3); Others - (15.2%)

The share of ZK Euroins Georgia AD in the total gross written premiums on the insurance market increased from 2.3% for Q3 2019 to 3.8% for Q3 2020. ZK Euroins Georgia AD ranks 8th on the insurance market in Georgia.

Our presentation on the insurance market in Georgia

ZK Euroins Georgia AD

ZK Euroins Georgia AD specializes in Accident and Illness Insurance. In 2020, these insurances form 38% of the Company's portfolio, and the rest is distributed between Casco (31%), Motor Third Party Liability (9%) and others. The total amount of written premiums in 2020 is BGN 13.9 million or an increase of 40% compared to the same period of the previous year. This increase is due to won state

public procurements in connection with Casco insurance and concluded several new large contracts regarding Health Insurance.

INSURANCE MARKET IN BELARUS

In 2020, 71% of the recorded gross premium income on the insurance market of Belarus is concentrated in the first three insurance companies in terms of gross written premiums or EUR 331 million. They have full or predominant state capital.

The share of private insurers in the total primary insurance market amounts to 10.88%.

For the period January-December 2020, the written gross premiums of the insurance companies in Belarus in connection with direct insurance and co-insurance amount to 1,483.5 million rubles. The growth rate of insurance premiums in January-December 2020 compared to the same period of 2019 amounts to 105.7%.

For voluntary types of insurance in January-December 2020, insurance premiums amounted to 940.3 million rubles, which is 80.1 million rubles more than in the same period of 2019. Insurance premiums for compulsory types of insurance for January-December 2020 - 543.2 million rubles (at the level of the same period in 2019). The share of voluntary types of insurance in the total amount of insurance premiums is 63.4% (for January-December 2019 - 61.3%).

For the period January-December 2020, payments of insurance indemnities and insurance coverage in the country as a whole amount to 814.7 million rubles, which is 104.1 million rubles more than in the same period of 2019. The level of insurance payments in the total amount of insurance premiums for the period January-December 2020 amounts to 54.9% (for January-December 2019 - 50.6%).

Our presentation on the insurance market in Ukraine

CHAD ZK Euroins, Belarus

Chad ZK Euroins, Belarus occupies the third market position among 7 private insurers in the country with gross written premiums of EUR 7.8 million (2019 - EUR 9.2 million).

Euroins Insurance Group AD has been consolidating the Company since the beginning of May 2020, with gross premiums of BGN 10.1 million and profit before taxes of BGN 825 thousand reported for this period. The largest share of the written premiums falls on Casco insurance or 69% of the Company's portfolio, while motor third party liability insurance has the right to be concluded only by state insurance companies in Belarus.

Business environment automotive direction

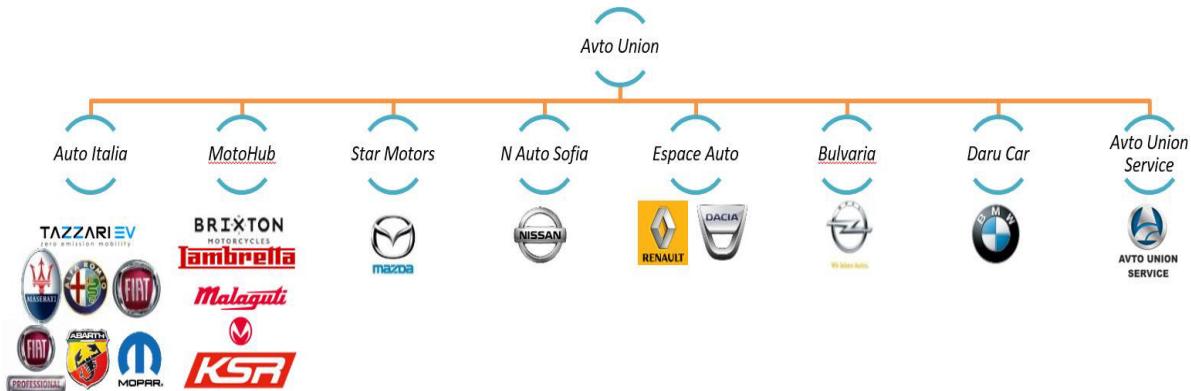
Auto Union AD unites companies that are importers and dealers of new cars (cars, trucks, motorcycles and industrial machines); service centers; official importer of lubricants Castrol and Orean Oil, card fuel operator wholesale and retail.

Auto Union AD is a holding company, controlling the Group's investments in companies related to the sale of new cars, motorcycles and scooters, 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 some car brands, as well as an official distributor of lubricants and alternative spare parts in Bulgaria and a card operator for refueling.

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

The portfolio of Auto Union AD, which is the largest in number of brands in Bulgaria, according to statistics published by the European Association of Automobile Manufacturers, includes eight brands of cars and four brands of scooters, lubricants, fuels and additional automotive services. Through its 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, Dacia.

Graphics of the brands of cars, motorcycles and scooters offered by the group



The group of Auto Union AD has entered into a distribution agreement for the brands of cars it sells. Distribution agreements (or the official representation of the brand in the country) generally give the group the right to sell the brand, to develop dealer networks, to carry out marketing campaigns and activities, to set prices and trade conditions and to act as a brand ambassador in the agreed jurisdiction. The deals of the Auto Union AD Group with Fiat, Alfa Romeo, Mazda and Maserati are covered by the distribution agreements. Distribution agreements generally provide the Group of Auto Union AD with rights to sell and service certain brands, officially submitted through an independent representative. Pursuant to these distribution agreements, the Auto Union AD Group is obliged to adopt the pricing and marketing policies set by the car manufacturers or their representatives in the respective country.

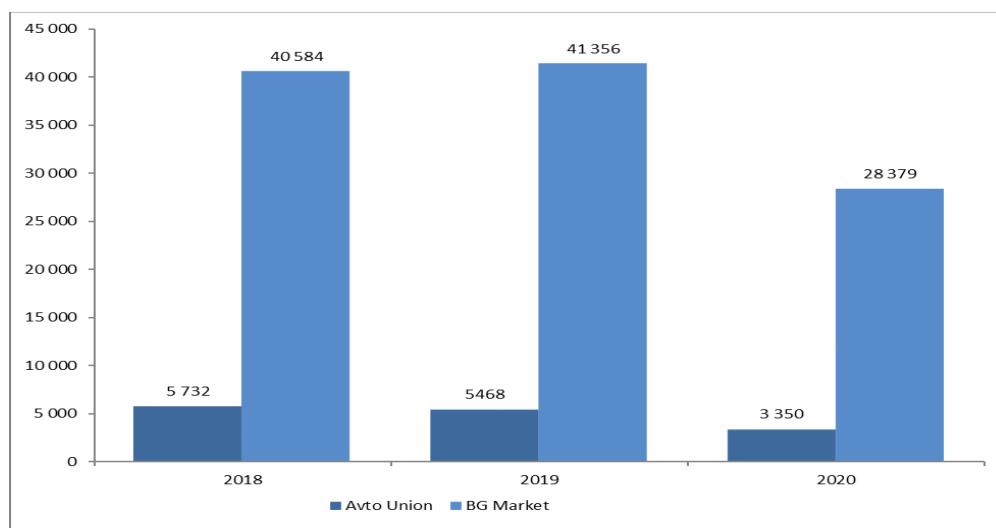
AUTOMOTIVE MARKET IN BULGARIA

The new car market in Bulgaria recorded one of the largest declines in the European Union in 2020. The average decline in sales of new cars in 2020 in the European Union is 23.7% (data from the Association of European Automobile Manufacturers (ACEA)). The decline in sales in 2020 was caused by the impact of the coronary crisis on the automotive industry, which led to the closure of showrooms and factories and a collapse in demand worldwide. A total of 9.9 million new cars were sold in the European Union last year, up from 13 million in 2019.

According to the Union of Car Importers in Bulgaria, the market of new cars and vans for 2020 marked a significant decrease of 31.4% compared to sales of cars on the Bulgarian market in 2019. The number of new cars sold in 2020 is 28 379 while in 2019 41,356 units were registered.

The number of cars sold by the Auto Union Group for 2020 decreased by 38.7% compared to the same period in 2019. Revenues from sales of cars, spare parts, oils and fuels decreased by 32.1%, and those from sales of services (from service activities) decreased by 3%. Total revenues from contracts with customers decreased by 31.4%, which is a decrease in absolute terms equal to BGN 73.17 million.

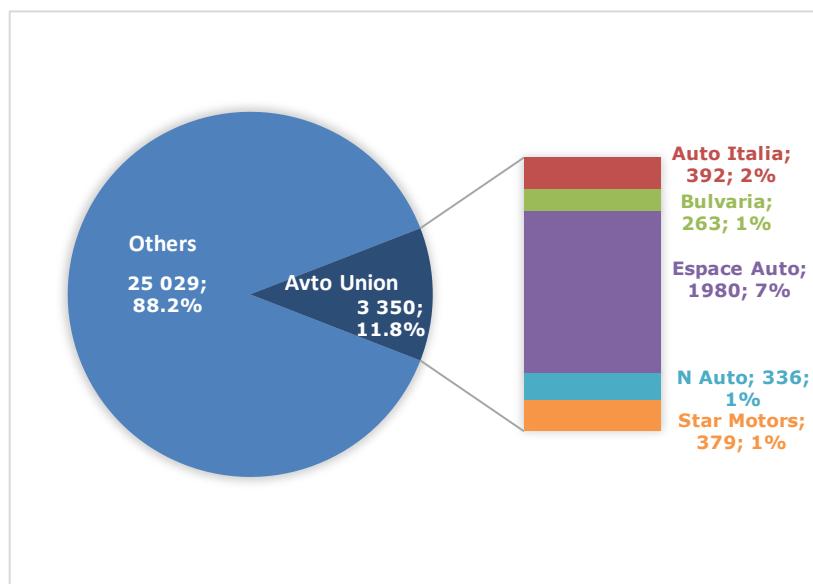
Statistics on sales of new cars by the companies of Auto Union for 2020 compared to those on the Bulgarian market based on the number of cars sold - comparison for the last 3 years



Source: Association of Automobile Manufacturers and Their Authorized Representatives in Bulgaria

Our presentation on the insurance market in automotive market in Bulgaria

Number of cars sold and market share of car companies in the group of Auto Union for 2020 are shown in the following chart:



Source: The Association of Automobile Manufacturers and Their Authorized Representatives in Bulgaria

The following table gives statistics on the cars sold by the companies in the group of Auto Union in 2020 and their change compared to 2019, by quarters (number of sales)

Auto Union Group	Sales		% Change
	2020	2019	
January - December (Accumulation)	3 350	5 468	-38.7%
By quarters:			
first quarter (Jan-Mar)	754	1 015	-25.7%
second quarter (Apr-June)	568	1 638	-65.3%
third quarter (July-Sep)	1 089	1 592	-31.6%
fourth quarter (Oct-Dec)	939	1 223	-23.2%

The analysis of sales by quarters shows that in the second quarter of 2020 the largest decline of 65.3% was realized, which is due to the measures taken by the government and the declared state of emergency in the country, during which consumer activity was extremely low. Over the next third and fourth quarters there was a gradual recovery in sales, with a reported decline of 31.6% and 23.2%, respectively.

Business environment of the leasing division

Eurolease Group AD is a holding company and as such does not carry out independent commercial and / or production activity, therefore its activity cannot be related to a certain market. Such activity is developed by the companies of the Group.

Eurolease Group companies operate in the following markets:

- Financial leasing - in Bulgaria and Northern Macedonia;
- Long-term (operational leasing) and short-term rental (including car rental services) of cars - in Bulgaria;
- Sale of used cars - in Bulgaria.

LEASING MARKET IN BULGARIA

Development of the leasing market in Bulgaria in 2020

According to the latest data published by the BNB: The receivables of leasing companies under financial and operating leasing at the end of December 2020 totaled BGN 4.308 billion (3.7% of GDP) compared to BGN 4.293 billion (3.6% of GDP) at the end of December 2019. At the end of the fourth quarter of 2020, on an annual basis, they increased by 0.4% (BGN 15.8 million), and remained almost unchanged compared to the end of September 2020.

Receivables under financial leasing contracts for cars are BGN 1.639 billion at the end of December 2020. They increased by 0.2% (BGN 3 million) on an annual basis and decreased by 0.3% (BGN 4.6 million) compared to the end of the third quarter of 2020. Their relative share is 40% at the end of December 2020 and maintains its level compared to the end of December 2019. At the end of the fourth quarter of 2020, receivables under financial leasing contracts for trucks and vans amounted to BGN 1.282 billion, decreasing by 3.7% (BGN 49.5 million) compared to the end of December 2019 and by 1.4% (BGN 17.8 million) compared to the end of September 2020. Their relative share decreased from 32.7% at the end of December 2019 to 31.4% at the end of the same month in 2020.

Based on structure, receivables from financial leasing at the end of December 2020 with a maturity of over 1 to 5 years are BGN 3.061 billion, decreasing by 5% (BGN 162.2 million) on an annual basis and by 1.8% (55.4 million). BGN) compared to the end of the third quarter of 2020. Their relative share in the total amount of financial leasing receivables decreased from 79.1% at the end of December 2019 to 74.9% at the end of the same month in 2020. At the end of the fourth quarter of 2020 the amount of receivables with maturity over 5 years was BGN 829.6 million. They increased by 32% (BGN 201.3 million) on an annual basis and by 6.5% (BGN 50.8 million) compared to end of the third quarter of 2020. As of the end of December 2020, the non-performing receivables amounted to BGN 111.8 million.

They decreased by 16.8% (BGN 22.6 million) compared to the end of December 2019 and by 4.4% (BGN 5.1 million) compared to the end of the third quarter of 2020.

Source: BNB Leasing Activity Statistics December 2020."

According to the statistics of leasing activity published by the BNB, the business of leasing companies in Bulgaria has been affected by the reduced economic activity in the first half of this year due to the spread of the pandemic with COVID-19. The third quarter of 2020 saw an increase in the business of leasing companies on a quarterly basis, after a quarterly decrease was registered at the end of March and June. BNB statistics show that in the fourth quarter the reduced economic activity due to the spread of the COVID-19 pandemic did not significantly affect the business of leasing companies in Bulgaria and the indicators are almost unchanged compared to the end of September.

In general, the COVID-19 pandemic remains the main source of uncertainty for the world economy, incl. Europe and Bulgaria, where in September 2020 the number of new cases began to increase again, and currently the rate of infection remains high. This has a negative impact on customer activity and the leasing market is expected to slow down in the next reporting periods and is more likely to report a decline in the main indicators - "new business" and "leasing portfolio".

Long-term and short-term car rental

For the segment markets in which the companies from the Eurolease leasing group operate, namely long-term lease (operating lease) and short-term lease - car rental services, there is no official statistical information, therefore such cannot be presented.

The main market and geopolitical influences on the car rental business are: the tourist flow, international and local events, foreign investments and partnerships, as well as the overall economic situation. Short-term services are characterized by strong seasonality, which has a serious impact on the distribution of revenues during the year. Specifically in this business is the predominant number of foreign clients (mainly from EU member states).

The pandemic, the closure of borders, the restriction of business travel, and the really almost non-functioning tourist activity in 2020 not only in the country but also in Europe and the world, have significantly affected the business of car rental services in 2020. This segment recorded significant declines in revenue over the past year, with the current 2021 expected the market to slow down and more likely to decline again.

In the long-term rental, a leading factor is the desire of more and more companies to use this service instead of financial leasing or their own fleet. In the field of operating leasing there is market fragmentation, which dilutes the market share between companies offering this type of service. For 2020, the observations show a relative preservation of the levels of the clients, namely: preservation and servicing of the existing clients and to a lesser extent the creation of a new portfolio of clients. This is a consequence of the unpredictable, dynamic and uncertain economic situation created by the COVID-19 pandemic, in connection with which the companies limited and optimized their costs. It is expected that this market segment will start to intensify in the second quarter of 2021, in case the incidence of coronavirus is controlled as a result of the worldwide vaccination of the population and economic activity goes in a positive direction.

Our presentation on the leasing market in Bulgaria

MARKET ON THE TERRITORY OF BULGARIA

The companies of the Group operating on the territory of Bulgaria are the following:

- ✓ Eurolease Auto EAD - Bulgaria - due to the lack of official statistical information the management of the company does not have official statistical information about the market share. According to the assessment of the company's management as of 31.12.2020 Eurolease Auto EAD has a market share based on a net investment in financial leasing approximately 2.2% of the total car leasing market in Bulgaria;
- ✓ Autoplaza EAD - due to the lack of official statistical information the management of the company does not have official statistical information about the market share. Due to the presence of many car dealerships and dealers offering used cars, as well as banking and leasing institutions offering such returned and seized lease agreements with customers, the market share in the country of

companies offering used cars is very diluted, such as "Autoplaza" EAD occupies a small share of the total market;

- ✓ Eurolease Rent A Car EOOD - due to the lack of official statistical information the management of the company does not have official statistical information about the market share. According to the company's management, the presence of high competition between the many existing companies in the country offering long-term and short-term car rental does not predetermine a high market share for Eurolease Rent A Car EOOD. Also, it should be borne in mind that the services offered by the company "rent a car" as a representative of the brands - Avis and Budget (owned by the American public company Avis Budget Group Inc.) are distributed in two directions - to business customers using the brand. Avis worldwide and to a wider range of users who use the Budget brand mainly when traveling for tourism. Eurolease - Rent A Car EOOD applies all the requirements of the licensor of both brands, maintaining the highest standards in terms of quality of cars designed for "rent-a-car" services that are not older than 2 years and with no more than 60,000 km. mileage, and their number is consistent with the seasonality typical of this type of service, varying depending on the demand for the service in order to achieve optimal price conditions for customers. All this predetermines the company's focus on a more specific contingent of customers using its services, rather than on the search for a mass flow of customers, which in turn leads to a more limited market share;
- ✓ Sofia Motors EOOD - due to the lack of official statistical information the management of the company does not have official statistical information about the market share. The company has been actively developing its activity of offering short-term car rental from several years ago, which is why at the moment it can be said that it has an insignificant market share. The management of Sofia Motors EOOD hopes that based on the developed new products, which it recently offers to its customers, in the next few years, the company will be able to increase its market share and become a recognizable player in this market segment;
- ✓ Amigo Leasing EAD - due to the lack of official statistical information the management of the company does not have official statistical information about the market share. The company is relatively recently on the leasing market (established in July 2017), and according to the management as of 31.12.2020 Amigo Leasing EAD has a market share based on net investment in financial leasing approximately 0.3% of the total leasing market of cars in Bulgaria;

The companies of the Group - Eurolease Auto DOOEL Skopje, Northern Macedonia and Eurolease Auto IFN SA, Romania operate only on the respective market in the country of registration and do not carry out commercial operations on the domestic market (market on the territory of Bulgaria).

The companies of the Group operating on foreign markets are the following:

- ✓ Eurolease Auto DOOEL Skopje, Northern Macedonia - according to statistics of the Central Register of the Republic of Northern Macedonia (www.crm.com.mk) as of 31.12.2020 Eurolease Auto DOOEL Skopje has a market share of 5.20% of base net investment in financial leasing from the common car leasing market in Northern Macedonia;
- ✓ Eurolease Auto IFN SA, Romania - the company serves only old contracts and does not generate new business, due to which the company's market share is zero.

THE INVESTMENT MARKET IN BULGARIA

Although 2020 was unpredictable, the investment intermediation market in the country managed to remain calm as much as possible. The statistics show - higher turnover and more deals on the Bulgarian Stock Exchange AD (BSE) compared to 2019. Exchange trading was going on and on, as low liquidity was again among the most frequently mentioned obstacles to the development of the stock exchange.

The leading indices of the BSE decreased in the range from 10% to 20% for the year, which was more or less in line with the trends in the capital markets of the region. It should be noted that the stock exchanges of the so-called. "Emerging markets" have traditionally recovered more slowly after shocks and crises, ie. A catch-up can be expected in the new year, but this will, of course, depend on the global situation and post-pandemic trends.

Trading data on BSE-Sofia	2020	2019	2018
Number of concluded transactions	↑ 61 173	↓ 44,167	54,341
Turnover in BGN	↑ 397 499 741	↓ 333,573,998	550,040,936
Capitalization in BGN	↑ 28 354 506 233	↑ 27,904,536,796	26,765,345,283
SOFIX	↓ 447,53	↓ 568,14	594,46
BGBX 40	↓ 101,38	↓ 111,83	115,91
BG TR30	↓ 499,17	↑ 516,28	496,14
BG REIT	↑ 137,69	↑ 130,03	121,07

Source: BSE

The tendency, the number of concluded transactions and the total turnover of the stock exchange to increase mainly at moments when the leading indices are declining, remains indicative of the weak liquidity and the general lack of interest in the market.

Serious hopes for a revival of trade on the BSE are placed on the BEAM Market for Small and Medium-Sized Enterprises, launched in 2020.

Our presentation on the leasing market in Bulgaria

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

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

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

Euro-Finance AD offers individual portfolio management, mainly to individual and institutional investors based in Bulgaria. Euro-Finance AD offers three types of individual investment portfolios (conservative, balanced and aggressive). These portfolios are based on the risk characteristics of the client and the structure of the assets and are actively managed by Euro-Finance AD in accordance with the specific needs of the client. Assets typically include investments in stocks, bonds, alternative investments and cash. Balanced portfolios can invest up to 60% in equities and alternative investments, and aggressive portfolios can invest up to 95% in equities and alternative investments.

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

Euro-Finance AD maintained its leading position on the Bulgarian capital market, realizing close to the total turnover of the Bulgarian Stock Exchange (BSE), climbing to 2nd place in the ranking of intermediaries on the realized turnover of the stock exchange, and increased by over 40% of the number of stock exchange transactions concluded by the company.

The table below presents the dynamics of the main indicators for Euro-Finance AD in terms of trading in financial instruments in the country:

Activity	2020	2019	2018
Accepted orders for purchase and sale of financial instruments in the country *	↑ 5 131	3 129	2 884
including. submitted through EFOCS	↑ 3 203	1 961	1 658
Fulfilled orders	↑ 2 645	1 641	1 596
Concluded transactions with financial instruments in the country, **	↑ 3 357	2 421	2 295
including. on-site trading	↑ 3 094	2 207	2 001
outside the trading venue	↑ 263	214	294
Total turnover in BGN	↑ 410 146 355	353 588 776	645 292 626

* does not include orders for repo transactions (only financial instruments with ISIN BG *)

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

After briefly declining by almost 40% in March 2020, Deutsche Boerse's main index, the DAX30 ended the year with a 3.7% increase. The following table presents synthesized information on the activities of the company of Deutsche Boerse, Frankfurt, where Euro-Finance AD has been a direct member since 2009.

Activity	2020	2019	2018
Accepted orders for purchase / sale of financial instruments of Deutsche Boerse	↑ 11 598	2 245	1 649
including. Filed through EFOCS	↑ 10 559	1 643	984
Fulfilled orders	↑ 5,438	1 282	1 175
Concluded transactions	↑ 6 645	1 399	1 250
Total turnover in BGN	↑ 35 186 587	12 872 781	19 306 304

The table below presents summary data on the turnover in BGN of transactions concluded in 2020 with shares and bonds in the country and abroad.

Activity	2020	2019	2018
Total turnover in BGN of the concluded transactions with shares and bonds in the country and abroad	↑ 458 041 037	374 756 075	676 585 046

* does not include the turnover on repo transactions concluded during the year

STRATEGY FOR CORPORATE SUSTAINABILITY AND SOCIAL RESPONSIBILITY

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 combines the three pillars of environmental, social and economic sustainability, focusing on long-term financial performance and strict risk management in order to achieve sustainable management of both growth and the ability to meet the needs of society in future.

Investing in long-term value creation means not only having the right idea of who and what affects our business, but also how our business affects everything around us.

Our sustainability strategy is based on our corporate culture and the contribution of our employees. It is essential for gaining, maintaining and increasing trust in our business, our companies and the group as a whole, which helps us become a "leader" in the main markets in which we operate.

Our corporate strategy focuses on the five pillars of our sustainability:

- BASIC BUSINESS

We focus on the long-term stability of our group, thus striving to achieve sustainable and profitable growth;

- CLIENTS

We put our customers at the center of everything we do to offer them a unique product that addresses their needs and protects their interests;

- EMPLOYEES

Corporate culture, motivation and commitment, a sense of equality, support for diversity are important factors for the Group's long-term success;

- COMMUNITY

We take responsibility for all stakeholders, society and local economies, tailoring our personal multicultural image and mix to the specifics of local life, business and economy.

- ENVIRONMENT

We treat the environment responsibly;

Our corporate sustainability and accountability strategy supports good disclosure practices as a tool for achieving market discipline and transparency of successful business practices. It is a key factor for achieving trust in clients and investors, a basis for achieving a fruitful corporate environment and employee engagement and the image of the EUROHOLD brand.

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.

The constant efforts to improve the economic environment through an open dialogue with stakeholders and the active contribution of the companies from the Eurohold economic group in 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, and 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;
- ↳ Improving corporate governance to ensure the transparency of the entire organization. We value proactivity and innovation as a valuable resource for ensuring group competitiveness;
- ↳ Caring for the environment focused on climate change and contributing to sustainable growth. The prudent handling of the resources provided to us is an important measure of our concern for the environment;
- ↳ Care for employees as a valuable resource and basis for achieving the goals of Eurohold;
- ↳ 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;
- ↳ Strict compliance with legislation along with the application of standards, policies, internal rules and procedures.

Significance of significant topics for the group

The Eurohold Group has been publicly disclosing non-financial indicators on a consolidated basis since 2017, in accordance with the requirements of the Accounting Act. With each subsequent reporting period, the reported and analyzed indicators are upgraded. In the diverse and constantly growing economic structure of Eurohold Bulgaria AD as of 31.12.2020 there are 38 operating companies within 10 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. The companies are united in four sectors - insurance, automotive, leasing and financial services (investment intermediation and asset management). The diverse activity, as well as the location in different countries - inside and outside the European Union, determine different regulatory regimes for individual companies. The group supports initiatives to multiply the effects of added value through the transfer of good practices, 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 empathy. For its part, Eurohold Bulgaria every year upgrades the processes of research and analysis of significant 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.

In 2020, the Group plans to use a more comprehensive approach in the analysis of 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 other key and management positions throughout the group. The planned actions cover:

- ✓ The establishment of a system for evaluation of indicators for more complete and accurate definition and reporting of the set goals, in relation to the interests of individual groups of stakeholders and in direct connection with the impact of the organization on economic, social and natural issues.
- ✓ Efforts will be focused on more extensive research and analysis of important topics and impacts for the Group and for stakeholders, which will include subsequent analysis of risks at the 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, individual companies / sub holding structures, separate subgroup topics can be identified according to the management's vision, which subsidiaries to support depending on the specifics of the activity and local regulatory requirements and objectives. 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 platforms for products and other related activities related to business continuity, support of our 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.

In 2021, the group will enter a new business sector, namely energy. As energy is relevant to environmental issues, after the acquisition of CEZ energy companies in Bulgaria, Eurohold will review and analyze significant topics for the Eurohold Group..

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 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.

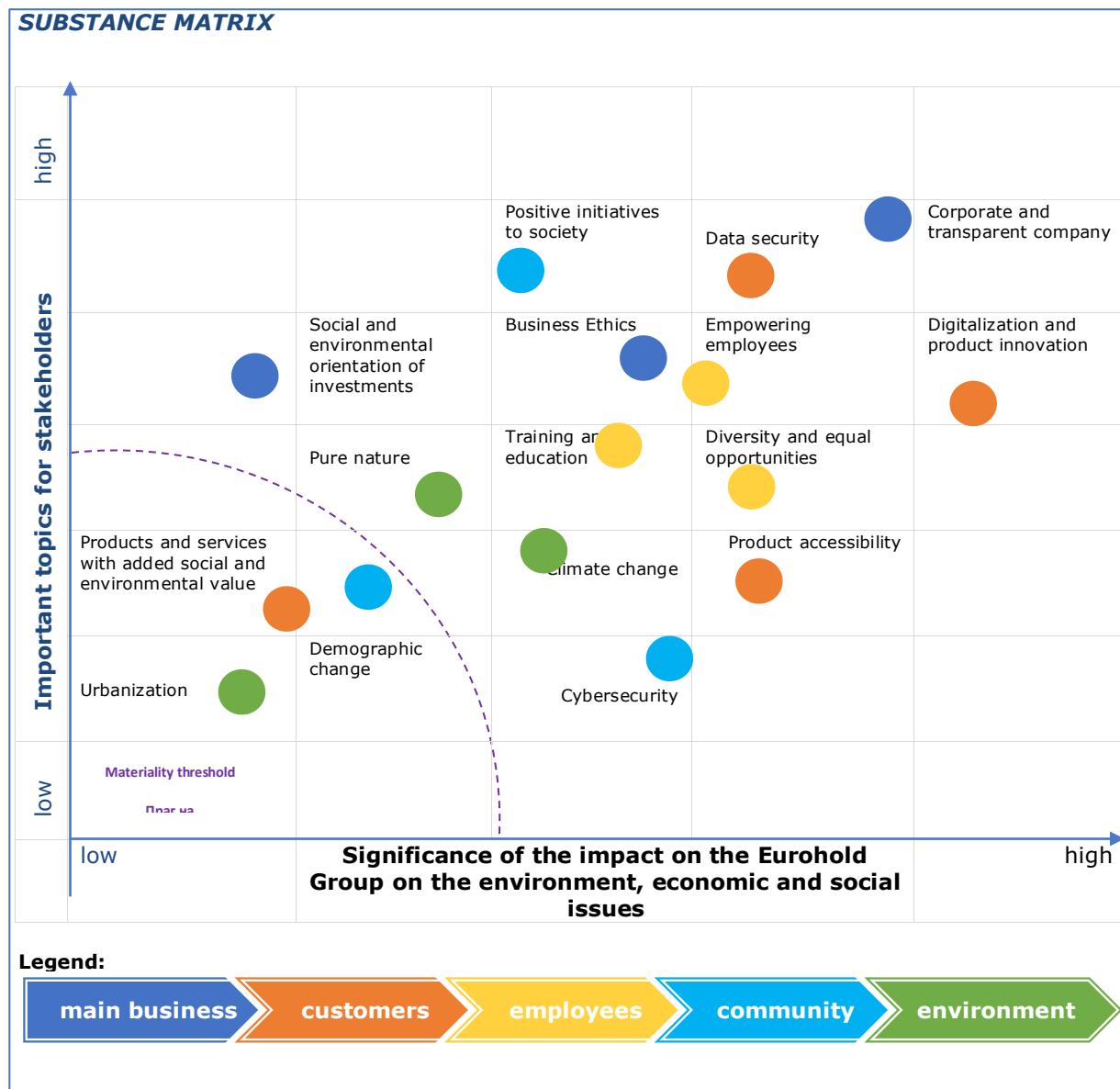
The materiality of the topics is perceived as important for the success and achievement of sustainable development not only of the business of the companies in the Eurohold Group, but also the sustainable growth of the socio-economic and social relations, of which the Group is an integral part. Trust in our stakeholders is paramount to sustainability.

Materiality matrix

Determining the relevance of relevant topics is an in-depth approach that first identifies the 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 topics for the whole group.

Materiality analysis is aimed at identifying elements of the social environment, governance and the environment (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 internal needs and the needs and expectations of stakeholders. It helps us to assess the opportunities for development of our business and to determine the risks associated with them.

The matrix below presents the currently identified significant topics at the Eurohold Group level (valid for the whole group).



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 senior management of Eurohold Bulgaria AD and its subsidiaries. This process allows you to select the most important topics for the whole group.

For 2020, three main themes have been identified:

- ✓ Climate change
- ✓ Stakeholders

CLIMATE CHANGE

The growing global focus on topics such as climate change has been a key factor in our commitment.

Like any company, Eurohold Group companies 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, waste generation and their separate collection. (including collection of special waste from car companies), the condition of office buildings and their energy efficiency. All companies in the Eurohold structure, regardless of their type of business and 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 the environmental measures taken. The analysis also allows making economically appropriate 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.

The Eurohold Group will continue to work to improve the processes of climate change, and will identify new topics that are important to it and that it will support, concerning energy efficiency and increasing the exposure to renewable energy.

POSITIVE INITIATIVES TO SOCIETY

Prevention for good health

The Eurohold Group is concerned about the growing problem of sedentary lifestyles in recent years (especially among children). In this regard, the Group actively supports various sports initiatives, sports clubs and organizations. The emphasis is on a healthy and active lifestyle and the promotion of well-being at all ages from children to the elderly as a disease prevention.

Support 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 divisions of the Issuer use the highest technologies and in most of the companies are fully developed (and in others the process is not yet fully completed) online platforms available on the websites of the companies in order to meet the needs of customers through this an important digital channel so that their digital presence shifts from a "product-oriented" to a "customer-oriented segment". The COVID-19 crisis has further accelerated this need.

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, the companies in the group focused entirely on supporting their customers, exploring the new environment and developing the necessary products and services. Individual solutions were developed for clients in financial difficulties, and lease plans and other obligations were rescheduled, including lease agreements for leased investment properties.

Innovation and digitalization

Our synergy 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 significantly changes everyday life and business and affects the whole society, 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 existing strategies. That is why digital transformation is extremely important for us and we are working to make this process of change happen. Digitalization plays an important area in developing new solutions that provide greater value to our customers.

Education, healthy living, equality and ethics

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 raising qualification, skills and knowledge, giving them equal opportunities, training of employees both internally and externally, depending on the specific needs. This contributes on the one hand, both to the prosperity of the group and on the other hand increases the opportunities for people to live a better and healthier life.

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 and external, and very often their manifestation is combined.

On climate change

Climate change risks

Climate change has a particularly strong effect on the Group and in particular on insurance companies. 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.

What can we do to address climate change?

- » To support the adopted stricter CO2 emission standards for 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 standards;
- » To support the transition to a low-carbon future so that we can fulfill our environmental and social responsibilities by spending resources wisely, collecting waste separately, periodically analyzing and monitoring performance.
- » To support environmentally friendly activities and green initiatives of the society.

Concerning stakeholders

Risks related to stakeholders:

The Eurohold Group believes in the value that the products it offers have, but also believes that this value is at risk if professional and committed management is not provided, as well as adequate training of employees. In this regard, the introduction and implementation of continuing education policies are encouraged, which, in addition to creating added value to the products offered, support employees in their personal and career development.

✓ **Reputational and regulatory risk**

As a public company, reputational and regulatory risk is extremely important for Eurohold Bulgaria. The professional attitude and commitment of the management staff in the Group companies, as well as the active participation of the Group specialists in public life - in forums, sectoral meetings, as well as regular communication with various bodies and stakeholders, helps to strengthen the trust and image of Eurohold. a reliable partner in socio-economic life.

✓ **Technological risk**

In the world of digitalisation and the growing importance of FinTech, the Eurohold Group recognizes as a risk the thin line beyond which the use of technology generates a risk to man, namely to violate his privacy and privacy, as well as to create risk or insecurity his constitutionally guaranteed rights. The group recognizes that in the dynamics of development of today's socio-economic world it is extremely important to have a balanced approach in determining professional commitment and respect for the right to social life, as in different groups of people, the measures are different. The group sees an opportunity to achieve its goals in the first place to its employees. The tools for achieving the goals are related to the implementation of social programs adequate to the reported needs, offering discounts by companies in the Group, and a coordinated approach in determining the time commitment, especially of executives with reported higher levels of stress.

What can we do to influence stakeholders?

To engage 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 entire 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. The strategies and goals for sustainable development are regularly reviewed by the management of the respective company in terms of the actually reported topics and opportunities for impact, applying a risk-based approach in planning and prioritizing the measures to be achieved.

Taking into account the events, key topics and actual reported results, at a consolidated level, the Eurohold Group sets its strategic goals for the reporting year 2019 mainly focused on human capital and social considerations of the same as an element to achieve higher added value and commitment to the mission. , 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 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 key and managerial positions in one of the regulated sub-holdings. 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 2020, a policy for continuing education and development was introduced in some of the subsidiaries, which has a significant effect / 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 had a significant impact on the value of the products, as they are subject to management in order to meet the needs and requirements of the consumer.

The Eurohold Group emphasizes that building trust and adequately determining the needs of consumers of products, goods, services and information is key to achieving a competitive advantage. The 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 the employees, which are the basis of any successful business.

Measuring progress on corporate responsibility and sustainability. Goals and results in the field of social responsibility and sustainable development

IMPRESSION OF THE GROUP'S ACTIVITIES

The following tables present information on the results of the surveyed indicators of the Eurohold Group and the impact they leave on the economic, social and environmental environment.

Indicators	Stakeholders	Unit	2019 thousand BGN.	2020 thousand BGN.	change in%, 2019/2018
Capital costs for the purchase of material assets and technical base	providers	thousand BGN	136 890	319 416	133%
Capital expenditures for purchase of information - technical equipment, business inventory and other fixed material assets	providers	thousand BGN	3 670	3 856	5%
Costs for the purchase of materials	providers	thousand BGN	970 502	8 99 622	-7%
Corporate income taxes paid	state and local government	thousand BGN	2 107	2 405	14%
Other taxes and fees, customs duties, excises, etc. related to the production process	state and local government	thousand BGN	71 905	73 263	2%
Measured footprint on production process and state and local government:		thousand BGN	1 185 074	1 298 562	10%

Indicators	Stakeholders	Unit	2019 thousand BGN.	2020 thousand BGN.	change in%, 2020/2019
Remuneration payments	employees	thousand BGN	58 980	57 574	-2
Training costs	employees	thousand BGN	320	295	-8%
Social costs for employees	employees	thousand BGN	1 835	1 771	-4%
Measured footprint to employees:		thousand BGN	61 125	59 640	-2%

Indicators	Stakeholders	Unit	2019 thousand BGN.	2020 thousand BGN.	change in%, 2020/2019
Quality systems	external suppliers	thousand BGN	60	54	-10%
Management systems	external suppliers	thousand BGN	6 466	1 275	-80%
Intellectual Property	external suppliers	thousand BGN	466	466	0%
Measured footprint on intellectual capital		thousand BGN	6 993	1 795	-74%

Indicators	Stakeholders	Unit	2019 thousand BGN.	2020 thousand BGN.	change in%, 2020/2019
Social activities to society	local communities	thousand BGN	612	573	-7%
Measured footprint on social capital:		thousand BGN	612	573	-7%

Indicators	Stakeholders	Unit	2019 thousand BGN.	2020 thousand BGN.	change in%, 2020/2019
area of the used office areas, showrooms / own and rented /	environment	sq.m.	71 321 sq.m.	75 365 sq.m.	6%
Power consumption	environment	thousand BGN	984	753	-23%
Gas consumption	environment	thousand BGN	335	213	-36%
Water consumption	environment	thousand BGN	46	29	--37%
Waste generated - total, including:	environment	thousand BGN	51	38	-25%
Generated waste - household	environment	thousand BGN	33	25	--24%
Generated waste - special	environment	thousand BGN	18	13	-28%
Cost of stationery, including: paper, toner and others	environment	thousand BGN	578	385	-33%
Measured footprint on the environment:		thousand BGN	1 994	1 418	-29%

PRODUCTS AND SERVICES

WE OFFER PRODUCTS AND SERVICES INTENDED FOR OUR CUSTOMERS

With care for the clients of the insurance, automobile and leasing subholdings.

The operating companies of Euroins Insurance Group SA, Avto Union AD and Eurolease Group EAD follow a marketing policy aimed at developing and offering innovative and diverse products and services. The companies continuously monitor the insurance, leasing and automotive needs of all groups of potential customers. In order to offer flexible service and meet the needs of customers for appropriate insurance, leasing services and car sales schemes, they develop different product ranges and combined services complementing their product portfolio. With the thus created business model, the Group can offer its customers an all-in-one service for car sales, leasing and insurance, saving them time and providing them with profitable, attractive and innovative conditions based on combined products. Each of the companies in the structure of Eurohold has a separate branch network, through which it operates in order to provide higher quality service and ensure maximum customer satisfaction, the products of each company are offered in the offices of others.

All three companies have made efforts and developed online platforms available on the company's websites, in order to inform customers, meet their needs and save their time and the opportunity to choose and configure the level of equipment of the car and the conditions of its purchase, leasing and insurance, depending on the given possibilities of combinations.

The main actions of the Group are flexibility, loyalty to customers and partners, fast and quality service, realization of ideas for new products and services. This provides a high level of service and professionalism in the services offered - from assistance in choosing a car from the companies of Avto Union, through negotiating the lease terms by the operating companies of Eurolease Group according to customer needs to choosing a favorable insurance package offered by subsidiaries. Euroins Insurance Group companies.

With care for the clients of Euro-Finance

The investment intermediary Euro-Finance has a full license issued by the FSC, with permission to operate in the EU and third countries. The company's activity meets the highest standards in the field of financial and investment services.

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

Euro-Finance has developed EFOCS (online platform), software for direct trading on the Bulgarian Stock Exchange and Deutsche Börse Group. Through this platform, investors can simultaneously trade in different markets and monitor the status of their assets in real time.

For its clients, Euro-Finance has developed and launched EF MetaTrader 5, which has become a popular real trading platform. The EF MetaTrader 5 customer terminal offers customers various trading opportunities through a wide range of functionalities. Through the international markets platform EF MetaTrader 5, Euro-Finance offers trading in over 260 instruments. By gaining access to a wide range of markets and trading instruments, as well as to the latest generation of professional platform, clients have everything they need to successfully achieve their investment goals. Clients have the opportunity to trade with the specified financial instruments under trading conditions valid for the interbank market. The system has platforms adapted for mobile phones and tablets running iOS and Android OS.

In its over 25 years of history, the main priority for the company is the application of the best practices and principles in the sector, as well as the professional attitude towards the client.

CUSTOMERS, PRODUCT / SERVICE DEVELOPMENT

Eurohold Bulgaria AD does not carry out direct activities related to the development of products and services and customer relationships. This activity is developed by the subsidiaries and is aimed at developing new products to meet all the needs and requirements of consumers and customers of products and services provided by companies. Eurohold has organized its business in this way by creating the opportunity to develop unique products based on synergies and complementary proposals from subholding structures to adequately meet the growing needs of its customers.

The Group's clients are both individuals and corporate individuals. Consumers rely on our experience, knowledge, skills and flexibility to offer them solutions that meet the latest requirements of society.

In 2020, the companies of the Group not only remained stable in the market, but also increased their market shares, which speaks of the trust of consumers and business partners.

The steady growth trend of the market positions of the Eurohold Group is due to our strategy to put the needs of the customer at the center of everything we do.

The operating companies of the group focus on excellent customer service according to their needs. A customer-oriented approach has been adopted in the organization and development of their client network in all countries in which they operate.

For the Companies of the group, each client is important and the desire of all employees to serve him well and to show that they think about him both in the short and long term stands out more and more. That is why we listen to our customers, constantly research their needs, try to anticipate both short-term and medium-term and long-term emerging needs to change our products and services and to develop and provide new market offerings in a timely manner.

DEVELOPED NEW PRODUCTS AND DIGITALIZATION

In general, the development and provision of new products and services by the operating companies in the Eurohold Group aim to meet and meet all the needs and requirements of customers, the introduction of innovative and digital products unique to the market. The aspiration of the group is using experience, knowledge, abilities and flexibility to offer customers solutions that meet the latest requirements of society.

The operating companies of the sub-holding structures offer all types of products and services specific to the given sector market. In this sense, the Eurohold Group can offer a full range of solutions for private clients, legal entities and corporate clients. The steady growth trend of the market positions of the Eurohold Group is due to the group strategy to put the customer's needs at the center of everything it does. To meet the new conditions and needs, the Eurohold 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, using the experience, product development and know-how of different countries. in which it is positioned.

Developed new products and services in the field of "Insurance"

The operating companies of Euroins Insurance Group AD (EIG) follow a marketing policy aimed at developing and offering innovative and diverse products and services in accordance with the changing needs of customers. In order to offer flexible service and meet the needs of appropriate insurance services, various product ranges and combined insurances have been developed and are constantly being upgraded.

The new insurance products and services developed by the companies in 2020 so far:

↳ IC Euroins AD

- developed a new functionality for the sale of retail insurance and through the new portal started the sale of the updated product "Travel Assistance - Traveler".
- A new coverage to travel cancellation insurance was also developed to cover the needs of passenger protection in the event of travel refusal in case of COVID-19 infection.
- launches sale of home property insurance in the Netherlands.

↳ Euroins Romania Asigurare-Reasigurare S.A.

Euroins Romania Asigurare-Reasigurare S.A. launches an online application for self-assessment of claims for long-term rights (material damages only), starting from April 6, 2020. By the end of May, about 30-35% of new claims for Motor Third Party Liability are reported through this application.

↳ CHAD "Euroins Ukraine Insurance Company"

As part of the immediate response to new market needs, in 2020 the Company is actively involved in the development of new products, some of which are:

- health insurance COVID-19 (for foreign citizens);
- health insurance Express PREMIUM + COVID-19;
- health insurance - antiviral;

- launches a new product "Protection of future generations", based on the license for accident insurance and voluntary health insurance.
- The company prepared and submitted to the regulator the necessary documentation for obtaining new licenses - voluntary insurance of railway transport, voluntary insurance of agricultural products, compulsory aviation insurance of civil aviation. These licenses were obtained at the end of 2020.
- In the 4th quarter of 2020, the company joined the Visit Ukraine project, which is supported by the State Agency for Tourism Development of Ukraine, and began selling health insurance policies to foreign tourists through online platforms.

↳ **CHAD ZK Euroins, Belarus**

It has been developed on a new service - "Office of the insured", through which the company's clients will be able not only to conclude an insurance contract in electronic form, but also to track information about contracts and regular payments, to declare insurance events and to monitor settlement status of insurance cases.

↳ **ZK Euroins Georgia AD, Georgia**

ZK Euroins Georgia AD has focused its efforts on diversifying its portfolio and is in the process of developing new products related to health insurance, home property insurance, property insurance and liability.

↳ **CHAD European Travel Insurance, Ukraine**

In the conditions of the pandemic, the Company developed for the tour operators a new additional insurance program COVID-19 related to tourists.

↳ **Euroins Insurance AD, Northern Macedonia**

At the end of 2020, the Company introduces two new classes of insurance, Legal Expenses and Loans.

↳ **Russian Insurance Company Euroins OOD (associated participation), Russia**

In 2020, the Company accelerated the process of digitalization of sales channels, in connection with which it launched an application for insurance policies, as well as for communication with clients, and a mobile personal account of an agent and a client. Following the introduction of the new application, insurance policies for mass types of insurance can be issued from anywhere in the world.

Developed new products or services in the field of "Cars"

✓ **New products**

↳ **Auto Italy EAD became an importer of performance and tuning parts of the German manufacturer Novitec Group**

Continuing to develop its portfolio of brands and services it offers on the Bulgarian market, Auto Italia EAD, part of the Auto Union AD Group, in July 2020 became the official representative of the Novitec Group for Bulgaria. With a focus on the premium segment, the company will now offer, in addition to Italian car brands, tuning parts for better performance and unadulterated design to meet all market requirements.

Novitec Group is a German manufacturer of performance and tuning parts, which specializes in the brands Ferrari, Lamborghini, Maserati, Rolls-Royce, Tesla and more recently - McLaren. Novitec's extensive setup programs (Rosso, Torado, Tridente, SPOFEC, McLaren) are characterized by the highest quality products made with precision and superior craftsmanship. Their excellent reputation is shaped by a commitment to exceptional performance and design.

Since 1989, the Novitec program has focused on extremely powerful and reliable engines, along with avant-garde style for Italian supercars, and with newer additions SPOFEC (Rolls-Royce, Spirit of Ecstasy) and the McLaren division, the owners of these British cars also can benefit from masterful tuning products.

↳ **Auto Italy EAD opened a new showroom and authorized service of the car brand FERRARI**

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

The newly opened showroom also has a service base for servicing up to four cars at a time.

✓ **New services**

↳ **With the development of COVID-19 "Auto Union" AD introduced for its customers a new free service "Door to door service".**

For all customers of the service centers in Sofia and Varna of the brands Abarth, Alfa Romeo, BMW, Fiat, Fiat Professional, Maserati, Mazda, Nissan, Opel, part of the portfolio of "Auto Union" AD, a free service is provided "Door to door service" with an additional opportunity to take advantage of a replacement car for a fee of BGN 30 without VAT per day.

Also, all customers can place their orders for spare parts to the companies to be delivered by courier. For those wishing to purchase a car, the companies also offer direct delivery to a specified address by the customer.

Developed new products or activities in the field of "Leasing"

Eurolease Group AD does not carry out direct activities related to the development of products and services and customer relationships. This activity is developed by the subsidiaries and is aimed at developing and providing new products and services aimed at satisfying and satisfying all the needs and requirements of the clients. The Group's clients are both individuals and corporate individuals.

The companies from the Eurolease group have many years of experience in the sectors in which they operate and are one of the leaders in the development of new products and online platforms meeting the latest requirements of society.

The leasing companies of the Eurolease group are constantly focused on the development of products offering flexible repayment plans and interest rates that are consistent with the risk profile of the client, building new functional websites of the companies, including the implementation of mobile applications enabling fully online customer service, both when applying and for after-sales service.

The subsidiaries of Eurolease Group AD, together with Euroins Insurance Company AD and the car companies owned by the Auto Union Group AD (all part of the economic group of Eurohold Bulgaria AD) regularly develop successful joint products, offering attractive and innovative products and customer conditions.

✓ **New products**

The latest new products developed by the leasing companies of the Eurolease group are the products:

- » **SIMPL** - offering long-term rental with full car service included
- » **Ready to go** - offering short-term rental with full car service included

The development of new products is dictated by a change in car market trends, namely the shift of consumers' desire to own a car at the expense of its use as a service (so-called "car as a service").

By choosing the product of "Simpl" and "Ready to go", customers pay a defined monthly installment, including:

- Insurance;
- motor vehicle tax;
- maintenance;
- double change of tires + wardrobe;
- replacement car up to 3 days once a year; and
- one-time filing of damages.

The signing of the contract and the delivery of the car takes place in a convenient place for the client, without the need to visit an office. In addition, a personal assistant will take care of the overall maintenance of the car, and its application is made entirely online (via a mobile application). For customers there is the possibility to include additional services. The innovative and easy-to-use website with a convenient customer module also contributes to the overall customer experience.

Thanks to trade discounts agreed and received by the Group from service centers throughout the country, customers benefit from:

- Discount when using a hotel for tires;
- Discount when buying tires;
- Discount for service activities;
- Replacement car;
- Others.

All new clients who have concluded a financial leasing contract with Eurolease Auto EAD and Sofia Motors EOOD receive a free DriveSimpl package for a period of 1 year.

- » **DriveSimpl** - the product is a card that is offered to loyal customers from October 2020 and includes:

- Deferred payment for fuel;
- Fixed discount of 7 cents. for all fuels at Petrol, Cruise and EKO petrol stations;
- Detailed breakdown for each charge in 1 / one / month invoice.

A DriveSimpl card can be obtained by customers ordering their card and receiving it with free delivery to an address specified by them throughout Bulgaria.

Advantages of DriveSimpl card:

- Saves waiting in queues at gas stations for the next invoice;
- Each invoice is carefully stored and preserved.

DriveSimpl fuel card is offered completely free of charge by Eurolease Auto EAD and Sofia Motors EOOD in partnership with drivesimpl.bg, Benzin.bg and Borika, to all current and future customers.

The DriveSimpl card may be terminated at any time with one month's notice.

- » **DriveSimpl App** - includes the DriveSimpl product + additional options

This product provides an additional opportunity for customers to request and manage services related to car service entirely digitally.

✓ New services

The following new services have been developed and are offered to the clients:

- » **100 point DEKRA check + extended warranty for each car - offered by Autoplaza EAD for the company's own cars**

Each car, owned by Autoplaza EAD, passes a thorough 100-point DEKRA check, which gives customers complete information about the condition of the car. The team of Autoplaza EAD, for its part, undertakes to eliminate all detected irregularities and to provide the car with a factory or extended warranty.

✓ Simpl Ready 2 Go - offered by Sofia Motors EOOD

Service for long-term use of a car on a subscription basis under the Simpl brand, providing customers with the opportunity to rent a car for a monthly deposit, and after six months, the customer can terminate the rental at any time with one month's notice.

✓ Reverse lease - offered by Amigo Leasing EAD

At the beginning of 2021, a product of Amigo Leasing EAD was launched, aimed at customers who own their own car and are looking for a credit product that provides quick liquidity.

Developed new products or services by Euro-Finance

✓ New products

- » **Euro-Finance AD launches partnership in offering mutual funds of the largest asset management company in Europe - Amundi Asset Management on the Bulgarian market**

The investment intermediary Euro-Finance AD, part of the Eurohold group, is the first non-bank financial institution in the country to offer funds from the largest asset management company in Europe - Amundi Asset Management, entirely online.

Euro-Finance AD and Amundi Asset Management launched a partnership in early December 2020 in offering mutual funds on the Bulgarian market. Bulgarian investors - individual and institutional, will be able to acquire units of Amundi's global mutual funds through the network of Euro-Finance AD entirely digitally, using the mobile application for remote e-identification and e-signature of the company Evrotrust Technologies.

At this stage, 50 of the funds of the asset management company Amundi Asset Management are available through the network of the Bulgarian intermediary Euro-Finance AD, which are selected and consistent with the profile of Bulgarian investors. Amundi mutual funds provide an opportunity for

profitable investments and the construction of a diversified portfolio with the potential to generate a stable income. The cooperation between Euro-Finance AD and Amundi will expand and improve the access of Bulgarian investors to the global financial markets, as the process of acquiring the shares will be fully digitalized. It will also facilitate the access of Bulgarian investors to global financial markets. Thanks to the cooperation with the European leader in asset management - Amundi, Euro-Finance AD has the opportunity to offer clients a wide range of mutual funds with various investment orientations. Amundi funds are a very good opportunity to invest in a professionally managed global portfolio.

In view of the challenges for the company's activities caused by COVID-19, in 2020 Euro-Finance AD signed a contract with Eurotrust Technologies AD - a company providing qualified certification services, Euro-Finance AD integrates into the corporate website of the company a complete solution for remote identification and signing of electronic documents, which effectively optimizes the process of concluding contracts with new customers remotely. Euro-Finance AD sees both short-term benefit from this solution in the conditions of social distancing, and long-term - overall optimization of the internal company processes.

Competitive advantages of the Eurohold Group

The companies from the economic group of the Issuer operate in a highly competitive and dynamic environment, with potential for development and opportunities for growth. In this regard, Eurohold Bulgaria SA has built a business model based mainly on synergies and relationships between sub holding structures, using different types of capital, through which companies create new innovative, competitive and combined products and services, while constantly monitoring consumer behaviour. meeting all the needs of stakeholders.

The natural connection between the businesses of the companies of the Eurohold group and their strong integration results in unique for the region competitive advantages over other market participants and in a constantly growing loyal customer base.

Over the years, Eurohold Bulgaria has become increasingly successful in integrating and optimizing its operations and complementary businesses, which provide significant opportunities for rapid growth of market shares of companies in the holding structure. The issuer and its companies with their clean and integrated business model are in a position to take full advantage of the strong growth prospects characterizing the region and the sectors in which the Group operates.

Group business strategy focused on the clients and the competitiveness of the Eurohold Group

- ◆ Maintaining a leading position in the region of Central and Southeast Europe in the field of insurance, leasing, car sales and investment intermediation and asset management;
- ◆ Promoting customer satisfaction and a diverse customer base by offering innovative and competitive products;
- ◆ Diversification of distribution channels in order to create multi-channel distribution of products, including a well-developed direct channel, as well as development of a customer service model;
- ◆ Promoting synergies and cross-selling in all business segments by centralizing and optimizing operations, marketing and business processes;
- ◆ Optimizing profitability by increasing sales volume, combined with optimizing inventory management;
- ◆ Expanding organically and through expansion of the markets in which it operates and increasing the market shares of each subsidiary;
- ◆ Retention of highly qualified managers and employees by providing opportunities for professional development and implementation of performance-based compensation schemes for key personnel;

- ◆ Establishing common goals in each business segment regarding the negotiation of better conditions for suppliers, advertising and participation in public tenders.

Proximity to the customer

The process of improving the quality of customer service continues, thus the Group strives to generate satisfaction and trust.

The concept of customer service in order to increase customer satisfaction is concentrated in several basic principles:

- All clients who use the services of the Company are treated equally and fairly. The courtesy and kindness of the employees is stimulated.
- Open communication and providing complete information about the activities of the Company.
- Consulting with all stakeholders and promoting quality service.
- Introduction of customer feedback mechanisms and lessons learned from the comments made.

Based on the developed joint products between the three sub holdings insurance, cars and leasing, a high degree of savings in operating costs, advertising and marketing costs, staff costs, etc. is achieved, which in turn leads to the possibility of providing more profitable consumer and customer conditions.

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;
- ◆ Ensuring 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 from harassment, extortion or discrimination (especially ethnicity, gender, religion, membership of national minorities, trade unions, etc.).

At the end of 2020, the team of Eurohold Bulgaria includes a total of 2,828 employees compared to 2,704 as of 31.12.2019, which shows that the staff of the Group has increased by 4,6%.

Staff structure

Staff	Count	women	% of women	men	% of men
2020	2 828	1 539	54.42%	1 289	45.58%
2019	2 704	1 471	54.40%	1 233	45.60%

The application of the principle of gender equality can be observed in the group structure of the staff. The trend for predominance of women over men observed in 2019 continues. For 2020 the distribution of staff by gender (women and men) is dominated by women, occupying 54.42% of all employees, while men employed in the group structure are 45.58%.

Busy on business lines

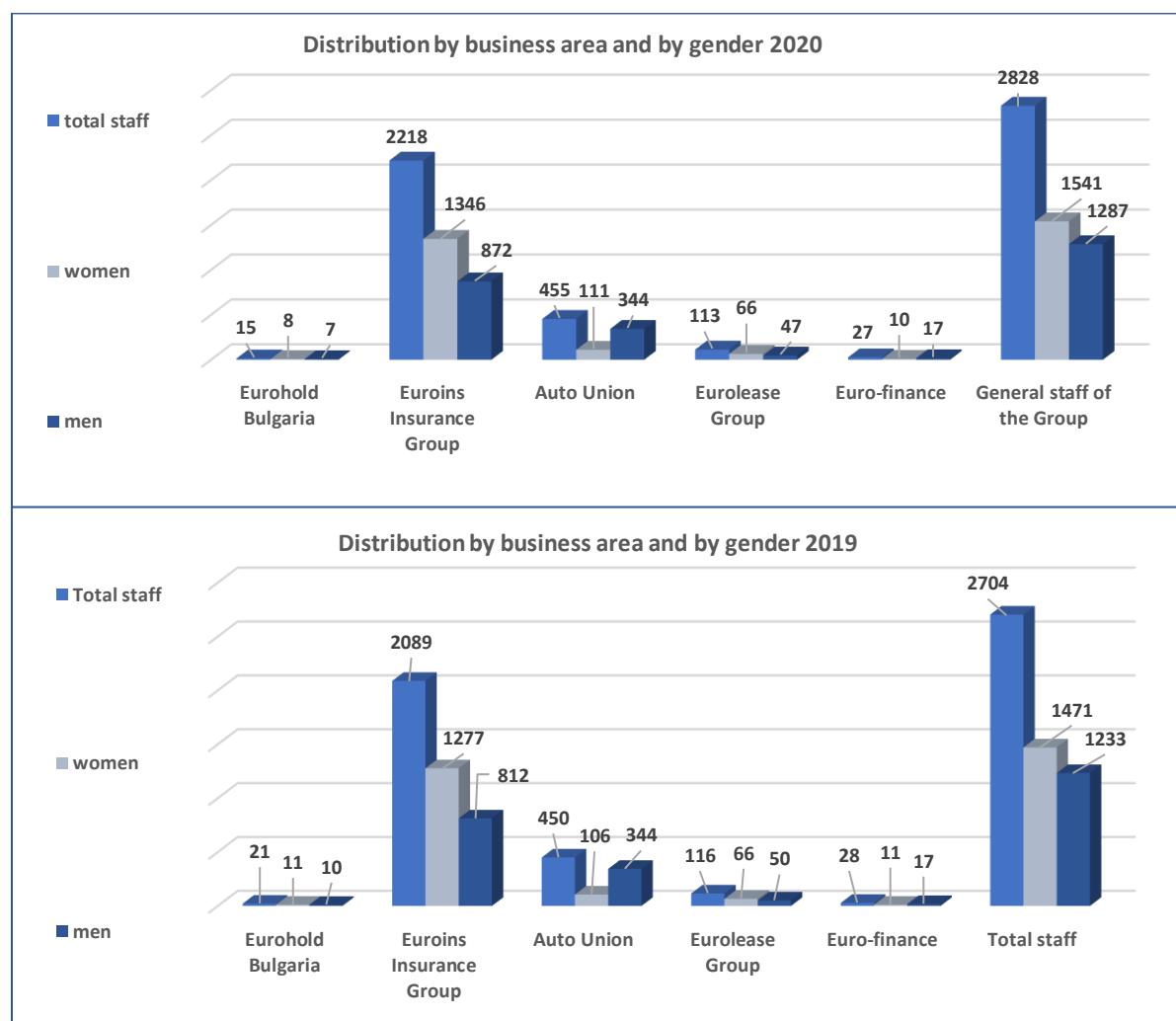
The tables below show the distribution of staff in 2020 and 2019 by business groups. The largest number of employees is employed in the insurance business Euroins Insurance Group, followed by Auto Union and Eurolease Group.

The distribution of staff by gender criteria depends on the sector in which the company operates.

The insurance sector employs a total of 2,218 employees, as women at the end of 2020 accounted for 60.7% of all employees, while men accounted for 39.3%, compared to 61.1% at the end of 2019.

The automotive sector employs 455 people, more men than women - respectively 75.6% of all employees in Auto Union at the end of 2020, the ratio compared to 2019 is slightly maintained when men were 76.4% of the staff of car group.

In the other business lines of the Eurohold Group, the distribution between men and women is almost proportional.



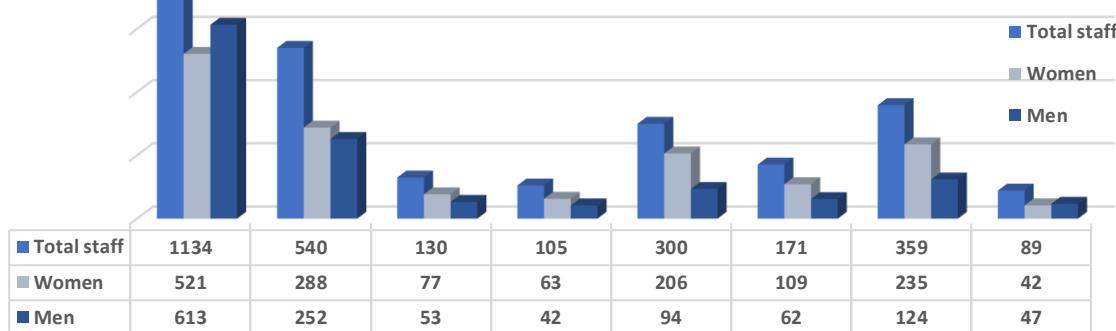
Geographical distribution

1,135 people or 42.4% of the Group's staff are employed in Bulgaria. Of these, women are 47.1% and men - 52.9%.

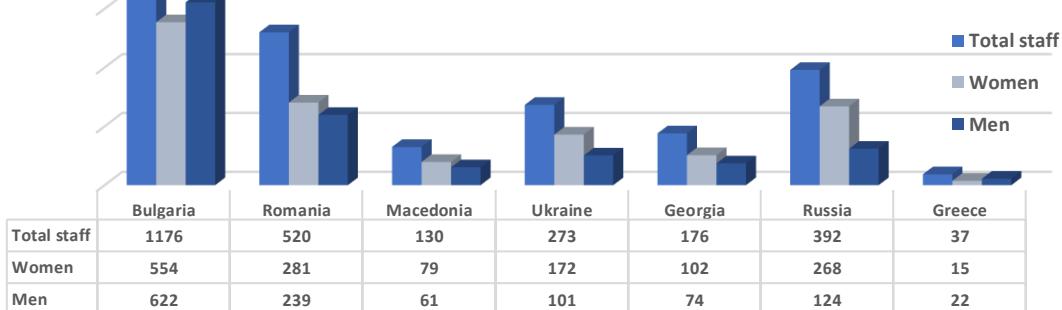
Of Eurohold's investments abroad, Romania is the leading country in terms of staff.

The employees in Romania are 520 people, of which 54% are women and 46% are men.

Geographical distribution of staff by country and by gender 2020

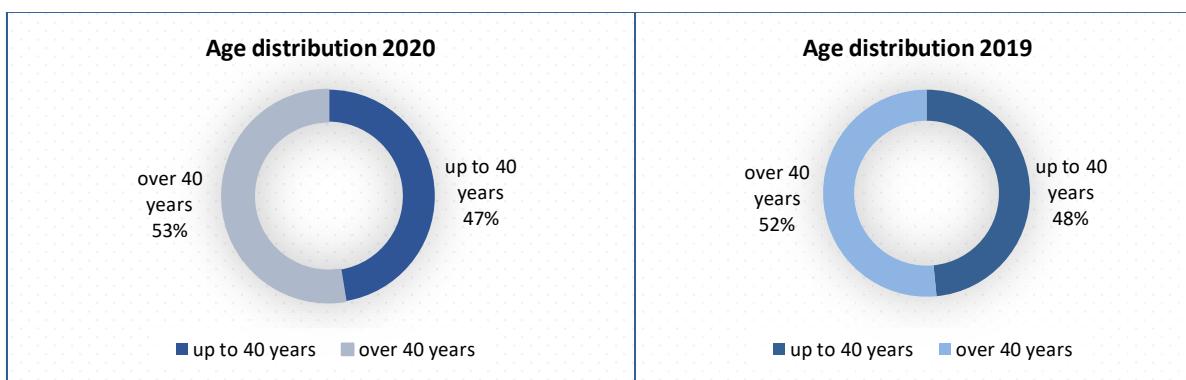


Geographical distribution of staff by country and by gender 2019



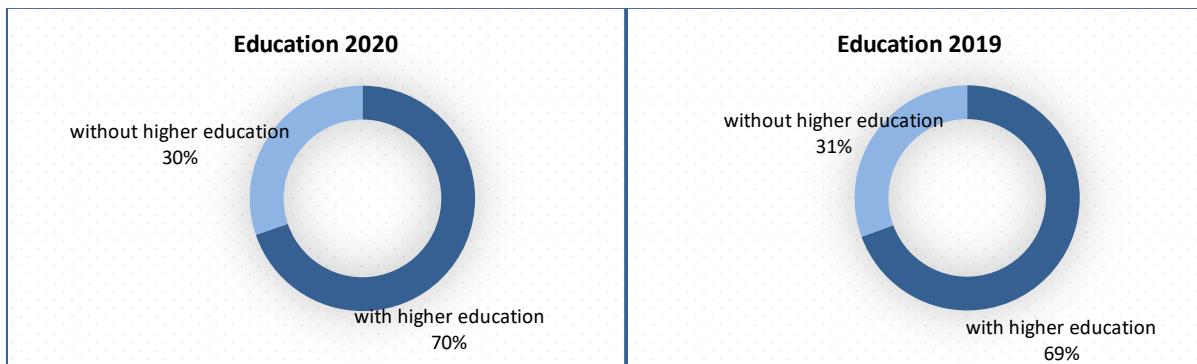
Distribution by age and acquired level of education

Graph 1: Distribution of staff by age



In 2020, employees under the age of 40 represent 47% (1,341 employees) of the Group's staff. For 2019, the employed younger people up to the age of 40 represent 48% of the employed staff in the Group.

Eurohold Bulgaria strives to retain its loyal and experienced employees over the age of 40, but at the same time is looking for young people to train them and have continuity.



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 qualification, 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 boss / subordinate;
- » 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.

The solution to the problem of turnover cannot be realized through single actions or short-term initiatives, but by the implementation of a comprehensive mechanism (program) for retaining 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 selection 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, with the help of which 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. The training courses, depending on the topic, are internally organized by the organization or externally organized by various professional organizations.

External training

Number of external trainings conducted	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 training

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	The internal trainings are attended by all interested employees.

Conducted trainings in 2020

External training	брой
Number of conducted external trainings	62
number of topics / modules	92
number of participants	518
number of hours	5 707
Internal training	
Number of conducted internal trainings	25
number of topics / modules	53
number of participants	799
number of hours	2 837

Training for intermediaries

Number of trainings conducted for intermediaries	7
number of topics / modules	10
number of participants	1 056
number of hours	3 108

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 position for a certain position, first the possibilities for offering the position to employees who are internal to the organization are reviewed and then, if there is no choice, external personnel are sought.

Internal communication

The governing bodies of the economic structure realize 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 the departments, employees and management, which contributes to the general and social goals of the company. 3 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 encouraging 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 done via emails to interested employees, and when they concern all staff, group emails are used.

The structure of Eurohold has an archival 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. Companies try to keep 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 by decision of the 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 centres;
- » organizing during the summer holiday months a summer school for the children of the employees;

- » and others.

Social benefits are an important tool for employee motivation, 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 (OHS).

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.

Meters

Important statistics that the Group companies maintain and monitor regarding employees.

- » • In 2020, at the Group level, no employees were fired due to corruption or other abuses.
- » • No accidents at work have been registered.
- » • No complaints received on labour issues.

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 comply with 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 apply the "Policy for the transfer of activities of external contractors".

The procedures for selection and evaluation of suppliers are performed 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 comply with the principles adopted by the Group in terms of environment and social responsibility.

ENVIRONMENTAL PROTECTION

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 the paper used 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 with the launch of the "Mouse will return the booklet" project, with the idea that the reduced costs of issuing invoices be returned to the benefit of society in the form 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 developed a client module "My Leasing" through which end users can at any time see all issued documents under a lease agreement;
- » Eurohold's business building is equipped with drinking water treatment 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 performs maintenance of all its heating systems, ventilation and air conditioning systems in the business building, and for better and professional management is concluded a contract for all maintenance activities 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 in 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 waste collection, as well as to introduce rules for their regulation.

The holding undertakes to continuously monitor, evaluate and optimize its environmental performance, and to strictly comply with all requirements of local, national and international legislation in the relevant 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 behaviour for the benefit of their customers, employees, partners and society as a whole. The companies continue their long-term projects and constantly launch 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.

Eurohold Bulgaria
2020

CORPORATE GOVERNANCE DECLARATION

Corporate Governance Declaration of Eurohold Bulgaria AD for 2020, according to the provisions of Art. 100m, para 8 of POSA

I. Information whether Eurohold Bulgaria AD, as appropriate, complies with the Corporate Governance Code approved by the Commission or another corporate governance code (Art. 100m, para 8, item 1, letters a /, b / and c / of POSA)

Eurohold Bulgaria AD complies with the National Corporate Governance Code (NCGC) approved by the Financial Supervision Commission and carries out its activities in full compliance with the principles and provisions of the Code.

Eurohold Bulgaria AD does not carry out significant additional practices beyond those set out in the National Corporate Governance Code.

II. Explanation by Eurohold Bulgaria AD which parts of the Corporate Governance Code under item 1, letters a/ and b/ are not followed and what are the grounds for this, respectively when the issuer has decided not to refer to any of the rules of the Corporate Governance Code – the grounds for this (Art. 100m, para 8 , item 2 of POSA)

In 2020 the activity of the Management Board and the Supervisory Board of Eurohold Bulgaria AD was carried out in full compliance with the National Corporate Governance Code. The corporate management considers that there are no parts of the National Corporate Governance Code that the company does not comply with.

*The Code is applied on the basis of the "**comply or explain**" principle. This means that the company complies with the Code, and in case of deviation, the management should clarify the reasons for this. (NCGC, Preamble)*

Eurohold Bulgaria AD has a two-tier management system.

Management Board

Mr. Kiril Ivanov Boshov – Chairman and executive member;

Mr. Asen Minchev Minchev – Chief Executive Officer;

Mr. Velislav Milkov Christov – Member;

Mr. Asen Emanuilov Asenov – Member;

Mr. Razvan Stefan Lefter – Member.

➤ Functions and responsibilities

The Management Board of Eurohold Bulgaria AD manages the company in accordance with the established vision, goals and strategies of the company and the interests of the shareholders.

The Management Board of Eurohold Bulgaria AD monitors the results of the company's activity and, if necessary, initiates changes in the management of the activity.

The Management Board of Eurohold Bulgaria AD treats all shareholders equally, acts in their interest and with the care of a good trader.

The members of the Management Board of Eurohold Bulgaria AD are guided in their activities by the generally accepted principles of integrity, managerial and professional competence. The Management Board has adopted and complies with a Code of Ethics.

The Management Board of Eurohold Bulgaria AD has ensured and controls the construction and operation of the risk management system, incl. for internal control and internal audit, promptly informing the Supervisory Board of its actions.

The Management Board of Eurohold Bulgaria AD has built the financial information system of the company in accordance with the guidelines given by the Supervisory Board and ensures its reliable operation.

The Management Board of Eurohold Bulgaria AD coordinates its actions with the Supervisory Board regarding the business plan of the company, transactions of a substantial nature and all other operations and activities established in the bylaws of the company.

The Management Board of Eurohold Bulgaria AD informs and reports on its activities to the Supervisory Board. For this purpose it provides the information required in the respective terms and format.

➤ **Structure and competence**

The structure and the number of members of the Management Board of Eurohold Bulgaria AD guarantee the effective activity of the Company.

In case of proposals for election of new members of the Management Board of Eurohold Bulgaria AD, the principles of compliance of the competence of the candidates with the nature of the company's activity are observed.

The contracts for assignment of management, concluded with the members of the Management Board of Eurohold Bulgaria AD, determine their obligations and tasks, the criteria for the amount of their remuneration, their obligations for loyalty to the company and the grounds for dismissal.

The competencies, rights and obligations of the members of the Management Board of Eurohold Bulgaria AD follow the requirements of the law, the bylaws and the standards of good professional and managerial practice.

➤ **Remuneration**

In accordance with the legal requirements and good practices for corporate governance, the amount and structure of the remuneration of the members of the Management Board of Eurohold Bulgaria AD reflect:

1. The obligations and the contribution of each member of the Management Board of Eurohold Bulgaria AD in the activity and the results of the company;
2. The possibility to select and retain qualified and loyal managers;
3. The need for compliance of the interests of the members of the Management Board of Eurohold Bulgaria AD and the long-term interests of the company

The additional incentives are specifically defined or definable and are linked to clear and specific criteria and indicators regarding the results of the company and / or the achievement of goals set in advance by the Supervisory Board of Eurohold Bulgaria AD.

Eurohold Bulgaria AD may provide as additional incentives to the members of the Management Board shares, stock options and other appropriate financial instruments.

The disclosure of information about the remuneration of the members of the Management Board of Eurohold Bulgaria AD is in accordance with the legal norms and the bylaws of the company. The shareholders have easy access to the adopted company policy for determining the remuneration and

royalties of the members of the Management Board of Eurohold Bulgaria AD, as well as to information on the annual remuneration and additional incentives, if any, received by them.

➤ **Conflict of interest**

The members of the Management Board of Eurohold Bulgaria AD avoid and do not allow real or potential conflicts of interest.

The procedures for avoiding and disclosing conflicts of interest are regulated in the bylaws of the company.

The members of the Management Board of Eurohold Bulgaria AD immediately disclose conflicts of interest and provide the shareholders with access to information on transactions between the company and members of the Management Board of Eurohold Bulgaria AD and related parties by submitting a declaration under Art. 114b of the POSA.

The Management Board and the Supervisory Board of Eurohold Bulgaria AD guarantee that all transactions with related parties are approved and carried out in a way that ensures reliable management of the conflict of interests and protects the interests of the company and its shareholders.

Any conflict of interest is disclosed to the Supervisory Board of Eurohold Bulgaria AD. The members of the Management Board of Eurohold Bulgaria AD inform the Supervisory Board as to whether directly, indirectly or on behalf of third parties they have a significant interest in any transactions or issues that have a direct impact on the company.

Supervisory Board

Mr. Assen Milkov Christov – Chairman;

Mr. Dimitar Stoyanov Dimitrov – Vice Chairman;

Mrs. Luise Gabrielle Roman – Member;

Mr. Radi Georgiev Georgiev – Member;

Mr. Lubomir Stoev – Independent member;

Mr. Kustaa Lauri Aima – Independent member.

➤ **Functions and responsibilities**

The Supervisory Board of Eurohold Bulgaria AD appoints, gives guidelines and controls the Management Board of Eurohold Bulgaria AD according to the division of functions within the two-tier structure.

The Supervisory Board of Eurohold Bulgaria AD gives guidelines to the Supervisory Board of Eurohold Bulgaria AD in the construction of a risk management system, incl. for internal control and internal audit, the financial information system and controls their functioning.

The Supervisory Board of Eurohold Bulgaria AD controls the observance of the laws and rules laid down in the bylaws of the company.

The Supervisory Board of Eurohold Bulgaria AD carries out its activity in effective exchange of information with the Management Board of the company.

The Supervisory Board of Eurohold Bulgaria once a year evaluates the activity of the Management Board of the company and the work of each of its members.

The Supervisory Board of Eurohold Bulgaria AD treats all shareholders equally, acts in their interests and with the care of a good trader.

Upon fulfillment of the obligations, the members of the Supervisory Board of Eurohold Bulgaria AD have access to the necessary information about the activity of the company.

➤ **Appointment and dismissal of the members of the Management Board**

The Supervisory Board of Eurohold Bulgaria AD appoints and dismisses the members of the Management Board of the company in accordance with the legal requirements, the bylaws of the company, the principles of continuity and sustainability of the Management Board and the standards of good corporate governance practice.

The policy of the Supervisory Board of Eurohold Bulgaria AD regarding the remuneration guarantees effective management of the company in the interest of the shareholders.

➤ **Structure and competence**

The composition of the Supervisory Board of Eurohold Bulgaria AD guarantees the independence and impartiality of the decisions and actions of its members.

The number of members of the Supervisory Board, incl. the number of independent members and the distribution of tasks between them is regulated in the bylaws of the company.

The independent members act in the best interest of Eurohold Bulgaria AD and the shareholders impartially. The number of consecutive terms is limited.

The members of the Supervisory Board have the appropriate knowledge and experience required by the position they hold, at least one of whom has financial competence.

After the election of new members of the Supervisory Board of Eurohold Bulgaria AD, they get acquainted with the main legal and financial issues related to the company's activities. The training of the members of the Supervisory Board of Eurohold Bulgaria AD is their permanent commitment.

The members of the Supervisory Board of Eurohold Bulgaria AD must have the necessary time to perform their tasks and obligations. The bylaws of Eurohold Bulgaria AD determine the number of companies in which the members of the Supervisory Board may hold management positions.

The procedures for election of new members of the Supervisory Board of Eurohold Bulgaria AD take into account the requirements for continuity and sustainability of the functioning of the Supervisory Board of the company.

➤ **Remuneration of the members of Supervisory Board**

The General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board.

The remuneration of the members of the Supervisory Board corresponds to their activities and obligations and is not tied to the results of the company's activities.

The remuneration of the independent members is only basic without additional incentives and reflects their participation in meetings, as well as the implementation of their tasks to control the actions of the executive management of Eurohold Bulgaria AD and to participate effectively in the work of the company.

The members of the Supervisory Board are not compensated for their activities with shares or options and other additional incentives.

The disclosure of information about the remuneration of the members of the Supervisory Board is in accordance with the legal norms and the bylaws of the company. Shareholders have easy access to remuneration information.

➤ **Conflict of interest**

The members of the Supervisory Board avoid and do not allow real or potential conflicts of interest.

The procedures for avoiding and disclosing conflicts of interest are regulated in the bylaws of the company.

The members of the Supervisory Board immediately disclose conflicts of interest and provide the shareholders with access to information on transactions between Eurohold Bulgaria AD and members of the Supervisory Board or persons related to it by submitting a declaration under Art. 114b of the POSA.

The Supervisory Board of Eurohold Bulgaria AD guarantees that all transactions with related parties are approved and carried out in a way that ensures reliable management of conflicts of interest and protects the interests of the company and its shareholders.

➤ **Committees**

The work of the Supervisory Board of Eurohold Bulgaria AD can be supported by committees, as the Supervisory Board determines the need for their establishment according to the specifics of the company.

In accordance with the requirements of the current legislation and on the basis of the criteria determined by it, the Supervisory Board of Eurohold Bulgaria AD approves the proposal of the Management Board to the General Meeting of Shareholders to elect an Audit Committee in a composition that meets legal requirements and specific needs of Eurohold Bulgaria AD.

The establishment of committees is based on a written structure, scope and tasks, mode of operation and reporting procedures.

In 2009 the first **Audit Committee** of Eurohold Bulgaria AD was established, elected by the General Meeting of Shareholders of the company on 26.05.2009. The composition of this committee was elected at a session of the General Meeting held on 30.06.2017 with a five-year term. Its activities are in accordance with the Statute of the Audit Committee approved by the General Meeting of Shareholders. The Audit Committee reports annually to the General Meeting of Shareholders on the results of its activities.

The Audit Committee consists of the following members:

Mr. Ivan Georgiev Mankov – Chairman;

Mr. Dimitar Stoyanov Dimitrov – Member;

Mrs. Rositza Mihailova Pencheva – Member.

Audit and Internal Control

The corporate management of Eurohold Bulgaria AD, with the assistance of the Audit Committee, motivates in writing to the General Meeting its proposal for selection of an auditor, guided by the established requirements for professionalism.

The corporate management of Eurohold Bulgaria AD ensures compliance with the applicable law regarding the independent financial audit.

The principle of rotation is applied in the proposals and selection of an external auditor.

The Audit Committee oversees the internal audit activities and monitors the overall relationship with the external auditor, including the nature of non-audit services provided by the company's auditor, if any.

Eurohold Bulgaria AD has a system for internal control, which identifies the risks associated with the company's activities and supports their effective management. The internal control system ensures the effective functioning of the reporting and disclosure systems.

Protection of shareholders' rights

The corporate management of Eurohold Bulgaria AD guarantees equal treatment of all shareholders, including minority and foreign shareholders. Protects their rights, as well as facilitates their exercise within the limits permitted by applicable law and in accordance with the provisions of the bylaws of the company. The corporate management of Eurohold Bulgaria AD provides information to all shareholders about their rights.

General Meeting of Shareholders

All shareholders are informed about the rules according to which the general meetings of shareholders are convened and held, including the voting procedures. The management of Eurohold Bulgaria AD provides sufficient and timely information on the date and place of the General Meeting, as well as complete information on the issues that will be considered and resolved at the meeting.

During a session of the General Meeting of Shareholders, the management of Eurohold Bulgaria AD ensures the right of all shareholders to express their opinion as well as to ask questions.

Shareholders with voting rights have the right to exercise their voting rights at the General Meeting of the company in person or through representatives. Eurohold Bulgaria AD receives and accepts as valid powers of attorney electronically the following e-mail: investors@eurohold.bg as the electronic messages should be signed with a universal electronic signature (UES) or a qualified electronic signature (QES) by the principal and attached to them electronic document (electronic image) of the power of attorney with notarized signature, which must also be signed with a universal electronic signature (UES) or a qualified electronic signature (QES) by the principal.

The corporate management of Eurohold Bulgaria AD exercises effective control by creating the necessary organization for the voting of the authorized persons in accordance with the instructions of the shareholders or in the ways permitted by law.

The corporate management of Eurohold Bulgaria AD guarantees equal treatment of all shareholders and the right of each shareholder to express its opinion on the items on the agenda of the General Meeting by strictly following the rules for organizing and conducting sessions of the General Meeting.

The corporate management of Eurohold Bulgaria AD organizes the procedures and the procedure for holding the General Meeting of Shareholders in a way that does not complicate or increase the cost of voting unnecessarily.

All members of the corporate management make best effort to attend the meetings of the General Meeting, except in cases of provable excusable reasons.

Materials for the General Meeting of Shareholders

The texts in the written materials related to the agenda of the General Meeting are always specific and clear, without misleading the shareholders. All proposals regarding major corporate events are presented as separate items on the agenda of the General Meeting, incl. the profit distribution proposal.

The company maintains on its website a special section on the rights of shareholders and their participation in the General Meeting of Shareholders.

The corporate management assists the shareholders entitled under the current legislation to include additional issues and to propose solutions on issues already included in the agenda of the General Meeting.

The corporate management guarantees the right of the shareholders to be informed about the decisions taken by the General Meeting of Shareholders by publishing full minutes of the held meetings.

➤ **Equal treatment of shareholders of one class**

The corporate management of Eurohold Bulgaria AD guarantees equal treatment of shareholders of one class.

As of the date of preparation of this declaration, all shares of Eurohold Bulgaria AD are of one class - common, registered, dematerialized, with voting rights. Each share gives the right to 1 vote in the General Meeting of Shareholders, the right to a dividend and the right to a liquidation share, proportional to the nominal value of the share. The issuer's capital does not include securities that are not admitted to trading on a regulated market.

The corporate management of Eurohold Bulgaria AD guarantees the provision of sufficient information to investors regarding the rights granted by all shares of each class, in case the company issues such shares of another class before their acquisition.

➤ **Consultations between shareholders on basic shareholder rights**

Within the limits allowed by the current legislation and in accordance with the provisions of the Company's bylaws, the corporate management of Eurohold Bulgaria AD does not prevent the shareholders, including the institutional ones, from consulting each other on issues related to their basic shareholder rights in a way that prevents abuse.

➤ **Shareholder's transactions with controlling rights and abusive transactions**

The corporate management of Eurohold Bulgaria AD does not allow the implementation of transactions with shareholders with controlling rights, which violate the rights and / or legal interests of other shareholders, including under the terms of agreement with itself. In this type of transactions, an explicit decision of the Management Board is required and the interested parties are excluded from the voting. In case of indications for crossing the statutory thresholds under Art. 114, para 1 of POSA, the Management Board prepares a motivated report and initiates the convening and holding of a General Meeting of Shareholders, at which the transactions are to be put to a vote.

Disclosure of information

The management of Eurohold Bulgaria AD has approved a policy for disclosure of information in accordance with the legal requirements and bylaws.

In accordance with the approved policy for disclosure of information, the management of Eurohold Bulgaria AD has created and maintains a system for disclosure of information, which guarantees equality of the addressees of the information (shareholders, interested parties, investment community) and does not allow misuse of inside information.

The management of Eurohold Bulgaria AD guarantees that the disclosure system provides complete, timely, accurate and understandable information, which allows for objective and informed decisions and assessments.

The management of Eurohold Bulgaria AD promptly discloses the capital structure of the company and agreements that lead to control according to the approved rules for disclosure of information.

Within the limits of the current legislation and in accordance with the provisions of the bylaws of the company, the management of Eurohold Bulgaria AD guarantees that the rules and procedures according to which the acquisition of control and extraordinary transactions such as mergers and sale of significant parts of assets are promptly announced.

The corporate management of Eurohold Bulgaria AD has approved and controls the observance of internal rules for the preparation of the annual and interim reports and the rules for disclosure of information.

The management of Eurohold Bulgaria AD has adopted internal rules that ensure the timely disclosure of any material periodic and ad-hoc information about the company, its management, its operating activities, its shareholder structure.

As part of the information disclosure system, the management of Eurohold Bulgaria AD maintains a bilingual website of the company www.eurohold.bg - in Bulgarian and English, with approved content, scope and periodicity of the information disclosed through it. The content of the web page fully covers the requirements of the National Corporate Governance Code.

The management of Eurohold Bulgaria AD guarantees the disclosure of any significant periodic and incidental information about the company through channels that provide equal and timely access to the relevant information by users.

Eurohold Bulgaria AD uses a single point for disclosure of information electronically and thus the information reaches the public, the FSC and the regulated market in an unadjusted form.

Interested parties

The management of Eurohold Bulgaria AD ensures effective interaction with the interested parties. This category includes certain groups of persons who are directly affected by the company and who in turn can influence its activities, incl. suppliers, customers, employees, creditors, public pressure groups and others. The company identifies the stakeholders in relation to its activities based on their degree and areas of influence, role and attitude to its sustainable development.

In its policy towards the interested parties the management of Eurohold Bulgaria AD complies with the legal requirements, guarantees respect for the rights of the interested parties, established by law or by virtue of mutual agreements with the company. The management of Eurohold Bulgaria AD, observing the good practices of corporate governance, complies with the stakeholders in accordance with the principles of transparency, accountability and business ethics.

The management of Eurohold Bulgaria AD guarantees sufficient information to all interested parties about their legally established rights.

In accordance with the approved policy towards the interested parties, the management of Eurohold Bulgaria AD has prepared and approved rules for taking into account the interests of the interested parties, which ensure their involvement in resolving certain issues requiring their position. The management of Eurohold Bulgaria AD considers that these rules guarantee the balance between the development of the company and the economic, social and environmentally friendly development of the environment in which it operates.

In accordance with the legal norms and the good international practice, the management of Eurohold Bulgaria AD annually prepares a Non-Financial Declaration as part of the Annual Consolidated Activity Report, which provides information on the development, results, condition of the company and the impact of the activities related to environmental and social issues and issues related to employees and other stakeholders, respect for human rights, the anti-corruption and bribery issues, as well as environmental protection.

Institutional investors, financial markets and other intermediaries

The management of Eurohold Bulgaria AD ensures effective interaction of the company with its shareholders - institutional investors, as well as with the regulated financial markets and the investment intermediaries on these markets.

The management of Eurohold Bulgaria AD strives to maintain a constant dialogue with current and potential institutional investors and in its communication with them strictly observes the requirement for equal treatment of all shareholders and does not provide information that would put institutional investors in a privileged position compared to other shareholders.

III. Description of the main characteristics of the systems for internal control and risk management of the issuer in connection with the process of financial reporting (Art. 100m, para 8, item 3 of POSA)

Eurohold Bulgaria AD has established and operating risk management and internal control system, which ensures efficient functioning of the accountancy and financial reporting and information disclosure systems. The internal control system is established and functions also with view of identifying the risks attributable to the Company's business and of enhancing their effective management.

The internal control and risk management are aimed at ensuring a reasonable level of assurance in terms of achieving the strategic objectives of the holding relevant to the achievement of efficacy and efficiency of the operations, reliability of the financial reports, compliance and implementation of the existing legal and regulatory frameworks. The internal control and risk management are implemented by the managing and supervisory bodies and by the heads of the holding's structural division and the executive directors of the subsidiaries.

Eurohold Bulgaria AD has adopted and implements rules and procedures for effective functioning of the accountancy and financial reporting and information disclosure systems. These rules describe in details the different types of information created and disclosed by the company, the in-house document management processes, the different levels of access to the types of information among the responsible persons and the time periods for processing and management of the information flows.

The established risk management system ensures the efficient internal control upon the creation and management of all internal documents, including financial statements and other regulated information the Company is obliged to disclose in compliance with the legal provisions.

One of the main objectives of the introduced internal control and risk management system is to support the management and other stakeholders in assessing the reliability of the company's financial statements.

The annual separate financial statements and the annual consolidated financial statements of Eurohold Bulgaria AD are subject to independent financial audit for the purposes of achieving objective external opinion about the way of their preparation and presentation. The company prepares and maintains its accountancy in compliance with the International Financial Reporting Standards, as adopted by the EU.

The risk management policy is implemented in an integrated manner and in compliance with all other policies and principles regulated in the bylaws of Eurohold Bulgaria AD.

A detailed description of the risks specific to the activity of Eurohold Bulgaria AD is given in the Company's Annual Activity Report for 2020.

IV. Information under Article 10 (1) (c), (d), (f), (h) and (i) of Directive 2004/25 / EC of the European Parliament and of the Council of 21 April 2004 on takeover bids (Art. 100m, para. 8, item 4 of POSA)

The members of the Supervisory and the Management Board of Eurohold Bulgaria AD submit information under Article 10 (1) (c), (d), (f), (h) and (i) of Directive 2004/25 / EC of the European Parliament and of the Council of 21 April 2004 on takeover bids:

Paragraph 1, letter "c"	Significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of article 85 of Directive 2001/34/EC.	Eurohold Bulgaria AD holds significant direct or indirect shareholdings, which are described in details in part BUSINESS REVIEW, Lines of Business of the Company's Annual Report 2020
Paragraph 1, letter "d"	The holders of any securities with special control rights and a description of those rights	There are no shares that give special control rights.
Paragraph 1, letter "f"	Any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities;	There are no restrictions on the voting rights of the holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities.
Paragraph 1, letter "h"	The rules governing the appointment and replacement of board members and the amendment of the articles of association	The rules governing the appointment and replacement of members of the Managing Board and the Supervisory Board and the amendment of the articles of association are set out in the constitutional deeds of Eurohold Bulgaria AD and the adopted rules of procedure of the two bodies.
Paragraph 1, letter "i"	The powers of the board members, and in particular the power to issue or buy back shares;	The powers of the members of the Managing Board and of the Supervisory Board are provided for in the articles of association of Eurohold Bulgaria AD and the adopted rules of procedure of the two bodies.

V. Composition and functioning of the administrative, management and supervisory bodies and their committees (Art. 100m, para 8, item 5 of POSA)

Eurohold Bulgaria AD has a two-tier management system. The Supervisory Board and the Management Board act jointly for the benefit of the shareholders and comply with the interested parties.

As of 31.12.2020 the Company is represented and managed by Kiril Ivanov Boshov and Asen Minchev Minchev, Executive Members of the Management Board, and Hristo Stoev and Milena Gencheva - Procurators, only jointly by one Executive Member of the Management Board and one Procurator of the Company.

Management Board

Mr. Kiril Ivanov Boshov – Chairman and executive member;

Mr. Asen Minchev Minchev – Executive member;

Mr. Velislav Milkov Christov – Member;

Mr. Asen Emanuilov Asenov – Member;

Mr. Razvan Stefan Lefter – Member.

Supervisory Board

Mr. Assen Milkov Christov – Chairman;

Mr. Dimitar Stoyanov Dimitrov – Vice Chairman;

Mrs. Luise Gabrielle Roman – Member;

Mr. Radi Georgiev Georgiev – Member;

Mr. Lubomir Stoev – Independent member;

Mr. Kustaa Lauri Aima – Independent member.

The Management Board and the Supervisory Board of Eurohold Bulgaria AD have adopted and apply regulations for the work of the two bodies, which determine their powers and the way of work in order to ensure their effective operation within the two-tier management system of the company, according to the internal bylaws, the requirements of the law and protection of the interests of the shareholders.

Committees

In 2009 the first **Audit Committee** of Eurohold Bulgaria AD was established, elected by the General Meeting of Shareholders of the company on 26.05.2009. The composition of this committee was elected at a session of the General Meeting held on 30.06.2017 with a five-year term. Its activities are in accordance with the Statute of the Audit Committee approved by the General Meeting of Shareholders. The Audit Committee reports annually to the General Meeting of Shareholders on the results of its activities.

The Audit Committee consists of the following members:

Mr. Ivan Georgiev Mankov – Chairman;

Mr. Dimitar Stoyanov Dimitrov – Member;

Mrs. Rositza Mihailova Pencheva – Member.

At its meeting held on 30.09.2020, the General Meeting of Shareholders of Eurohold Bulgaria AD adopted a new Remuneration Policy, according to which the function of the **Remuneration Committee** is performed by the Supervisory Board of the company. The Supervisory Board reports to the General Meeting of Shareholders on its activities as a Remuneration Committee.

VI. A description of the diversity policy applied to the issuer's administrative, management and supervisory bodies in relation to aspects such as age, gender or education and professional experience, the objectives of this diversity policy, how it is implemented and the results during the reporting period; when such a policy is not applied, the declaration shall contain an explanation of the reasons for this (Art. 100m, para 8, item 6 of POSA)

Eurohold Bulgaria AD does not apply a diversity policy to the management and supervisory bodies in relation to aspects such as age, gender or education and professional experience. The management structure is defined in the company's articles of association. The members of the Supervisory Board are elected by the General Meeting of Shareholders and this is the right and prerogative of the shareholders. Accordingly, the Supervisory Board appoints the members of the Management Board. The General Meeting of Shareholders evaluates the work of the management and control body and on this basis determines their remuneration. Leading factors are qualification, management skills, competence, professional experience in the given field of activity and achieved results.

This Corporate Governance Declaration of Eurohold Bulgaria AD is an integral part of the Annual Consolidated Management Report for 2020, which has been approved by the Management Board of the company.

Kiril Boshov,
Executive Director

Milena Guentcheva,
Procurator

Eurohold Bulgaria AD

2020

RESPONSIBLE PERSONS DECLARATION

DECLARATION
in accordance with article 100m, paragraph 4, item 4 of
Public Offering of Securities Act

The undersigned,

1. Kiril Boshov –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)

hereby DECLARE that to our best knowledge:

1. The Annual consolidated financial statements for 2020, composed in accordance with the applicable accounting standards, contain true and fair information regarding the assets and liabilities, the financial standing and the profit of Eurohold Bulgaria AD;
2. The Annual consolidated management report for 2020 includes a fair review of the development and performance of Eurohold Bulgaria AD as well as description of major risks and uncertainties facing the company.

Declarers:

1. Kiril Boshov

2. Milena Guentcheva

3. Ivan Hristov