

EUROHOLD BULGARIA CONSOLIDATED ANNUAL REPORT



30 September 2023

INTERIM CONDENSED CONSOLIDATED REPORT

containing information on important events that occurred during the period
1 January - 30 September 2023 pursuant to Article 100o, paragraph 4, item 2 of the POSA

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30 September 2023

ENERGY BUSINESS

**INSURANCE
BUSINESS**

**ASSET
MANAGEMENT AND
BROKERAGE**

EUROHOLD BULGARIA

1

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL
STATEMENTS**

UNTIL SEPTEMBER 30, 2023

Interim condensed consolidated statement of profit or loss and other comprehensive income

<i>In thousand BGN</i>	<i>Note</i>	30.9.2023	30.9.2022 Restated
Continuing operations			
Revenue from operating activities			
Revenue from energy business	3	1 723 067	2 682 692
Revenue from insurance business	5	1 022 310	656 659
Revenue from asset management and brokerage	7	9 156	7 091
Revenue from the activities of the parent company	9	98	878
		2 754 631	3 347 320
Expenses of operating activities			
Expenses of energy business	4	(1 312 195)	(2 341 360)
Expenses of insurance business	6	(849 418)	(614 444)
Expenses of asset management and brokerage	8	(8 677)	(6 462)
Expenses of the activities of the parent company	10	(38)	(21 706)
		(2 170 328)	(2 983 972)
Operating Profit			
		584 303	363 348
Other income, net	11	8 403	1 790
Other operating expenses	12	(176 050)	(154 499)
Accrued impairment loss on financial assets, net	13	(2 072)	(4 496)
EBITDA			
		414 584	206 143
Depreciation and amortization expenses	17	(82 056)	(83 042)
EBIT			
		332 528	123 101
Finance costs	14	(99 489)	(67 453)
Finance income	15	4 344	2 516
Foreign exchange (losses)/gains, net	16	(4)	(7)
EBT			
		237 379	58 157
Income tax expenses	18	(19 152)	(13 721)
Net profit for the period from continuing operations			
		218 227	44 436
Discontinued operations			
Net profit for the period from discontinued operations	35.3.4	-	77 491
Net profit for the period			
		218 227	121 927
Net profit, attributable to:			
Equity holders of the parent		204 200	113 872
Non-controlling interest		14 027	8 055

Prepared by:

On behalf of the
Management Board:

/Tsvetelina Cheresharova-Doycheva/

/ Asen Minchev /

/Kiril Boshov/

Date:28.11.2023

Interim condensed consolidated statement of profit or loss and other comprehensive income (continued)

<i>In thousand BGN</i>	<i>Note</i>	30.9.2023	30.9.2022 Restated
Net profit for the period		218 227	121 927
Other comprehensive (loss)/income			
<i>Other comprehensive (loss)/ income to be reclassified subsequently to profit or loss:</i>			
Net (loss)/profit from change in the fair value of financial assets at fair value through other comprehensive income		130	(1 150)
Exchange differences on translating foreign operations		670	1 680
Other comprehensive income/(loss) for the period, net of taxes		800	530
Total comprehensive income for the period, net of taxes		219 027	122 457
Other comprehensive income for the period, attributable to:			
Equity holders of the parent		204 755	113 407
Non-controlling interest		14 272	9 050
		219 027	122 457

Prepared by:

On behalf of the
Management Board:

/Tsvetelina Cheresharova-Doycheva/

/ Asen Minchev /

/Kiril Boshov/

Date:28.11.2023

Interim condensed consolidated statement of financial position

<i>In thousand BGN</i>	<i>Note</i>	30.9.2023	31.12.2022 Restated
ASSETS			
Cash and cash equivalents	19	222 325	214 012
Fixed-term deposits at banks	20	29 426	53 189
Insurance contract assets		88 555	80 830
Reinsurance contract assets		174 756	360 825
Trade and other receivables	21	412 619	529 018
Financial assets	26	568 979	241 259
Inventory	25	24 327	33 080
Property, plant and equipment	22	878 660	867 647
Intangible assets	24	95 081	100 514
Goodwill	28	116 883	116 883
Deferred tax assets	27	8 026	9 508
TOTAL ASSETS		2 619 637	2 606 765

Prepared by:

On behalf of the
Management Board:

/Tsvetelina Cheresharova-Doycheva/

/ Asen Minchev /

/Kiril Boshov/

Date:28.11.2023

**Interim condensed consolidated statement of financial position
(continued)**

<i>In thousand BGN</i>	<i>Note</i>	30.9.2023	31.12.2022 Restated
EQUITY AND LIABILITIES			
Equity			
Share capital	34	260 500	260 500
Treasury shares	34	(77)	(77)
Share premium		144 030	144 030
General reserves		7 641	7 641
Revaluation and other reserves		293	(1 111)
Accumulated loss		(380 790)	(204 555)
Profit/(loss) for the period		204 200	(158 159)
Equity attributable to equity holders of the Parent company		235 797	48 269
Non-controlling interest		30 671	19 886
Total Equity		266 468	68 155
Subordinated debts	29	63 474	48 459
LIABILITIES			
Bank and non-bank loans	30	1 025 595	1 116 931
Bond liabilities	31	221 114	228 891
Trade and other payables	32	487 920	556 290
Insurance contract liabilities		508 841	550 719
Reinsurance contract liabilities		26 434	16 740
Deferred tax liabilities	33	19 791	20 580
		2 289 695	2 490 151
Total liabilities and subordinated debts		2 353 169	2 538 610
TOTAL EQUITY, LIABILITIES AND SUBORDINATED DEBTS		2 619 637	2 606 765

Prepared by:

On behalf of the
Management Board:

/Tsvetelina Cheresharova-Doycheva/

/ Asen Minchev /

/Kiril Boshov/

Date:28.11.2023

Interim condensed consolidated statement of cash flows

<i>In thousand BGN</i>	<i>Note</i>	30.9.2023	30.9.2022 Restated
Operating activities			
Profit Before Taxes for the Period from Continuing Operations		237 379	58 157
Adjustments for:			
Depreciation and amortization	17	82 056	83 042
Foreign exchange gain/(loss)		(365)	(1 332)
Dividend income		(158)	(295)
Impairment, net		2 072	5 188
Provisions		67 527	14 993
Tax expenses		19 152	13 721
Loss/(Gain) on sales of investments		41 114	16 173
Net investment income (interest income and expense)		77 531	48 936
Other non-cash adjustments		(10 097)	2 741
Operating profit before change in working capital		516 211	241 324
Change in trade and other receivables		(294 743)	(157 068)
Change in inventory		8 753	1 582
Change in trade and other payables and other adjustments		111 339	164 435
Cash generated from operating activities		341 560	250 273
Interest received		5 002	715
Income tax paid		(9 949)	(11 395)
Net cash flows from operating activities		336 613	239 593
Investing activities			
Purchase of property, plant and equipment and intangible assets		(83 449)	(81 447)
Proceeds of property, plant and equipment and intangible assets		10	574
Loans granted		(9 584)	(39 116)
Proceeds from Loans Granted and Net Investment in Financial Leasing		29 891	34 220
Interest Received on Loans Granted		2 055	922
Purchase of Investments		(338 287)	(105 261)
Proceeds from Sale of Investments		156 613	201 259
Received Dividends from Investments"		1 233	1 687
(Gains)/Losses from Exchange Rate Differences		(41)	(154)
Other proceeds from investing activities, net		2 010	13 106
Net cash flows from investing activities		(239 549)	25 790

Prepared by:

On behalf of the
Management Board:

/Tsvetelina Cheresharova-Doycheva/

/ Asen Minchev /

/Kiril Boshov/

Date:28.11.2023

Interim condensed consolidated statement of cash flows (continued)

<i>In thousand BGN</i>	<i>Note</i>	30.9.2023	30.9.2022 Restated
Financing activities			
Proceeds from loans		54 961	374 497
Repayment of loans		(76 729)	(269 439)
Transactions with Non-Controlling Interest		-	(111 462)
Paid Obligations under Leasing Agreements		(27 453)	(8 978)
Paid Interest, Fees, Commissions on Investment-Intended Loans		(35 808)	(21 052)
Paid Dividends		-	(626)
Other Receipts from Financial Activities, Net		(3 722)	15 310
Net cash flows from financing activities		(88 751)	(21 750)
Net increase in cash and cash equivalents		8 313	243 633
Cash and cash equivalents at the beginning of the period	<i>19</i>	214 012	152 132
Cash and cash equivalents at the end of the period	<i>19</i>	222 325	395 765

Prepared by:

On behalf of the
Management Board:

/Tsvetelina Cheresharova-Doycheva/

/ Asen Minchev /

/Kiril Boshov/

Date:28.11.2023

Interim condensed consolidated statement of changes in equity

<i>In thousand BGN</i>	Share capital	Share premium	General reserves	Revaluation and other reserve	Retained earnings/ (losses)	Equity attributable to equity holders of the Parent-company	Non-controlling interest	Total Equity
Balance at 1 January 2022*	260 423	144 030	7 641	(16 033)	(212 970)	183 091	187 415	370 506
Change in non-controlling interest due to transactions with change of control	-	-	-	5 596	-	5 596	(1 177)	4 419
Change in non-Controlling Interest due to Transactions without Change in Control, Other Changes	-	-	-	20 652	8 970	29 622	(146 606)	(116 984)
Transactions with Owners	-	-	-	26 248	8 970	35 218	(147 783)	(112 565)
Profit for the period	-	-	-	-	113 872	113 872	8 055	121 927
Other comprehensive income	-	-	-	(465)	-	(465)	995	530
Total comprehensive income	-	-	-	(465)	113 872	113 407	9 050	122 457
Balance at 30 September 2022*	260 423	144 030	7 641	9 750	(90 128)	331 716	48 682	380 398

*Non-restated.

Balance at 1 January 2023	260 423	144 030	7 641	(1 111)	(362 714)	48 269	19 886	68 155
Change accounting policies IFRS 17	-	-	-	-	(20 664)	(20 664)	(2 643)	(23 307)
Profit for the period	-	-	-	-	204 200	204 200	14 027	218 227
Other comprehensive income	-	-	-	555	-	555	245	800
Total comprehensive income	-	-	-	555	204 200	204 755	14 272	219 027
Other changes	-	-	-	849	2 588	3 437	(844)	2 593
Balance at 30 September 2023	260 423	144 030	7 641	293	(176 590)	235 797	30 671	266 468

Prepared by:

On behalf of the
Management Board:

/Tsvetelina Cheresharova-Doycheva/

/ Asen Minchev /

/Kiril Boshov/

Date:28.11.2023

Interim condensed consolidated statement of profit or loss by business segments

		30.9.2023	30.9.2023	30.9.2023	30.9.2023	30.9.2023	30.9.2023	30.9.2023	30.9.2023
	Note	Consolidated	Energy business	Insurance business	Automotive	Leasing business	Asset management and brokerage	Parent company	Eliminations
In thousand BGN									
Revenue from operating activities									
Revenue from energy business	3	1 723 067	1 723 123	-	-	-	-	-	(56)
Revenue from insurance business	5	1 022 310	-	1 032 069	-	-	-	-	(9 759)
Revenue from asset management and brokerage	7	9 156	-	-	-	-	9 782	-	(626)
Revenue from the activities of the parent company	9	98	-	-	-	-	-	2 288	(2 190)
		2 754 631	1 723 123	1 032 069	-	-	9 782	2 288	(12 631)
Expenses of operating activities									
Expenses of energy business	4	(1 312 195)	(1 312 195)	-	-	-	-	-	-
Expenses of insurance business	6	(849 418)	-	(850 481)	-	-	-	-	1 063
Expenses of asset management and brokerage	8	(8 677)	-	-	-	-	(8 677)	-	-
Expenses of the activities of the parent company	10	(38)	-	-	-	-	-	(47)	9
		(2 170 328)	(1 312 195)	(850 481)	-	-	(8 677)	(47)	1 072
Gross profit									
		584 303	410 928	181 588	-	-	1 105	2 241	(11 559)
Other income, net	11	8 869	8 661	187	-	-	21	-	-
Other operating expenses	12	(176 050)	(146 638)	(28 359)	-	-	(1 540)	(4 523)	5 010
(Accrued)/recovered impairment loss on financial assets, net	13	(2 072)	(4 811)	-	-	-	25	2 455	259
EBITDA		415 050	268 140	153 416	-	-	(389)	173	(6 290)
Financial expenses	14	(99 489)	(73 086)	(9 286)	-	-	(33)	(19 003)	1 919
Financial income	15	3 878	3 878	-	-	-	-	-	-
Foreign exchange gains/(losses), net	16	(4)	-	-	-	-	-	(4)	-
EBDT		319 435	198 932	144 130	-	-	(422)	(18 834)	(4 371)
Depreciation and amortization		(82 056)	(78 187)	(3 492)	-	-	(214)	(163)	-
EBT		237 379	120 745	140 638	-	-	(636)	(18 997)	(4 371)
Tax expenses	18	(19 152)	(18 915)	(234)	-	-	(3)	-	-
Net profit for the period from continued operations		218 227	101 830	140 404	-	-	(639)	(18 997)	(4 371)
Discontinued operations									
Net profit for the period from discontinued operations		-	-	-	-	-	-	-	-
Net profit for the period		218 227	101 830	140 404	-	-	(639)	(18 997)	(4 371)

Interim condensed consolidated statement of profit or loss by business segments - restated (continued)

		30.9.2022	30.9.2022	30.9.2022	30.9.2022	30.9.2022	30.9.2022	30.9.2022	30.9.2022
	Note	Consolidated	Energy business	Insurance business	Automotive	Leasing business	Asset management and brokerage	Parent company	Eliminations
In thousand BGN									
Revenue from operating activities									
Revenue from energy business	3	2 682 692	2 682 888	-	-	-	-	-	(196)
Revenue from insurance business	5	656 659	-	657 395	-	-	-	-	(736)
Revenue from asset management and brokerage	7	7 087	-	-	-	-	8 295	-	(1 208)
Revenue from the activities of the parent company	9	878	-	-	-	-	-	3 388	(2 510)
		3 347 316	2 682 888	657 395	-	-	8 295	3 388	(4 650)
Expenses of operating activities									
Expenses of energy business	4	(2 341 360)	(2 341 360)	-	-	-	-	-	-
Expenses of insurance business	6	(614 444)	-	(617 069)	-	-	-	-	2 625
Expenses of asset management and brokerage	8	(6 458)	-	-	-	-	(6 458)	-	-
Expenses of the activities of the parent company	10	(21 706)	-	-	-	-	-	(14 837)	(6 869)
		(2 983 968)	(2 341 360)	(617 069)	-	-	(6 458)	(14 837)	(4 244)
Gross profit									
		363 348	341 528	40 326	-	-	1 837	(11 449)	(8 894)
Other income, net	11	1 790	1 644	131	-	-	44	-	(29)
Other operating expenses	12	(154 499)	(127 006)	(24 373)	-	-	(1 325)	(2 240)	445
(Accrued)/recovered impairment loss on financial assets, net	13	(4 496)	(2 226)	-	-	-	41	(2 311)	-
EBITDA									
		206 143	213 940	16 084	-	-	597	(16 000)	(8 478)
Financial expenses	14	(67 453)	(48 640)	(4 606)	-	-	(33)	(15 616)	1 442
Financial income	15	2 516	1 120	1 465	-	-	-	-	(69)
Foreign exchange gains/(losses), net	16	(7)	-	-	-	-	-	(6)	(1)
EBDT									
		141 199	166 420	12 943	-	-	564	(31 622)	(7 106)
Depreciation and amortization		(83 042)	(79 497)	(3 122)	-	-	(196)	(239)	12
EBT									
		58 157	86 923	9 821	-	-	368	(31 861)	(7 094)
Tax expenses	18	(13 721)	(13 230)	(488)	-	-	(3)	-	-
Net profit for the period from continued operations									
		44 436	73 693	9 333	-	-	365	(31 861)	(7 094)
Discontinued operations									
Net profit for the period from discontinued operations	35.3.4	77 491	-	66 619	12 668	362	-	-	(2 158)
Net profit for the period									
		121 927	73 693	75 952	12 668	362	365	(31 861)	(9 252)

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNTIL SEPTEMBER 30, 2023

Notes to the Interim condensed consolidated financial statements

1. GENERAL INFORMATION ABOUT THE GROUP

1.1. Scope of activity

The core activity of Eurohold Bulgaria AD ("Parent Company") and its subsidiaries ("Group") involves energy, insurance, financial-investment, and related operations.

Eurohold Bulgaria AD has UIC 175187337 and is headquartered in Bulgaria, Sofia, Iskar region, 43 Christopher Columbus Blvd.

Founded in 1996, Eurohold Bulgaria AD is a public joint-stock company established pursuant to Article 122 of the Law on Public Offering of Securities and Article 261 of the Commercial Law.

The parent company has the following scope of activity: acquisition, management, assessment and sale of shares in Bulgarian and foreign companies, acquisition, management and sale of bonds, acquisition valuation and sale of patents, assignment of licenses for use of company patents, in which the Parent Company participates, as well as financing of companies in which the Parent Company participates.

Eurohold Bulgaria AD operates its business in Bulgaria, The Netherlands, Romania, North Macedonia, Ukraine, Georgia, and Greece. The company owns a significant number of subsidiaries in the Insurance, Energy, and Financial-Investment sectors. It operates under the principle of Freedom of Services in the insurance markets of Greece, Poland, Italy, Germany, Spain, the United Kingdom, and the Netherlands.

The company was registered in the Sofia City Court under corporate file 14436/2006 and was formed through the merger of Eurohold AD registered under corporate file № 13770/1996 as per the registry of Sofia City Court, and Starcom Holding AD, registered under corporate file № 6333/1995 as per the registry of Sofia City Court. During 2023 the name of the Parent company has not been changed.

The governing bodies of the company are the General meeting of shareholders, the Supervisory board /two-tier system/ and the Management board comprising the following members as af 30.09.2023:

Supervisory board:

Asen Milkov Christov, Bulgaria – Chairman;
Dimitar Stoyanov Dimitrov, Bulgaria – Deputy Chairman;
Radi Georgiev Georgiev, Bulgaria – Member;
Kustaa Lauri Ayma, Finland – Independent Member;
Ivaylo Krasimirov Angarski, Country: Bulgaria – Independent member;
Louis Gabriel Roman, USA – Independent Member.

Management board:

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

As of 30.09.2023 the Company is represented and managed by Kiril Ivanov Boshov and Asen Minchev Minchev, Executive Directors, and Milena Milchova Guentcheva – Procurator, only jointly by the two executive directors or by one executive director and the procurator.

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

As of 30.09.2023, the Audit Committee of the Company comprises the following members:

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

1.2. Structure of the economic group

Eurohold Bulgaria AD is controlled by Starcom Holding AD, the ultimate parent company. The investment portfolio of Eurohold Bulgaria AD comprises of 3 economic sectors: energy, insurance and financial-investment activity.

Companies involved in the consolidation and percentage of participation in equity

Energy sector

Company	% of participation in the share capital 30.09.2023	% of participation in the share capital 31.12.2022
ELECTROHOLD GREEN EOOD, Bulgaria*	100.00%	100.00%
Eastern European Electric Company II B.V., The Netherlands *	100.00%	100.00%
<i>Indirect participation through Eastern European Electric Company II B.V.:</i>		
Eastern European Electric Company III B.V., The Netherlands, owned by Eastern European Electric Company II B.V., The Netherlands	100.00%	100.00%
Eastern European Electric Company B.V. (EEEC B.V.), The Netherlands, owned by Eastern European Electric Company III B.V. III, The Netherlands	100.00%	100.00%
Electrodistribution Grid West AD and/or Electroražpredelitelni mreži Zapad AD, Bulgaria, owned by EEEEC B.V., The Netherlands	100.00%	100.00%
Electrohold ICT EAD, Bulgaria through Electrodistribution Grid West AD	100.00%	100.00%
Electrohold Sales AD, Bulgaria owned by EEEEC B.V., The Netherlands	100.00%	100.00%
Electrohold Bulgaria EOOD, Bulgaria owned by EEEEC B.V., The Netherlands	100.00%	100.00%
Electrohold EPS EOOD, Bulgaria through Electrohold Bulgaria EOOD (established on 03.10.2022)	100.00%	100.00%
Electrohold Trade EAD, Bulgaria owned by EEEEC B.V., The Netherlands	100.00%	100.00%
Free Energy Project Oreshets EOOD, Bulgaria, owned by EEEEC B.V., The Netherlands	100.00%	100.00%
Bara Group EOOD, Bulgaria, owned by EEEEC B.V., The Netherlands	100.00%	100.00%

* direct participation

Insurance sector

Company	% of participation in the share capital 30.09.2023	% of participation in the share capital 31.12.2022
Euroins Insurance Group AD (EIG AD) *	90.10%	90.10%
Indirect participation through EIG AD:		
Insurance Company Euroins AD, Bulgaria	98.63%	98.63%
Euroins Romania Asigurare-Reasigurare S.A., Romania (<i>in insolvency</i>) * <i>Note 2.4</i>	98.57%	98.57%
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	92.73%	92.73%
ECLAIM - Sole Proprietorship for Claims Settlement Services PC, Greece (<i>former name Euroins Claims M.I.K.E., Greece</i>)	100.00%	100.00%
Insurance Company Euroins Georgia AD, Georgia	50.04%	50.04%
European Travel Insurance PrAT, Ukraine	99.99%	99.99%
Euroins Insurance JSC, Belarus - until 30.12.2022	-	-
PHOENIX MGA SERVICES S.R.L., Romania - a subsidiary of EIG AD – est.on 12.06.2023	100.00%	-

* direct participation

Finance Sector

Company	% of participation in the share capital 30.09.2023	% of participation in the share capital 31.12.2022
Euro-Finance AD, Bulgaria *	99.99%	99.99%

* direct participation

Automobile Sector

On 30.6.2022, Eurohold Bulgaria AD sold Auto Union AD, thus it disposed of its investments in the automotive business.

Lease Sector

On 30.6.2022, Eurohold Bulgaria AD sold Eurolease Group AD, thus it disposed of its investments in the leasing business.

2. SUMMARY OF GROUP'S ACCOUNTING POLICIES

2.1. Basis for Preparation of the Consolidated Financial Statements

These interim condensed consolidated financial statements have been prepared in accordance with IFRS adopted by the EU and in particular International Accounting Standard (IAS) 34 Interim Financial Reporting.

In preparing these interim consolidated financial statements, the same accounting policies, accounting techniques and calculation methods and basic assumptions have been applied as in the latest audited consolidated annual financial statements for 2022.

The interim condensed consolidated financial statements for the period ending 30 September 2023 should be read in conjunction with the audited consolidated annual financial statements for the year ended 31 December 2022, prepared in accordance with all International Financial Reporting Standards (IFRS) developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (IFRS adopted by the EU). For the purposes of paragraph 1 (8) of the Supplementary Provisions of the Accounting Act

applicable in Bulgaria, the term "IFRS adopted by the EU" means International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and the Council.

The interim condensed consolidated financial statements have been prepared in Bulgarian leva (BGN), which is the functional currency of the Group. All amounts are presented in thousand Bulgarian leva (BGN '000) (including the comparative information for 2022), unless otherwise stated.

The interim consolidated financial statements have been prepared in accordance with the going concern principle. As of the date of preparation of these interim condensed consolidated financial statements, management has made an assessment of the Group's ability to continue its activity as a going concern based on the available information for the foreseeable future. Following the review of the Group's operations, management expects that the Group has sufficient financial resources to continue its operations in the near future and continues to apply the going concern principle in the preparation of the consolidated financial statements.

2.2. Comparative data

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

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

- a) apply accounting policies retrospectively;
- b) retrospectively recalculates items in the consolidated financial statements; or
- c) reclassifies items in the consolidated financial statements.

and this has a material effect on the information in the consolidated statement of financial position at the beginning of the prior period.

2.3. Consolidation

The Group's financial statements consolidate those of the parent company and all of its subsidiaries as of 30 September 2023. Subsidiaries are business entities under the control of the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit and loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

If the Group loses control of a subsidiary, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value of any investment retained in the former subsidiary at the date of loss of control is considered fair value on initial recognition of a financial asset in accordance with IFRS 9 Financial Instruments or, where applicable, at cost on initial recognition of an investment in an associate or jointly controlled entity. In addition, any amounts recognized in other comprehensive income in respect of that subsidiary are reported on the same basis as would be necessary

if the Group had directly disposed of the related assets or liabilities (eg reclassified to profit or loss or carried away directly in retained earnings in accordance with the requirements of the relevant IFRS).

The profit or loss on disposal is calculated as the difference between i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and ii) the previous carrying amount of the assets, including goodwill, and liabilities of the subsidiary and any non-controlling interest.

2.4. Significant management judgments in applying accounting policy

The significant management judgments in applying the Group's accounting policies, which have the most substantial impact on the consolidated financial statements, are described below.

Loss of control of subsidiaries

On 17 March 2023, the Romanian financial regulator (Autoritatea de Supraveghere Financiară) revoked the license for insurance activities of Euroins Romania Insurance - Reinsurance S.A., a subsidiary in Romania, which is part of the insurance segment of the Group. The regulator's decision also includes initiating insolvency proceedings on 9 June 2023, and appointing the Insurance Guarantee Fund (Fondul de Garantare a Asiguraților) as the temporary administrator of the Romanian company.

The Group's management has analyzed the available information, facts, and circumstances and has made the following assessments regarding the accounting recognition and disclosure of this component in the current consolidated financial statement:

- Due to the circumstance that both the subsidiary and the Group had indications of license revocation by the end of 2022, management considers that the effect of its revocation should be treated as an adjusting event as per IAS 10 "Events after the Reporting Period". These indications were manifested through correspondence, discussions, and inspections carried out by the Romanian regulatory authority. In the beginning of 2023, a representative of Eurohold Group publicly expressed concerns about such events. Actions were taken by the Group, including restructuring and entering into new reinsurance agreements, to prevent a similar development of events, but the outcomes of subsequent events were beyond the Group's control. Therefore, following the information received on 17 March 2023, management believes that there is no other realistic alternative but to cease the operations of the Group in Romania.
- Following the imposed restrictions by the Group's management and auditors on the component in March 2023, the access of the Group's management and other personnel to financial and accounting information of the component, including accounting records and trading information of Euroins Romania Insurance - Reinsurance S.A., has been limited. At this stage, the Group's management only has preliminary financial information for the year ended on 31 December 2022. The rights of the governing bodies of the management of the Romanian subsidiary are restricted, and consequently, the Group's rights to manage the subsidiary are also affected. Due to these considerations, the management's assessment is that control has been ceased.
- Even though the plan for cessation was not coordinated or decided by the Group's management, there is no other realistic alternative but to present the component in Romania as discontinued operations. Furthermore, IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" does not explicitly provide guidance on the accounting treatment and presentation of assumed discontinuations where control over a subsidiary is lost. The management is required to make its reasoned judgment. As a result of the available facts and circumstances, it has been determined that, for a more reliable presentation in the consolidated financial statements, the results of Euroins Romania Insurance - Reinsurance S.A.'s operations are separately presented from the Group's other activities under a separate heading "discontinued operations". Detailed information about the revenues, expenses, and cash flows from discontinued operations are provided in [Note 35.3](#).
- Based on the available information, the Group's management has assessed that it has lost control over Euroins Romania Insurance - Reinsurance S.A as of the date of the consolidated financial statement and applies the requirements of IFRS 10 "Consolidated Financial Statements" for derecognizing a subsidiary upon loss of control. The assets, liabilities, and accordingly the net assets, components of other comprehensive income, and non-controlling interest have been derecognized in the consolidated financial statement for 2022 as of 31 December 2022. Information about the financial effect of the derecognition is provided in [Note 35.3](#) in the Audited Annual Consolidated Financial Statement for 2022. The result related to the Romanian component includes a profit from discontinued operations for 2022 amounting to BGN 69 464 thousand and a loss on loss of control of a subsidiary of BGN 247 484 thousand, presented as part of the (Loss)/Profit for the year from discontinued operations. Management

believes that this accounting treatment provides the most accurate and reliable information for financial statement users. The same assessment has been applied in the subsequent interim reports.

Due to the complexity of the arisen situation and inherent uncertainties about its future development, there is a possibility that events could occur that lead to changes in the balance values of the Group's assets or liabilities, as defined in the consolidated financial statement as of 31 December 2022, and 30 September 2023, given the numerous assessments and judgments made by management based on the most reliable available information as of the date of the approximate estimates.

2.5. New standards, interpretations and amendments effective from 1 January 2023

The Group has not made any changes to its accounting policies in relation to the adoption of new and/or revised IFRS that are effective for the current reporting period commencing on 1 January 2023, as there have been no assets or operations affected by the changes and amendments in IFRS during the period.

2.5.1. New standards, interpretations and amendments effective 1 January 2023, which are approved for implementation by the EU

The Company applies the following new standards, amendments and interpretations, which came into force this period and are as follows:

- *IFRS 17 Insurance Contracts and its amendments effective from 1 January 2023, adopted by the EU – in the process of implementation within the Group – Note 2.4.3;*
- *Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information as of 1 January 2023, adopted by the EU – in the process of implementation within the Group – Note 2.4.3.*

2.5.2. Documents issued by IASB/FASB that have not been approved for application by the EU

As of the date of approval of this interim condensed financial statements, some new standards, amendments, and clarifications to existing standards have been issued by the IASB/FASB. However, these have not yet become effective or have not been adopted by the EU for the financial year commencing on 1 January 2023, and have not been applied by the Group earlier. It is not expected that these changes will have a material impact on the Group's financial statements. Management anticipates that all standards and amendments will be incorporated into the Group's accounting policy in the first period commencing after their effective date. Below is a list of the changes in the standards:

- *Amendments to IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2: Making Materiality Judgments, effective from 1 January 2023, adopted by the EU;*
- *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, effective from 1 January 2023, adopted by the EU;*
- *Amendments to IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction, effective from 1 January 2023, adopted by the EU;*
- *Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, effective not earlier than 1 January 2024, not yet adopted by the EU;*
- *Amendments to IFRS 16 Leases: Sale and Leaseback with Variable Lease Payments, effective not earlier than 1 January 2024, not yet adopted by the EU;*
- *IFRS 14 Regulatory Deferral Accounts, effective from 1 January 2016, not adopted by the EU;*
- *Amendments to IAS 7 and IFRS 7 Statement of Cash Flows: Disclosures, effective from 1 January 2024, not yet adopted by the EU;*
- *IFRS Practice Statement 1 Management Commentary, effective from or after 1 January 2024, not adopted by the EU;*
- *IFRS Practice Statement 2 Disclosures of Management Approach, Climate and Sustainability, effective from or after 1 January 2024, not adopted by the EU.*

2.5.3 IFRS 17 Insurance contracts effective from 1 January 2023, adopted by the EU

The Group is in the process of calculating IFRS 17. The new IFRS 17 replaces IFRS 4 Insurance Contracts. It requires the application of a current measurement model, where assessments are reviewed in each reporting period. Contracts are assessed using the following:

- discounted cash flows with weighted probabilities;
- explicit risk adjustment, and
- contractual service margin representing the unrealized contract profit that is recognized as revenue during the coverage period.

The standard allows for a choice in recognizing changes in the discount rate in either profit or loss or other comprehensive income. The new rules will affect the financial statements and key indicators of all companies that issue insurance contracts.

The group has restated the comparative information as of 30.9.2022. accordance with IFRS 17 Insurance Contracts.

A. Expected impact on reporting and presentation as a result of the future application of IFRS 17 Insurance Contracts from 1 January 2023.

A.1 Identification of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and insurance contracts with an investment component.

When identifying contracts within the scope of IFRS 17, in some cases the Group should consider whether a group or sequence of contracts should be treated as a single contract and whether embedded derivatives, investment components and goods and services components should be separated and reported using a different standard. For insurance and reinsurance contracts, the Group does not expect significant changes resulting from the application of these requirements.

The Group has not issued insurance contracts with an investment component and due to the fact that it does not plan to issue such in the future, it does not expect a significant effect from the application of IFRS 17.

A.2 Level of aggregation

Under IFRS 17, insurance contracts and insurance contracts with an investment component are grouped together for valuation purposes. Contract groups are defined by first identifying portfolios of contracts, each of which includes contracts subject to similar risks and managed together. Contracts issued in a different product aggregate groups, in different currencies and in different countries of operations will be grouped and valued separately. Each portfolio is then divided into annual cohorts (i.e. by year of issue), and each annual cohort into three groups:

- any contracts that are onerous upon initial recognition;
- all contracts which, upon initial recognition, are not likely to become onerous subsequently; and
- all remaining contracts in the annual cohort.

Contracts within a portfolio that would fall into different groups only because law or regulation expressly limits the Group's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group. This applies to contracts for which the regulation requires prices to be gender neutral.

When a contract is recognized, it is added to an existing group of contracts or, if the contract does not meet the conditions for inclusion in an existing group, it forms a new group to which future contracts can be added.

Groups of reinsurance contracts are created so that each group includes one contract.

The aggregation level requirements of IFRS 17 limit the offsetting of gains on groups of profitable contracts, which are generally deferred over time, against losses on groups of onerous contracts, which are recognized immediately. Compared to the level at which the liability adequacy test is performed under IFRS 4 (ie contract portfolio level), the level of aggregation under IFRS 17 is more detailed and is expected to result in more contracts being identified as onerous and losses on onerous contracts are recognized earlier. In the initial application of IFRS 17, the Group expects to recognize a limited (and immaterial) number of groups as onerous, but in the future, detailed analysis and development would lead to an immediate effect.

A.3 Contracts boundaries

Under IFRS 17, the measurement of a group of contracts includes all future cash flows within each contract in the group. Compared to the current accounting, the Group expects that for certain contracts the requirements of IFRS 17 on contract boundaries will change the scope of cash flows to be included in the measurement of existing recognized contracts as opposed to future unrecognized contracts. The period covered by premiums within the contract boundaries is the 'coverage period', which is applicable when applying a number of requirements in IFRS 17.

Insurance contracts

For insurance contracts, cash flows are within the boundaries of the contract if they arise from material rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a material obligation to provide services (including insurance coverage and investments services). The material obligation to provide services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- The Group has the practical opportunity to reassess the risks of the portfolio that contains the contract and can determine a price or level of benefits that fully reflect the risks of this portfolio, and the pricing up to the date of the reassessment does not take into account the risks that refer to periods after the revaluation date.

Certain fixed-term contracts issued by the Group have annual terms that are guaranteed to be renewable each year for a limited period (maximum three years). The Group currently accounts for these contracts as annual contracts. Under IFRS 17, the cash flows associated with future renewals (i.e. the guaranteed renewable terms) of these contracts will be within the contract boundaries. This is because the Group does not have the practical ability to reassess policyholder risks at an individual contract or portfolio level.

Some universal life contracts contain a guaranteed annuity option that allows the policyholder to convert, at the maturity of the specified term, the maturity benefit into an immediately starting life annuity at a predetermined rate. Currently, the Group does not consider cash flows related to options when valuing contracts until the option is exercised. The group assessed the contractual limits for the contracts, including options to, and concluded that under IFRS 17 the cash flows related to the guaranteed annuity options would fall within the contractual boundaries. This is because the Group does not have the practical ability to revalue the contract at the maturity date specified.

Reinsurance contracts

For reinsurance contracts, cash flows are within the boundaries of the contract if they arise from material rights and obligations that exist during the reporting period in which the Group is obligated to pay amounts to the reinsurer or has a material right to receive services from the reinsurer. The substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to him and can set a price that fully reflects these reassessed risks; or
- has the practical right to end the cover.

Some of the Group's quota reinsurance contracts cover the risk under insurance contracts issued within one year on a risk-attachment basis and provide rights to both the Group and the reinsurer to end cover under new contracts in certain limited circumstances with appropriate notice. Currently, the valuation of these reinsurance contracts is generally consistent with that of the reinsured contracts and covers only the reinsured contracts already issued and reinsured at the valuation date. According to IFRS 17, however, the cash flows arising from the underlying contracts, which are expected to be issued and the risk on them to be transferred after the reporting date, may be within the boundaries of the reinsurance contracts and are taken into account in the valuation.

A.4 Evaluation of contracts - overview

IFRS 17 introduces a valuation model based on the present value of future cash flows expected to occur when the Group fulfills the contracts, a risk adjustment and a contractual service margin.

Contracts are subject to different requirements depending on whether they are classified as direct participation contracts or contracts without direct participation features. Direct participation contracts are contracts which are essentially service contracts related to an investment, where the Group has committed to a return on investment based on underlying positions; they are contracts for which at the outset:

- The contractual conditions specify that the policyholder participates in a share of a clearly identified group of basic investment positions;
- The Group expects to pay the policyholder an amount equal to a significant proportion of the return on the fair value of the underlying investment positions; and
- The Group expects a significant portion of any change in the amounts to be paid to the policyholder to vary depending on the change in the fair value of the underlying investment positions.

All of the Group's insurance contracts and all reinsurance contracts are expected to be classified as contracts without direct participation features.

A simplified assessment model

Premium allocation method (simplified model) is an optional simplified valuation model in IFRS 17, that is available for insurance and reinsurance contracts that meet the eligibility criteria.

The Group plans to apply the simplified model to the underlying part of its insurance portfolio with the exception of long-term insurance policies from Guarantees and Loans products, as the following criteria are met:

- Insurance contracts and reinsurance contracts covering losses incurred: The coverage period of each contract in the group is one year or less.
- Reinsurance contracts based on risk coverage (risk-attachment): The Group expects that the resulting valuation of the asset for remaining coverage will not differ materially from the result of applying the general valuation model.

A.5 Contract evaluation methods

A general assessment model

On initial recognition, the Group measures a group of contracts (mostly related to the insurance products Loans and Guarantees) as the total amount of (a) fulfilment cash flows, which include estimates of future cash flows adjusted to reflect the value of money in time and associated financial risks and adjustment for non-financial risk; and (b) contractual service margin. Fulfilment cash flows do not reflect the Group's default risk.

- The Group's objective in estimating future cash flows is to determine the expected value of a set of scenarios that reflect the full range of possible outcomes. The cash flows from each scenario will be discounted and weighted by the expected probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary with changes in market variables and other cash flows, then the Group will use stochastic modeling techniques to estimate the expected present value. Stochastic modeling involves projecting future cash flows under a large number of possible economic scenarios for variables such as interest rates and returns on equity.
- All cash flows will be discounted using risk-free yield curves adjusted to reflect the cash flow and liquidity characteristics of the contracts. Cash flows that vary with the returns of all underlyings will be adjusted for the effect of that volatility using risk-neutral measurement techniques and discounted using illiquidity-adjusted risk-free rates. When the present value of future cash flows is estimated using stochastic modeling, the cash flows will be discounted at scenario-specific rates calibrated on average to be the risk-free rates adjusted for illiquidity.
- The non-financial risk adjustment for a group of contracts, determined separately from other estimates, is the compensation that the Group would require to assume a certain level of uncertainty about the amount and timing of cash flows that arise from non-financial risk.
- Contractual service margin on a group of contracts represents the unearned profit that the Group will recognize as it provides services under those contracts. On initial recognition of a group of contracts, it is not onerous if the sum of the following is a net inflow:
 - (a) the fulfilment cash flows;
 - (b) any cash flows arising on that date; and
 - (c) any amount resulting from the write-off of any assets or liabilities previously recognized as cash flows related to the group (including cash flow assets from insurance acquisitions; see below).

In this case, the contractual service margin is measured as the equal and opposite amount of the net inflow, resulting in no revenue or expense arising on initial recognition. If the total amount is a net outflow, then the group is onerous and the net outflow is generally recognized as a loss net of profit or loss; a loss component is created to represent the amount of the net cash outflow that determines the amounts subsequently recognized in profit or loss as reversals of losses on onerous contracts and excluded from insurance income.

Subsequently, the carrying amount of a group of contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage includes (a) the fulfilment cash flows that relate to services to be provided under the contracts in future periods and (b) any remaining contractual service margin at that date.

The liability for incurred claims includes the cash flows to settlement of claims incurred and expenses that have not yet been paid, including claims that have been incurred but not yet reported to the Group.

The fulfilment cash flows of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the non-financial risk adjustment. Changes in fulfilment cash flows are recognized as follows:

- Changes related to future services – adjustments to the contractual services margin or reported in the insurance result in profit or loss if the group is onerous.
- Changes related to current or past services – recognition in the result of insurance services in the profit and loss.
- Effects of the change in the value of money over time, financial risk and/or changes in cash flows – recognized as financial income/or expenses related to the insurance activity.

The contractual service margin is subsequently adjusted only for changes in fulfilment cash flows that relate to future services. Contractual service margin at each reporting date represents the profit in the group of contracts not yet recognized in profit or loss, as it relates to future servicing of the contracts.

Reinsurance contracts

The Group will apply the same accounting policies for assessment a group of reinsurance contracts when applying the common model (including accounting for the group of direct insurance contracts under the common model) with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for the incurred coverage. The asset for remaining coverage includes (a) the fulfilment cash flows that relate to services to be received under the contracts in future periods and (b) any remaining contractual service margin at that date.

The Group will measure the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for direct (underlying) insurance contracts, adjusted for each risk from default by the reinsurer. The effect of the reinsurer's default risk is assessed at each reporting date and the effect of changes in default risk is recognized in the result of insurance services in profit or loss.

The non-financial risk adjustment will represent the amount of risk transferred by the Group to the reinsurer. The margin for insurance services of a group of reinsurance contracts represents the net cost or net profit of purchasing reinsurance. It is assessed so that no revenue or expense arises upon initial recognition, as the Group:

- recognizes any net cost of purchasing reinsurance cover immediately in profit or loss as an expense if it relates to insured events that occurred before the purchase of the group; and
- recognizes revenue when it recognizes a loss upon initial recognition of onerous direct (underlying) insurer contracts, if the reinsurance contract is concluded before or at the same time when the onerous direct (underlying) insurer contracts are recognized. A loss recovery component is created, which determines the amounts that are subsequently disclosed as reversed loss recovery from reinsurance contracts and are excluded from the distribution of reinsurance premiums paid.

Contractual service margin is subsequently adjusted to profit or loss on receipt of services.

Insurance acquisitions cash flows

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly related to the portfolio of contracts to which the group belongs.

Insurance acquisitions cash flows that are directly related to a group of contracts (eg non-refundable commissions paid on contract issuance) are allocated only to that group and to the groups that will include renewals of those contracts.

A simplified assessment model

On initial recognition of each group of non-life insurance contracts, the carrying amount of the liability for remaining coverage is measured at the premiums earned on initial recognition. The Group has elected to recognize insurance acquisitions cash flows as expenses when incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any additional premiums received and decreased by the amount recognized as insurance revenue for services rendered. The Group expects the time between the provision of each part of the services and the maturity of the relevant premium to be no more than one year. Accordingly, as permitted by IFRS 17, the Group will not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time before and during the coverage period facts and circumstances indicate that a group of contracts is onerous, then the Group will recognize a loss in profit or loss and increase the liability for the remaining coverage to the extent that current estimates of the fulfilment cash flows that relate to the remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows will be discounted (at current rates) if the liability for incurred claims is also discounted (see below).

The Group will recognize the liability for incurred claims on a group of contracts to the extent of the insurance contractual service cash flows related to claims incurred. Future cash flows will be discounted (at current rates) unless they are expected to be paid one year or less from the date of claims.

Reinsurance contracts

The Group will apply the same accounting policies for the measurement of a group of reinsurance contracts, adapted where necessary to reflect characteristics that differ from those of insurance contracts.

A.6 Assessments of contracts - material judgments

Estimates of future cash flows

In estimating future cash flows, the Group will incorporate, in an unbiased manner, all reasonable and factually supported information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical claims data other expectations updated to reflect current expectations of future events.

Estimates of future cash flows will reflect the Group's view of current conditions at the reporting date as long as estimates of all relevant market variables are consistent with observed market prices.

When estimating future cash flows, the Group will consider current expectations of future events that may affect those cash flows. However, expectations of future changes in legislation that would modify or release a current obligation or create new obligations under existing contracts will not be taken into account until the change in legislation is substantially implemented.

Cash flows within the contract boundary are those that are directly related to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These cash flows include payments to (or on behalf of) policyholders, cash flows from/to acquire insurance, and other costs incurred in fulfilment of contracts. Insurance acquisition cash flows and other costs that are incurred in the fulfilment of contracts include both direct costs and allocations of fixed and variable overheads.

Cash flows will be allocated to acquisition activities, other fulfilment activities and other activities using activity-based costing techniques. Cash flows related to acquisition and other fulfilling activities will be allocated to groups of contracts using methods that are systematic and rational and will be applied consistently to all costs that have similar characteristics. The Group generally allocates cash flows from insurance acquisitions to groups of contracts based on total premiums for each group, claims processing costs based on the number of claims for each group and maintenance and administrative costs based on the number of active contracts in each group, using a combination of different techniques.

Discount rates

Generally, the Group will determine the risk-free discount rates using the observed yield curves of the government securities of the countries in which it operates. The yield curve will be interpolated between the relevant available point with market data reflecting long-term real interest rates and inflation expectations. Although the final interest rate will be subject to revision, it is expected to be updated only in case of significant changes in long-term expectations. To reflect the liquidity characteristics of the contracts, the risk-free yield curves will be adjusted by an illiquidity premium.

Default premiums are typically determined by comparing corporate bond spreads to the costs of credit default swaps with matching critical conditions for the same issuer.

The requirement to measure insurance contract liabilities using current discount rates will be a significant change from the Group's current practice. For life insurance contracts, the Group currently measures future cash flows using discount rates determined at initial recognition and unadjusted for illiquidity. In the current economic environment, the Group estimates that the discount rates under IFRS 17 will generally be lower than the corresponding rates under IFRS 4. For non-life insurance contracts, the Group currently does not discount future cash flows, which represents a significant change in accounting policy of the Group as a result of the introduction of IFRS 17.

Adjustments for non-financial risk

Adjustments for non-financial risk will be determined to reflect the compensation the Group would require for taking on non-financial risk and its degree of risk avoidance. They will be determined individually and allocated to groups of contracts based on an analysis of the risk profiles of the groups.

Non-financial risk adjustments will be determined using a confidence level technique.

To determine non-financial risk adjustments for reinsurance contracts, the Group will apply these techniques to both gross and net reinsurance and derive the amount of risk transferred to the reinsurer as the difference between the two results.

Applying a confidence level technique, the Group will estimate the probability distribution of the expected present value of the future cash flows from the contracts at each reporting date and calculate the adjustment for non-financial risk as the excess of the risk value at target confidence over the expected present value of the future cash flows, taking into account the associated risks in all future years. The target confidence level will be at least 90 percent.

Contractual service margin

Contractual service margin on a group of contracts is recognized in profit or loss to reflect the services provided in each year. By identifying the coverage units in the group, the allocation of the contractual service margin remaining at the end of the year (before any distribution) is allocated equally to each coverage unit provided during the year and expected to be provided in future years. The allocation of cover units is recognized in the relevant year in profit and loss. The number of coverage units is the amount of services provided by the contracts in the group, determined by taking into account for each contract the amount of benefits provided and the expected period of coverage. Coverage units will be reviewed and updated on each reporting date.

A.7 Presentation and disclosure

IFRS 17 will significantly change the way insurance contracts and reinsurance contracts are presented and disclosed in the Group's financial statements.

Pursuant to IFRS 17, portfolios of insurance contracts as well as portfolios of reinsurance contracts (issued and held by the Group) are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis. Any assets or liabilities recognized for cash flows arising prior to the recognition of the related group of contracts (including any cash flow assets from the acquisition of insurance) will also be presented in the same position as related portfolios of contracts.

According to IFRS 17, the amounts recognized in the statement of profit or loss are divided into:

- insurance service result, including insurance revenue and insurance service expenses; and
- financial income or expenses from insurance activity.

The amounts of reinsurance contracts will be presented separately.

The separate presentation of insurance and financial results under IFRS 17 and IFRS 9 will provide additional transparency about the sources of profits and the nature of income.

Insurance service result

For contracts not assessed using the simplified model, the insurance revenue for each year represents the changes in the liability for remaining coverage that relate to services for which the Group will receive premiums that relate to the recovery of insurance acquisition cash flows. For contracts measured using the simplified model, insurance revenue is recognized based on the distribution of expected premium receipts for each coverage period, which is based on the expected schedule of insurance service costs incurred for certain property contracts and the elapsed time for others contracts. The requirements in IFRS 17 to recognize insurance revenue over the coverage period will result in slower revenue recognition than the Group's current practice of recognizing revenue when the relevant premiums are booked.

Costs that are directly attributable to the fulfilment of the contracts will be recognized in profit or loss as insurance service costs, generally when incurred. The costs that are not directly related to the fulfilment of the contracts will be presented outside the insurance service result.

Reimbursements from reinsurers and reinsurance costs will no longer be presented separately in profit or loss, as the Group will present them on a net basis as "net costs of reinsurance contracts" in the insurance service result, but information about them will be included in the disclosures.

The Group will elect not to separate the changes in the adjustment for non-financial risk between the insurance service result and the insurance finance income or expense. Any changes in the adjustment for non-financial risk recognized in profit or loss will be included in the insurance service result.

Insurance finance income and expenses

Under IFRS 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes in these will normally be presented as insurance finance income or expense and will be presented as part of the statement of profit and loss.

A.8 Transition period

Under the fair value approach, the contractual service margin (or loss component) on initial application will be determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date. The Group will estimate the fair value of the contracts as the sum of (a) the present value of the net cash flows expected to be generated by the contracts determined using a discounted cash flow technique; and (b) an additional margin determined using a confidence level technique.

The cash flows considered in the fair value measurement will be consistent with those within the contractual boundaries. Therefore, cash flows related to expected future renewals of insurance contracts will not be considered in determining the fair value of those contracts if they are outside the contractual boundaries. The present value of the future cash flows considered in the fair value measurement will be broadly consistent with that determined in the fulfilment cash flow measurement. Although the Group's own default risk will be taken into account when measuring the fair value of the liabilities, but not when measuring the fulfilment cash flows, the effect is expected to be insignificant.

In measuring fair value, the Group will include a margin including a risk premium to reflect what market participants would demand as a compensation for the uncertainty inherent in cash flows and a profit margin to reflect what market participants would require to assume the insurance service contracts liabilities. In determining this margin, the Group will take into account certain costs that are not directly related to the fulfilment of the contracts (e.g. general administrative costs) and certain risks that are not reflected in the fulfilment cash flows among other factors that a market participant would consider.

For all contracts (effectively the entire existing portfolio of the Company) assessed under the fair value approach, the Group will use reasonable and supportive information available as at January 1, 2022 to determine:

- how to identify groups of contracts.
- whether a contract meets the definition of a direct participation contract.
- how to identify discretionary cash flows for contracts without direct participation features.

Some groups of contracts assessed under the fair value approach will contain contracts issued in more than one year. For these groups, the discount rates on initial recognition will be determined on the date of initial recognition.

For all contracts assessed under the fair value approach, the amount of insurance finance income or expense accumulated in the insurance finance reserve at the date of introduction of IFRS 17 will be determined as zero.

For groups of reinsurance contracts covering onerous insurance (underlying) contracts, the Group will establish a loss recovery component on the date of initial recognition.

2.6. Changes to the estimates

In preparation of the interim condensed consolidated financial statements management makes a number of assumptions, estimates and presumptions regarding the recognition and measurement of assets, liabilities, income and expenses.

The actual results could be different from management's assumptions, estimates and presumptions and, in rare cases, entirely correspond to the previously assessed results.

In the preparation of the interim condensed consolidated financial statements, the significant judgments of the management in the application of the Group's accounting policies and the main sources of uncertainty of the accounting estimates do not differ from those disclosed in the annual financial statements of the Group as at 31 December 2022.

For the purpose of presenting these interim condensed consolidated financial statements, reviews have been performed for impairment of trade and other receivables.

2.7. Risk management

The Group is exposed to various types of risks with respect to its financial instruments. The most significant financial risk to which the Company is exposed are market risk, credit risk and liquidity risk.

The interim condensed consolidated financial statements does not include the entire information on risk management and disclosures required in the preparation of annual financial statements and should be read together with the Group's annual consolidated financial statements as at 31 December 2022. There were no changes in the risk management policy related to financial instruments during the period.

2.7.1. Risk of an unfavorable long-term development of the Covid-19 (Coronavirus) pandemic after the measures taken by the governments in Bulgaria and in other countries where the Group operates have been withdrawn

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

2.7.2. Military conflict between Ukraine and Russia

There are force majeure circumstances that can affect business activities in all spheres worldwide. This was caused by the military actions taken by Russia and its invasion of the territory of Ukraine.

As a result of the war that started, a number of countries from around the world, including countries from the European Union, took drastic sanctions against Russia, and partially against Belarus, which supports it.

The war between Russia and Ukraine had a negative impact on the Group through investments in insurance companies in Ukraine, Russia and Belarus. At the end of 2022, in connection with the ongoing military actions on the territory of Ukraine, the insurance companies operating in Belarus (100% participation) and in Russia (associated participation of 48.61%) were sold. Business in both countries was insignificant, forming less than 1% of the insurance segment's 2022 revenue.

Subsidiaries in Ukraine continue to operate. Potential effects on the collectability and credit quality of the accounts are subject to constant monitoring and updating by the Management. In the short term, there are no indications of a deterioration in the credit quality of counterparties, and that there are currently no grounds for changing the model for calculating expected credit losses.

The group also has obligations under bank loans with a book value of BGN 20 596 thousand as of 30.09.2023, which were received from the International Investment Bank, Russia. There has been no change in the terms of the loan agreements since the start of the war and the imposition of international sanctions against Russia.

The leadership of Eurohold Bulgaria AD proactively monitors and assesses the impact of macroeconomic, political, legislative, and other substantial risks in the countries of its operation. It takes measures to mitigate these risks and make informed decisions regarding their implications on the group's performance.

2.7.3. Climate - related matters

Climate change may affect the entity's assets and liabilities in the reporting period or in the future. Changes in legislation resulting from climate issues may be known (e.g. regulations or negotiated commitments to mitigate the effects of pollution) or only anticipated (e.g. potential changes in business models as well as consumer behaviour, commercial counterparties, creditors and investors). They affect the fair value of assets/liabilities regardless of whether the risks or opportunities associated with them are real or perceived.

Consistent with the previous year, as of 30 September 2023, the Company has not identified significant risks caused by climate change that could have a negative and material impact on the Company's consolidated financial statements of the Group. Management continually assesses the impact of climate-related issues.

Assumptions could change in the future in response to upcoming environmental regulations, new commitments made and changing consumer demand. These changes, if not foreseen, could have an impact on the future cash flows, financial results and financial condition of the Company.

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

As of the date of preparation of this interim condensed consolidated financial report, economic activity has not yet fully recovered, and there is still insufficient statistical information available for the real impact on the Bulgarian and global economy, as well as for significant forecasted data regarding their recovery in the coming months.

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

The table below presents information regarding the expectations for economic growth in the Republic of Bulgaria according to the data from the International Monetary Fund (April 2023: <https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>), including forecasted data after the onset of the pandemic situation related to Covid-19 (Coronavirus) and the war in Ukraine.

	Historical data					Forecast	
	2018	2019	2020	2021	2022	2023	2024
Economic growth of Bulgaria's GDP	2.7%	4.0%	(4.4)%	4.2 %	3.4 %	1.4%	3.5%

The table below presents information regarding the expectations for economic growth in the countries of the Eurozone (representing the primary external market for the Republic of Bulgaria), according to the data from the International Monetary Fund, including forecasted data from April 2023:

	Historical data					Forecast	
	2018	2019	2020	2021	2022	2023	2024
Economic growth of the Eurozone's GDP	1.9%	1.5%	(6.3)%	5.2%	3.5%	0.8%	1.4%

The Group's management has analyzed the expected economic development of the countries in which it operates, taking into consideration both historical and forecast data (April 2023: <https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>) sourced from the International Monetary Fund, are presented in the table below:

	Historical data					Forecast	
	2018	2019	2020	2021	2022	2023	2024
Republic of Romania	4.5%	4.2%	(3.7)%	5.9%	4.8%	2.4%	3.7%
Republic of North Macedonia	2.9%	3.9%	(6.1)%	4.0%	2.2	1.4%	3.6%
Republic of Ukraine	3.5%	3.2%	(3.8)%	3.4%	(30.3)%	(3)%	...
Republic of Georgia	4.8%	5.0%	(6.8)%	10.4%	10.1%	4%	5.0%
Hellenic Republic	1.6%	1.9%	(8.2)%	8.3%	5.9%	2.6%	1.5%
Republic of Poland	5.4%	4.7%	(2.2)%	5.9%	4.9%	0.3%	2.4%
Republic of Italy	0.9%	0.3%	(8.9)%	6.7%	3.7%	0.7%	0.8%
Kingdom of Spain	2.3%	2.1%	(10.8)%	5.1%	5.5%	1.5%	2%
United Kingdom	1.3%	1.4%	(9.8)%	7.4%	4%	(0.3)%	1%

The management continues to monitor the development of credit risk concerning the countries where the Group operates, as well as the key investments (both in terms of market and credit risk exposure).

Effect on credit ratings

As a result of the expected economic effects of the slowdown in general activity, some rating agencies have downgraded their outlook on long-term debt positions, both in terms of sovereign debt and corporate debt positions. The table below presents information on the credit rating awarded by Fitch to the Republic of Bulgaria and the Company.

	Rating	Outlook
Republic of Bulgaria (May 2023)	BBB	Positive
Eurohold Bulgaria AD (June 2023)	B	Stable

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

	Rating	Outlook	Data
Republic of Romania	BBB	Negative	24/03/2023
Republic of North Macedonia	BB+	Stable	14/04/2023
Republic of Ukraine	CC	n/a	20/01/2023
Republic of Georgia	BB	Positive	27/01/2023
Republic of Greece	BB+	Stable	27/01/2023
Republic of Poland	A-	Stable	13/01/2023
Republic of Italy	BBB	Stable	12/05/2023
Kingdom of Spain	A-	Stable	02/12/2022
United Kingdom	AA-	Negative	09/12/2022
Kingdom of the Netherlands	AAA	Stable	24/02/2023

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

Analysis of the expected effect on the model of IFRS 9

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

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

The general conclusion of the Company's management is that, at the time of issuing this report, no significant deterioration in the credit quality of counterparties due to the war in Russia and Ukraine or the dynamic macroeconomic environment is expected in the short term. Management continues to closely monitor for long-term indications of deterioration.

With respect to the model (including the full and simplified model) for calculating expected credit losses, management believes that no change to the overall model is necessary.

In the first nine months of 2023, neither sufficiently reliable macroeconomic statistics nor information on medium-term default probability levels are available, Management has not recalculated/changed the model regarding Expected Credit Losses compared to those as of 31 December 2022.

2.8. Cash Flows

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

Cash flows from operating activities are calculated as a result of the reporting period adjusted for non-cash operating items, changes in net working capital and corporate tax.

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

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

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

3. Revenue from energy business

	30.09.2023 BGN'000	30.09.2022 BGN'000
Open market customers	948 753	1 760 829
Household consumers	591 200	555 367
Business consumers	130 304	316 023
Connections fee revenue	17 943	15 377
Penalties for late payments	3 065	3 839
Revenues from services for research, repair and maintenance of electricity distribution network, and commercial metering devices	7 007	7 611
Revenues from information, communication, technological services (ICT) and others	566	3 129
Revenues from the Power System Security Fund	696	901
Other income	23 533	19 616
	1 723 067	2 682 692

Changes in exchange prices primarily affect the decrease in revenues in the energy sector. This trend is also reflected in the expenses for purchasing electricity.

4. Expenses of energy business

	30.09.2023 BGN'000	30.09.2022 BGN'000
Costs for purchased electricity	(1 171 902)	(2 180 840)
Technological costs for electricity transmission	(111 871)	(105 380)
Balancing energy	(26 748)	(51 824)
Costs for transmission and access services	(1 568)	(3 216)
Other expenses	(106)	(100)
	(1 312 195)	(2 341 360)

5. Revenue from insurance business

	30.09.2023 BGN'000	30.09.2022 BGN'000
Insurance income incl.	894 394	425 380
<i>Contracts not measured under the Premium Allocation Approach</i>	8 668	7 153
<i>Contracts measured under the Premium Allocation Approach</i>	885 726	418 227
Reinsurance income	93 915	224 789
Investment income	34 001	6 490
	1 022 310	656 659

The group has restated the comparative information as of 30.9.2022. in accordance with IFRS 17 Insurance Contracts.

The increase in revenue from insurance business is a result of a one-off effect due to the termination of the contract with Euroins Romania Insurance - Reinsurance S.A., Romania (in insolvency).

6. Insurance segment expenses

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance expenses incl.	(314 173)	(186 087)
<i>Incurring claims and other insurance service expenses</i>	(314 173)	(186 087)
<i>Amortisation of insurance acquisition cash flows</i>	(165 413)	(133 327)
<i>Losses and reversals of losses on onerous contracts</i>	(110 530)	(32 497)
<i>Adjustments to liabilities for incurred claims</i>	4 722	(42 696)
Reinsurance expenses	(206 046)	(213 674)
Investment expenses	(57 978)	(6 163)
	(849 418)	(614 444)

The group has restated the comparative information as of 30.9.2022. in accordance with IFRS 17 Insurance Contracts.

7. Revenue from Asset management and brokerage

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Interest income	449	428
Dividend income	119	258
Gains on sale of financial assets and financial instruments	7 360	5 062
Foreign exchange gains, net	130	70
Other finance income	1 098	1 273
	9 156	7 091

8. Expenses from Asset management and brokerage

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Interest expenses	(117)	(61)
Loss on sales of financial assets and financial instruments	(8 436)	(6 218)
Other finance costs	(124)	(183)
	(8 677)	(6 462)

9. Revenue from the activities of the Parent company

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Gain on sale of financial assets and financial instruments	64	680
Interest income	-	4
Other revenue	34	194
	98	878

10. Expenses of the activities of the Parent company

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Loss on operations with financial assets and financial instruments	(38)	(1 234)
Loss from investment sales *	-	(20 472)
<i>* See Notes 1.2 and 35.3</i>	(38)	(21 706)

11. Other income/(costs), net

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Other income/(costs), net	8 403	1 790
	8 403	1 790

11.1. Other income by segments

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	30 020	2 429
Insurance business	2 327	881
Asset management and brokerage	21	44
	32 368	3 354

11.2. Other costs by segments

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(21 359)	(814)
Insurance business	(2 606)	(750)
	(23 965)	(1 564)

12. Other operating costs

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Expenses on materials	(9 834)	(10 701)
Hired services expenses	(53 157)	(50 491)
Employee benefits expenses	(110 210)	(89 201)
Other expenses	(2 849)	(4 106)
	(176 050)	(154 499)

12.1 Expenses on materials by segments

	30.09.2023 <i>BGN'000</i>	30.09.2022 <i>BGN'000</i>
Energy business	(8 918)	(10 046)
Insurance business	(862)	(619)
Asset management and brokerage	(39)	(29)
Parent company	(15)	(7)
	(9 834)	(10 701)

12.2. Hired services expenses by segments

	30.09.2023 <i>BGN'000</i>	30.09.2022 <i>BGN'000</i>
Energy business	(39 014)	(39 813)
Insurance business	(10 879)	(9 065)
Asset management and brokerage	(456)	(380)
Parent company	(2 808)	(1 233)
	(53 157)	(50 491)

12.3. Costs of Remuneration by Segments

	30.09.2023 <i>BGN'000</i>	30.09.2022 <i>BGN'000</i>
Energy business	(93 775)	(74 410)
Insurance business	(14 868)	(13 371)
Asset management and brokerage	(858)	(747)
Parent company	(709)	(673)
	(110 210)	(89 201)

12.4. Other expenses by segments

	30.09.2023 <i>BGN'000</i>	30.09.2022 <i>BGN'000</i>
Energy business	(562)	(2 359)
Insurance business	(1 750)	(1 344)
Asset management and brokerage	(180)	(156)
Parent company	(357)	(247)
	(2 849)	(4 106)

13. (Accrued/ (reversal) of impairment loss on financial assets, net

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Accrued impairment loss on financial assets	(4 836)	(5 352)
Reversal of impairment loss on financial assets	2 764	856
	(2 072)	(4 496)

13.1. Accrued impairment loss on financial assets by segments

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(4 811)	(2 228)
Asset management and brokerage	(25)	(22)
Parent company	-	(3 102)
	(4 836)	(5 352)

13.2. Reversal of impairment loss on financial assets by segments

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	-	2
Asset management and brokerage	50	63
Parent company	2 714	791
	2 764	856

14. Finance costs

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Interest costs	(85 066)	(62 141)
Interest costs on right of use assets	(824)	(541)
Other finance costs	(13 599)	(4 771)
	(99 489)	(67 453)

14.1. Interest costs by segments

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(62 238)	(45 613)
Insurance business	(5 623)	(2 109)
Parent company	(17 205)	(14 419)
	(85 066)	(62 141)

14.2. Interest costs – right of use assets by segments

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(360)	(126)
Insurance business	(396)	(348)
Asset management and brokerage	(33)	(33)
Parent company	(35)	(34)
	(824)	(541)

14.3. Other finance costs by segments

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(10 462)	(2 900)
Insurance business	(2 539)	(1 863)
Parent company	(598)	(8)
	(13 599)	(4 771)

15. Finance income

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Interest revenue	2 565	332
Other finance income	1 779	2 184
	4 344	2 516

15.1. Interest revenue by segments

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	2 099	332
Insurance business	466	-
	2 565	332

15.2. Other finance income by segments

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	1 779	788
Insurance business	-	1 396
	1 779	2 184

16. Foreign exchange gains/(losses), net

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Parent company	(4)	(7)
	(4)	(7)

17. Depreciation and amortisation by segments

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business incl.	(78 187)	(79 497)
<i>Right of use assets</i>	(4 283)	(3 966)
Insurance business incl.	(3 492)	(3 110)
<i>Right of use assets</i>	(2 485)	(1 839)
Asset management and brokerage incl.	(214)	(196)
<i>Right of use assets</i>	(164)	(99)
Parent company incl.	(163)	(239)
<i>Right of use assets</i>	(132)	(204)
	(82 056)	(83 042)

18. Tax expenses

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Income tax expense	(19 977)	(14 031)
Deferred tax income	825	310
	(19 152)	(13 721)

18.1. Tax expenses by segment

	30.09.2023	30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(18 915)	(13 230)
Insurance business	(234)	(488)
Asset management and brokerage	(3)	(3)
	(19 152)	(13 721)

19. Cash and cash equivalents by segments

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Cash on hand	652	1 127
Cash at banks (incl. deposits up to 3 months)	221 809	207 331
Restricted cash	425	5 487
Cash equivalents	23	535
<i>Impairment ECL – IFRS9</i>	(584)	(468)
	222 325	214 012

19.1 Cash and cash equivalents by segments

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	190 696	177 883
Insurance business	26 995	28 457
Asset management and brokerage	4 571	5 434
Parent company	63	2 238
	222 325	214 012

20. Time deposits at banks by segments

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Insurance business	29 599	53 784
<i>Impairment</i>	(173)	(595)
	29 426	53 189

21. Trade and other receivables

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Non-current trade receivables (<i>Note 21.1</i>)	7 059	5 517
Current trade receivables (<i>Note 21.2</i>)	282 644	353 174
Other receivables (<i>Note 21.3</i>)	122 916	170 327
	412 619	529 018

21.1. Non-current trade receivables

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Trade receivables	7 059	5 517
	7 059	5 517

21.1.1. Non-current trade receivables by segments

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Insurance business	7 027	5 501
Asset management and brokerage	32	16
	7 059	5 517

21.2. Current trade receivables

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Trade receivables	274 319	391 675
<i>Expected credit losses</i>	<i>(75 578)</i>	<i>(67 683)</i>
Advances paid	83 903	29 182
	282 644	353 174

21.2.1. Trade receivables by segments

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	266 955	383 631
<i>Impairment</i>	<i>(75 585)</i>	<i>(67 669)</i>
Insurance business	7 343	7 809
Asset management and brokerage	2	-
Parent company	19	235
<i>Impairment</i>	<i>7</i>	<i>(14)</i>
	198 741	323 992

21.2.2. Advances paid by segments

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	82 147	4 999
Insurance business	1 756	24 183
	83 903	29 182

The most significant advances provided to the insurance business are related to the purchase of securities. The most significant advances granted to the energy business are in connection with the construction of photovoltaic installations of substations for own consumption.

21.3. Other receivables by segments

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	85 355	142 743
<i>Impairment</i>	<i>(11 216)</i>	<i>(12 366)</i>
Insurance business	34 518	14 366
<i>Impairment</i>	<i>(1 716)</i>	<i>(1 716)</i>
Asset management and brokerage	186	240
Parent company	5	18 005
<i>Impairment</i>	<i>-</i>	<i>(2 700)</i>
Prepaid expenses	8 350	4 783
Court receivables	39 444	42 474
<i>Impairment</i>	<i>(36 056)</i>	<i>(38 767)</i>
Tax receivables	4 046	3 265
	122 916	170 327

21.3.1. Prepaid expenses by segments

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	7 393	4 632
Insurance business	927	29
Parent company	30	122
	8 350	4 783

21.3.2. Judicial and Awarded Claims by segments

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	39 444	42 404
<i>Impairment</i>	<i>(36 056)</i>	<i>(38 767)</i>
Insurance business	-	70
	3 388	3 707

21.3.3. Tax receivables by segments

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	3 708	3 009
Insurance business	211	39
Parent company	127	217
	4 046	3 265

In the first nine months of 2023 and 2022, the Group did not recognize an impairment loss on property, 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.

22.1. Land and buildings by segments

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	104 867	107 482
Insurance business	2 250	2 291
	107 117	109 773

22.2. Land and buildings by segments – Rights of use

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	8 646	10 473
Insurance business	11 828	14 593
Asset management and brokerage	830	940
Parent company	995	1 127
	22 299	27 133

22.3. Property, plant and equipment by segments

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	677 481	683 098
Insurance business	1 395	1 869
	678 876	684 967

22.4. Property, plant and equipment by segments – Rights of use

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	340	1 082
	340	1 082

22.5. Vehicles by segments

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	5 700	5 252
Insurance business	340	583
Parent company	81	76
	6 121	5 911

22.6. Vehicles by segments – Rights of use

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	2 107	21
Insurance business	615	213
Asset management and brokerage	150	204
	2 872	438

22.7. Furniture and fittings and other assets by segment

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	1 791	2 085
Insurance business	478	367
Asset management and brokerage	22	38
Parent company	16	1
	2 307	2 491

22.8. Assets under construction by segments

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	58 711	35 829
Insurance business	17	23
	58 728	35 852

23. Investment property

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Value as of January 1st	-	2 014
Written off	-	(2 557)
Revaluation	-	387
Other changes	-	156
Value at the end of the reporting period	-	-

24. Non-tangible assets

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	92 004	98 184
Insurance business	2 946	2 267
Asset management and brokerage	131	62
Parent company	-	1
	95 081	100 514

The Group conducts an impairment review of intangible assets annually. As of December 31, 2022, there were no indicators that the carrying amount of intangible assets exceeded their recoverable amount, resulting in no impairment loss being recognized in the consolidated financial statements.

25. Inventories by segments

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	24 126	32 787
Insurance business	201	293
	24 327	33 080

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 the last one as of 31 December 2022, the Group has not recognized an impairment of its inventories.

26. Financial assets by segments

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Government bonds measured at FVTPL, incl.:	878	780
<i>Asset management and brokerage</i>	878	780
Government bonds measured at amortised cost, incl.:	7 898	3 845
<i>Insurance business</i>	7 898	3 845
Total government bonds	8 776	4 625
Corporate bonds measured at FVTPL, incl.:	<i>BGN'000</i>	<i>BGN'000</i>
<i>Energy business</i>	36 698	1 995
<i>Insurance business</i>	60 676	21 166
<i>Asset management and brokerage</i>	1 587	2 001
<i>Parent company</i>	7	7
Total corporate bonds	98 968	25 169
Capital investments measured at FVTPL, incl.:	433 286	114 222
<i>Energy business</i>	17 017	17 450
<i>Insurance business</i>	402 668	89 451
<i>Asset management and brokerage</i>	13 601	7 321
<i>Parent company</i>	9	9
<i>Impairment</i>	(9)	(9)
Total capital investments	433 286	114 222
Other financial assets measured at amortised cost, incl.:	27 949	97 243
<i>Energy business</i>	25 068	37 189
<i>Insurance business</i>	2 614	51 773
<i>Asset management and brokerage</i>	887	8 914
<i>Impairment</i>	(620)	(633)
Total other financial assets	27 949	97 243
	568 979	241 259

27. Deferred tax assets by segments

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	7 495	7 584
Insurance business	531	1 924
	8 026	9 508

28. Goodwill

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Euroins Insurance Group AD	111 763	111 763
Euro Finance AD	2 620	2 620
Electrohold Trade EAD	2 500	2 500
	116 883	116 883

29. Subordinated debt

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Subordinated debt, not issued	63 474	48 459
<i>Insurance business</i>	54 879	39 879
<i>Parent company</i>	8 595	8 580
	63 474	48 459

29.1. Insurance business

Subordinated debts of insurance business include subordinated debt to Starcom Holding AD in the amount of BGN 14 879 thousand and to Starcom Finance EAD in the amount of BGN 25 000 thousand. The debt to Starcom Holding AD has a limit of EUR 12.6 million, an interest rate of 6% and a repayment term of no earlier than 5 years from the date of crediting of the last tranche of the loan. In June 2022, an agreement was concluded to obtain a cash loan in the form of a subordinated term debt in the amount of BGN 25 million from Starcom Finance AD, a wholly owned subsidiary of Starcom Holding AD, with an annual interest rate of 6%, maturity date 06.28.2032. The funds were provided at the end of September 2022.

On 18.09.2023, a new subordinated debt contract was signed between EIG AD and Starcom Holding AD worth EUR 15 million. interest rate equal to 5% and repayment term not earlier than 5 years from the date of lending.

29.2. Parent company

The subordinated debt has no fixed maturity and the lender - Starcom Holding AD cannot demand its repayment, regardless of whether there is a case of default under the agreement. Eurohold Bulgaria AD has the right (but is not obliged) to pay amounts from the loan principal corresponding to each consecutively received tranche after the expiration of 5 (five) years from the date of receipt of the respective tranche. Early repayment of the principal of the subordinated debt is not allowed, except in cases of liquidation or bankruptcy, after payment of the amounts due to all privileged creditors, as well as to all other unsecured creditors. The interest due is in the amount of 5% (five percent) on an annual basis on the attracted sums of money for the period of their actual use.

30. Bank and non-bank loans by segments

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	974 753	992 336
Insurance business	535	301
Parent company	50 307	124 294
	1 025 595	1 116 931

30.1. Bank and non-bank loans by segments – non-current by segments

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business, incl.	953 844	980 602
<i>Bank loans</i>	725 939	722 018
<i>Loans from non-bank financial institutions</i>	227 905	258 584
Parent company, incl.:	31 633	16 555
<i>Bank loans</i>	31 633	16 555
	985 477	997 157

30.2. Bank and non-bank loans by segments – current by segments

	30.09.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business, incl.	20 909	11 734
<i>Bank loans</i>	20 909	11 734
<i>Loans from non-bank financial institutions</i>	-	-
Insurance business, incl.	535	301
<i>Bank loans</i>	535	301
Parent company, incl.:	18 674	107 739
<i>Bank loans</i>	18 674	107 739
	40 118	119 774

30.3. Information about loans from banks and non-bank financial institutions

Bank	Currency	Limit (in '000 original currency)	Principal due 30.09.2023 (In '000 EUR)	Principal due 31.12.2022 (In '000 EUR)	Interest	Maturity date	Collateral
JSC VTB Bank Georgia	GEL	400	274	125	13%	01.2024	n/a
JSC Halyk Bank Georgia	GEL	80	-	29	13%	09.2023	n/a
Syndicated loan	EUR	360 000	360 000	360 000	6M EURIBOR+ 3.00%	06.2026	Pledge of shares of subsidiary companies
Non-bank financial institutions	EUR	113 990	117 043	113 990	13%	01.2027	Pledge of shares of subsidiary company; Corporate guarantee of EUR 220 million.
European Bank for Reconstruction and Development	EUR	116 000	18 177	19 445	6M EURIBOR+ 1.80%	04.2027	n/a
International Investment Bank	EUR	10 000	3 850	4 620	6.0% + 3m EURIBOR	03.2025	Pledge of shares of subsidiary companies
International Investment Bank	EUR	7 000	6 192	6 461	5.0% + 3m EURIBOR	01.2029	Pledge of shares of subsidiary companies; Insurance.
International Bank for Economic Cooperation	EUR	20 000	-	12 000	6.5%	07.2023	Pledge of shares of subsidiary companies
JP Morgan SA	EUR	40 000	15 085	40 000	8.75% + 6m EURIBOR	06.2025	Pledge of shares of subsidiary company; Insurance. Pledge of bonds.

31. Bond liabilities by segments

	30.09.2023 BGN'000	31.12.2022 BGN'000
Parent company, incl.:	221 114	228 891
<i>Current</i>	9 237	1 571
<i>Non-current</i>	211 877	227 320
	221 114	228 891

31.1. Information on bond issues

	Coupon	Original currency	Maturity	30.09.2023 Book value* BGN'000	30.09.2023 Nominal in '000 in origina currency	31.12.2022 Book value* BGN'000	31.12.2022 Nominal in '000 in origina currency
Parent company							
EMTN Programme ISIN: XS1731768302	6.50%	EUR	06.2026	89 990	70 000	76 432	70 000
EMTN Programme ISIN: XS1542984288	8.00%	EUR	12.2026	20 737	10 000	19 567	10 000
Corporate bonds ISIN: BG2100013205	3.25%	EUR	11.2027	57 361	30 000	56 896	30 000
Corporate bonds ISIN: BG2100002224	3.25%	EUR	03.2029	53 026	40 000	75 996	40 000
			TOTAL	221 114	150 000	228 891	150 000

* Presented net of own bonds held in the Group.

Parent company

Information about the terms of the EMTN programs is publicly available on the Irish Stock Exchange Bonds page.

The EMTN program with ISIN XS1731768302 is an extended EMTN program with a maturity date of 07.06.2026, a fixed interest rate of 6.5% (six and a half percent) per annum and an interest payment frequency of once a year in arrears. At the end of 2022, the Parent Group received consent to extend by 42 months the maturity date of European Medium Term Bonds issued under the European Medium Term Bond Program (EMTN Programme) and admitted to trading on the Irish Stock Exchange.

The EMTN program with ISIN: XS1542984288 has a maturity date of 29.12.2026, a fixed interest rate of 8.0% (eight percent) per annum and an interest payment frequency of once a year in arrears.

The bond with ISIN: BG2100013205 in the amount of EUR 30,000,000 was registered by Central Depository AD on 26 November 2020. The issue is the second in a row of ordinary, registered, dematerialized, interest-bearing, secured, non-convertible, freely transferable bonds under the terms of primary private placement within the meaning of Art. 205, para. 2 of the CA. The nominal and issue value of each bond is EUR 1 000 (thousand). The maturity date of the issue is November 26, 2027, and the principal is repaid once at maturity. The interest payments are every six months, starting from the date of registration of the issue (26 November 2020), at a fixed nominal interest rate - 3.25% on an annual basis. The debenture loan is secured by an insurance contract "Debenture loan" concluded between the issuer Eurohold Bulgaria AD, as an insurer and IC Euroins AD as an insurer. The trustee of the bondholders in the issue is Ever Financial House AD.

The bond with ISIN: BG2100002224 in the value of EUR 40,000,000 was registered by the Central Depository AD on 8.3.2022. The issue is the third in a row of ordinary registered non-current 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 CA. The nominal and issue value of each bond is 1,000 (one thousand) EUR. The maturity date of the issue is March 8, 2029, with the principal being repaid once upon maturity. Interest payments are made every six months from the date of issue registration (8 March 2022) at a fixed nominal interest rate of 3.25% per annum. The bond loan is secured by an insurance contract "Bond Loan" concluded between the issuer Eurohold Bulgaria AD as insurer and IC Euroins AD as insurer. Trustee of the bondholders under the issue is "TBI Bank" EAD.

32. Trade and other liabilities

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Current trade liabilities (<i>Note 32.1</i>)	110 408	197 396
Other current liabilities (<i>Note 32.2</i>)	262 679	263 924
Lease liabilities (<i>Note 32.3</i>)	27 025	30 423
Non-current other liabilities (<i>Note 32.4</i>)	87 808	64 547
	487 920	556 290

32.1 Current trade liabilities by segments

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	109 939	187 470
Insurance business	-	8 508
Asset management and brokerage	2	44
Parent company	467	1 374
	110 408	197 396

32.2. Current other liabilities

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Provisions (<i>Note 32.2.1</i>)	99 954	38 731
Tax liabilities	26 546	16 125
Payables to employees	23 274	31 532
Deferred income	11 282	17 297
Social-security liabilities	5 884	6 024
Other current liabilities (<i>Note 32.2.2</i>)	95 739	154 215
	262 679	263 924

32.2.1. Provisions

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	34 592	37 239
Insurance business	65 362	1 324
Asset management and brokerage	-	168
	99 954	38 731

32.2.2. Other current liabilities by segments

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	13 002	41 891
Insurance business	70 261	55 053
Asset management and brokerage	139	919
Parent company	12 337	56 352
	95 739	154 215

32.3. Lease liabilities – Rights of use by segments

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business incl.	12 147	12 465
<i>Current</i>	3 334	5 034
<i>Non-current</i>	8 813	7 431
Insurance business incl.	12 648	15 470
<i>Current</i>	2 293	3 300
<i>Non-current</i>	10 355	12 170
Asset management and brokerage incl.	1 054	1 180
<i>Current</i>	174	169
<i>Non-current</i>	880	1 011
Parent company incl.	1 176	1 308
<i>Current</i>	211	202
<i>Non-current</i>	965	1 106
	27 025	30 423

32.4 Non-current trade liabilities

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Other non-current liabilities	69 535	51 835
Deferred income	18 273	12 712
	87 808	64 547

32.4.1. Other non-current liabilities by segments

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	19 510	19 599
Insurance business	18 102	18 404
Parent company	31 923	13 832
	69 535	51 835

32.4.2. Deferred income by segments

	30.09.2023 BGN'000	31.12.2022 BGN'000
Energy business	18 273	12 712
	18 273	12 712

33. Deferred tax liabilities by segments

	30.09.2023 BGN'000	31.12.2022 BGN'000
Energy business	19 789	20 558
Insurance business	2	22
	19 791	20 580

34. Share capital

	30.09.2023 BGN'000	31.12.2022 BGN'000
Issued shares	260 500	260 500
Treasury shares	(77)	(77)
Share capital	260 423	260 423
Number of shares with voting rights	260 500 000	260 500 000

As of 30.09.2023, 77 227 numbers of voting shares of Eurohold Bulgaria AD are held by companies in the (as of 31.12.2022 – 77 227 voting shares).

The share capital as of 30.09.2023 is distributed as follows:

Shareholders	%	Number of shares /voting rights/	Par value, BGN
Starcom Holding AD	50.08%	130 454 157	130 454 157
KJK Fund II SICAV-SIF - Balkan Discovery	10.79%	28 116 873	28 116 873
Boston Management and Research, through the following funds managed by it, namely: Global Opportunities Portfolio, Global Macro Portfolio, Global Macro Absolute Return Advantage Portfolio, Global Macro Capital Opportunities Portfolio.	8.75%	22 781 731	22 781 731
SLS Holding AD	7.65%	19 930 773	19 930 773
PENSION ASSURANCE COMPANY - FUTURE through the following funds managed by it UPF-Future PPF-Future SPF-Future	5.41%	14 088 398	14 088 398
Other legal entities	15.74%	40 990 815	40 990 815
Other individuals	1.59%	4 171 409	4 171 409
Total	100.00%	260 500 000	260 500 000

35. Acquisition and disposal of companies

35.1. Acquisition in 2023

On June 12, 2023, a new company, PHOENIX MGA SERVICES S.R.L., Romania, was established, 100% owned by Euroins Insurance Group AD (a subsidiary of Eurohold Bulgaria AD).

35.2. Acquisition in 2022

35.2.1. Energy business

(1) On May 23, 2022, the Board of Directors of Eurohold Bulgaria AD decided to establish a subsidiary named Elektrohold Green EOOD with a capital of 20,000 BGN, distributed into 20 equal shares of 1,000 BGN each. As of December 31, 2022, the company had not yet engaged in any activities.

(2) In March 2022, the Parent Group increased its share in the capital accordingly:

- Up to 98.93% through the acquisition of an additional 207,107 shares or 10.74% of the capital of EDG West EAD (CEZ Razpradelenie Bulgaria AD) worth BGN 62.1 million/EUR 31.8 million and
- Up to 96.92% through the acquisition of additional 1,379 shares or 27.58% of the capital of Electrohold Sales EAD (CEZ Electro Bulgaria AD) worth BGN 38.6 million/EUR 19.7 million.

(3) In June 2022, the parent company increased its stakes in the capital as follows:

- Up to 99.25% by acquiring an additional 6,165 shares or 0.32% of the capital of ERM Zapad EAD (CEZ Razpradelenie Bulgaria AD) at a value of BGN 1.9 million / EUR 0.9 million.
- Up to 97.66% by acquiring an additional 37 shares or 0.74% of the capital of Elektrohold Prodazhbi EAD (CEZ Elektro Bulgaria AD) at a value of BGN 1.1 million / EUR 0.5 million.

During the second quarter of 2022, Euroins Bulgaria AD acquired a 0.48% stake in Elektrohold Prodazhbi EAD, bringing the ownership to 98.14%.

(4) On August 25, 2022, the Financial Supervision Commission (FSC) decided not to issue a prohibition on the publication of a proposal by Eastern European Electric Company B.V., Netherlands, for the acquisition through the intermediary Euro-Finance AD, Sofia, of the remaining shares in Elektorazpredelitelnai mrezi Zapad EAD (ERM Zapad EAD) and Elektrohold Prodazhbi EAD.

On September 8, 2022, the energy holding, through Eastern European Electric Company B.V. (EEEC), increased its stake in the two subsidiary companies of the energy group to 100% of the capital by purchasing all remaining shares from minority shareholders as follows:

- 14 416 shares (0.75%) of the capital of Elektorazpredelitelnai mrezi Zapad EAD, Sofia, from the remaining shareholders of the company for nearly BGN 4.376 million / EUR 2.237 million, or BGN 303.55 / EUR 155.2 per share.
- 117 shares (2.34%) of the capital of Elektrohold Prodazhbi EAD, Sofia, from the remaining shareholders of the company for BGN 3.412 million / EUR 1.744 million, or BGN 29,161.02 / EUR 14,909.79 per share.

On September 20, 2022, the Financial Supervision Commission decided to delist Elektorazpredelitelnai mrezi Zapad AD (ERM Zapad EAD) and Elektrohold Prodazhbi EAD as public companies from the register under Art. 30, para. 1, item 3 of the FSC, maintained by the FSC.

35.3. Disposals and discontinued operations

35.3.1. Insurance business

(1) On February 10, 2023, Eurohold Bulgaria AD informed the public about wrongful actions taken by employees of the Romanian insurance supervision against the Romanian insurance company "Euroins Romania Asigurare-Reasigurare" S.A. (Euroins Romania) - which was insolvent - a part of the group. Eurohold had informed the Financial Supervision Commission (FSC) and various competent state and international authorities and

institutions about these actions. The information published by the company, as well as subsequent actions and measures taken, can be traced on the website of Eurohold Bulgaria AD in the news section (www.eurohold.bg).

On February 17, 2023, the management of Eurohold Bulgaria AD informed the public (news section on www.eurohold.bg) that despite their disagreement with the actions of employees of the insurance supervision in Romania against the local branch of Euroins in order to protect the company from further regulatory pressure, Euroins Romania (insolvent) concluded a new reinsurance contract with the group's reinsurer - ZD EIG Re AD (EIG Re). This contract ensured the payment of all losses of the Romanian insurer and transferred a significant portion (87%) of the risk in its portfolio outside the company, retroceded to leading European reinsurers.

On March 17, 2023, the Romanian financial regulator (Autoritatea de Supraveghere Financiară) revoked the license for insurance activities of Euroins Romania Zastrahovane - Prezastrahovane S.A. (insolvent), a subsidiary of Euroins Insurance Group AD. The regulator's decision also included initiating insolvency proceedings and appointing the Insurance Guarantee Fund (Fondul de Garantare a Asiguraților) as the temporary administrator of the company.

The management of "Eurohold Bulgaria" AD, a majority shareholder in "Euroins Insurance Group" AD, made a statement that apart from Euroins Romania (insolvent), all other subsidiary companies and businesses of the Eurohold Group, including insurance, are operating and will continue to operate as usual and without any issues, serving their clients and obligations, and fulfilling their business plans for the year.

On March 21, 2023, Eurohold requested the return of the license for Euroins Romania (insolvent). In a press conference in Bucharest, the holding warned that ASF's decision to revoke the license and the request for insolvency would lead to the termination of all reinsurance contracts of the Romanian company, as a result of which all losses and claims would have to be paid by the Guarantee Fund (this condition is basic and standard for any reinsurance contract).

On June 9, 2023, Euroins Romania Asigurare-Reasigurare S.A., Romania (Euroins Romania) was declared insolvent.

(2) On December 30, 2022, Euroins Insurance Group (EIG) signed agreements to sell 100% of the share capital of its subsidiary in Belarus and its held stake (48.61%) in a company in Russia.

35.3.2. Automotive business

(1) On February 24, 2022, the Board of Directors of Eurohold Bulgaria AD made a decision to establish a company named Daru Invest EAD with a capital of BGN 11,740,000, divided into 11 740 000 registered, non-privileged shares with voting rights, having a nominal and issuance value of BGN 1 each. On March 22, 2022, a share sale agreement was concluded for Daru Invest EAD, finalizing the sale of 100% of the capital of Daru Invest EAD.

(2) On June 30, 2022, Eurohold Bulgaria AD entered into a share sale agreement for Auto Union AD, which consolidated the company's investments in the automotive business.

35.3.3. Lease business

On June 30, 2022, Eurohold Bulgaria AD entered into a share sale agreement for Eurolease Group AD, consolidating the company's investments in the leasing business.

35.3.4. Profit/(loss) for the period from discontinued operations

	01.09.2022- 30.09.2022
	<i>BGN'000</i>
Revenue	
Revenue from insurance business	1 282 353
Revenue from automotive business	50 183
Revenue from leasing business	11 866
	1 344 402
Expenses	
Expenses of insurance business	(1 196 288)
Book value of sold cars and spare parts	(29 441)
Leasing activity expenses	(3 313)
	(1 229 042)
Operating Profit	115 360
Other income	(1 375)
Other operating expenses	(26 363)
Accrued impairment loss on financial assets, net	(692)
EBITDA	86 930
Finance costs	(11 320)
Finance income	9 027
Foreign exchange (losses)/gains, net	(11)
EBTDA	84 626
Depreciation and amortization expenses	(7 161)
EBT	77 465
Income tax expenses	26
Net profit for the period	77 491
<i>Net profit, attributable to:</i>	
Equity holders of the parent	10 836
Non-controlling interest	66 655

35.3.5. Cash flows generated from discontinued operations

	30.09.2022
	<i>BGN'000</i>
Operational activity	61 802
Investment activity	53 180
Financial activity	(140)
TOTAL CASH FLOWS FROM DISCONTINUED OPERATIONS	114 842

36. Contingent liabilities and commitments, provisions for court cases

36.1. Legal cases

On April 10, 2023, the Financial Supervision Authority of the Republic of Romania (Autoritatea de Supraveghere Financiară, ASF) filed a claim for the insolvency declaration of the subsidiary Euroins Romania Asigurare-Reasigurare S.A. (Euroins Romania) based on Decision 262/2023 of ASF, which revoked the license for insurance activities of Euroins Romania. On June 9, 2023, the Bucharest Court, Seventh Civil Division, issued Decision No. 2920/09.06.2023 in Case No. 8813/3/2023, declaring the company insolvent. Euroins Romania has appealed the decision to a higher instance. The scheduling of the hearing is expected in 2024.

As of September 30, 2023, there are no other significant legal cases pending against the Group that are outside the ordinary business activities of the respective companies within the Group.

36.2. Guarantees and guarantees provided

Eurohold Bulgaria AD is a **co-debtor/guarantor** for loans received from banking/financial institutions as follows:

Business	Third/ Related party	Amount	Amount	Amount	Amount	Maturity (EUR'000) as of 30.09.2023					
		EUR'000 as of 30.09.2023	BGN'000 as of 30.09.2023	EUR'000 as of 31.12.2022	BGN'000 as of 31.12.2022	2023	2024	2025	2026	2027	After 2027
Ultimate parent company											
Bank loans for investment purposes	Related parties	5 000	9 779	5 000	9 779	-	5 000	-	-	-	-
Group of leasing companies *											
For financing leasing activities	Related parties 30.06.2022	19 408	37 959	21 891	42 815	2 031	7 209	5 086	3 845	1 107	130
Group of automotive companies *											
Working capital loans	Related parties 30.06.2022	5 186	10 143	4 788	9 365	2 117	523	523	523	523	977
TOTAL:		29 594	57 881	31 679	61 959	4 148	12 732	5 609	4 368	1 630	1 107

* In 2022, Eurohold Bulgaria AD sells the companies from the automotive and leasing segments. The new owners are expected to become guarantors for the loans from banks/financial institutions as indicated

The Group is a guarantor under issued bank guarantees **, as follows:

Company	Amount EUR'000 as of 30.09.2023	Amount BGN'000 as of 30.09.2023	Amount EUR'000 as of 31.12.2022	Amount BGN'000 as of 31.12.2022	Maturity (EUR'000) as of 30.09.2023
Automotive sub-holding (related party up to 30.6.2022)	2 050	4 009	2 050	4 009	2.2024
Automotive sub-holding (related party up to 30.6.2022)	1 714	3 352	1 800	3 520	12.2024
TOTAL:	3 764	7 361	3 850	7 529	

** In 2022, Eurohold Bulgaria AD sells the companies from the automotive and leasing segments. The new owners are expected to become guarantors for the loans from banks/financial institutions as indicated.

36.3. Guarantees and guarantees received

Established guarantees in favor of Eurohold Bulgaria AD:

Company/ Guarantor	Guaranteed liability	Guaranteed amount as of 30.06.2023 in original currency	Maturity date
Milena Milchova Cuentcheva, Procurator	Management guarantee	BGN 3 330	03/2024 *

* Automatic renewal until the Procurator is released from liability.

36.4. Pledge of shares

In connection with a loan to a company from Automotive Subholding, which as of 30.06.2023 is not a related party, Eurohold Bulgaria AD has an established pledge of shares in a subsidiary.

In connection with financing under a package deal, Eurohold Bulgaria AD has established a pledge of shares of a subsidiary.

In connection with the financing of the business combination Eurohold Bulgaria AD, a pledge of shares of subsidiaries in the energy segment has been established.

In connection with a contract concluded for financing by a credit institution, a pledge of shares of a subsidiary company and a pledge of bonds was established in 12.2022.

37. Related parties

Related parties within the Group are as follows:

- Starcom Holding AD, Bulgaria – main shareholder in Eurohold Bulgaria AD

Subsidiaries of Starcom Holding AD:

- Starcom Finance EAD, Bulgaria
- Vedernik EAD, Bulgaria (since 17.08.2023);
- Quintar Capital Limited, Hong Kong China
- Hanson Asset Management Ltd, UK
- Swiss Global Asset Management AG, Switzerland

Associated companies of Starcom Holding AD:

- Solars Energy AD (since October, 2022);

Related party balances

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Loans granted to Starkom Holding AD	-	4 632
Loans provided through repo transactions to Starkom Holding AD	4 611	2 412
Right of use - office - Hanson Asset Management Ltd UK	805	1 006
Leasing liabilities - Hanson Asset Management Ltd UK	821	1 056
Other receivables from Starkom Holding AD	470	-
Loans received from Starkom Holding AD	76 561	52 987
Subordinated debts from Starcom Holding AD	38 474	23 459
Subordinated debts from Starcom Finance EAD	25 000	25 000
Other liabilities to Starkom Holding AD	8 277	3 772
Other liabilities to Starkom Finance EAD - interest on subordinated debt	375	383
Dividend obligations to Starkom Holding AD	101	101

Balances with Euroins Romania Asigurare-Reasigurare S.A. (in insolvency)

	30.09.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Other receivables from Euroins Romania Asigurare-Reasigurare S.A., Romania (in insolvency)	-	193
Liability under the agreement with Euroins Romania Asigurare-Reasigurare S.A. (in insolvency) for a loan of financial instruments has an annual interest rate of 7.0% and maturity on December 5, 2023, incl.	3 101	3 445
<i>-interest</i>	<i>363</i>	<i>218</i>
Liability under the swap agreement with Euroins Romania Asigurare-Reasigurare S.A., Romania (in insolvency)	895	895
Trade liabilities to Euroins Romania Asigurare-Reasigurare S.A., Romania (in insolvency)	4	15
Principal loan liabilities	-	8
Interest liabilities	-	139

Related party transactions

	01.01.2023- 30.09.2023	01.01.2022- 30.09.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Commission fee income from Starcom Holding AD	236	265
Commission fee income from First Investment Bank, Russia	-	1
Commission fee income from Euroins Romania Asigurare-Reasigurare S.A., Romania (in insolvency)	80	500
Rental income from Hanson Asset Management Ltd UK	-	60
Interest income from Starcom Holding AD	703	2 430
Revenue from services rendered to Starcom Holding AD	550	-
Other income from Euroins Romania Asigurare-Reasigurare S.A., Romania (in insolvency)	34	34
Other income from Hanson Asset Management Ltd UK	4	39
Other income from Swiss Global Asset Management AG, Switzerland	2	-
Interest expenses on loans from Starkom Holding AD	4 577	1 872
Interest expenses on loans from Starkom Finance EAD	1 125	8
Interest expenses from Euroins Romania Asigurare-Reasigurare S.A., Romania (in insolvency)	166	703
Interest expenses on leasing agreements (right of use) from Hanson Asset Management Ltd, UK	4	4
Depreciation expense on right-of-use assets from Hanson Asset Management Ltd, UK	148	127

38. Events After the Reporting Period

No adjusting or non-adjusting events occurred between the date of the consolidated financial statements and the date of their approval for issue.

3

INTERIM CONDENSED
CONSOLIDATED REPORT

as of 30 September 2023

OPERATIONAL AND FINANCIAL REVIEW

EUROHOLD GROUP AS OF 30 September 2023

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

BUSINESS HIGHLIGHTS

- ✓ 3 business segments
- ✓ 4 subsidiaries
- ✓ 2 specially created companies for the development of the energy business
- ✓ 17 operating companies
- ✓ 13 countries in Europe
- ✓ 9 400 shareholders
- ✓ 28 years of history

STRATEGIC ASSETS:

Eastern Electric Company II B.V. - Energy

One of the largest energy groups in Bulgaria

Euroins Insurance Group - a major asset in the Eurohold Group

CEE and SEE insurer with leading positions in Bulgaria.

Active operations in 8 markets in Europe.

Euro-Finance - investment intermediation and asset management

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

KEY FINANCIAL INFORMATION

Eurohold Bulgaria reports strong results of its energy business

The Eurohold Group realized for the third quarter of 2023 a 17.7% decrease in its operating income from continuing activities and a net profit of BGN 218 million.

Highlights of group results

	Q3' 2023	Q3' 2022*
Revenues	BGN 2 755 million ▼ 18%	BGN 3 347 million
Operating profit	BGN 584 million ▲ 61%	BGN 363 million
EBITDA (earnings before interest, depreciation and taxes)	BGN 415 million ▲ 101%	BGN 206 million
Net result from continuing operations	BGN 218 million ▲ 391%	BGN 44 million
	Q3' 2023	2022*
Financial actives	BGN 569 million ▲ 136%	BGN 241 million
Cash and cash equivalents	BGN 222 million ▲ 4%	BGN 214 million
Assets Total	BGN 2.62 billion ▲ 0.5%	BGN 2.60 billion
Equity	BGN 266 million ▲ 291%	BGN 68 million
Liabilities	BGN 2.35 billion ▼ 7%	BGN 2.54 billion

*Recalculated data in connection with the application of IFRS 17. The new IFRS 17 replaces IFRS 4 Insurance Contracts.

SIGNIFICANT EVENTS

SUMMARY OF MAJOR EVENTS FOR THE EUROHOLD GROUP DURING THE PERIOD FROM 01 JANUARY 2023 UNTIL THE DATE OF THIS REPORT

(Important events for the Eurohold Group, presented in chronological order)

IMPORTANT EVENTS OCCURRED DURING THE REPORTING PERIOD

January

- ✓ There were no significant events.

February

- ✓ **On 10 February 2023** - Eurohold Bulgaria informed the public about illegal actions of employees of the Romanian insurance supervision against the Romanian insurance company "Euroins Romania Asigurare-Reasigurare" S.A. part of the group. Eurohold has informed the FSC and a number of competent state and international bodies and institutions about these actions.
- ✓ **On 17 February 2023** - The management of Eurohold Bulgaria AD informed the public that, despite its disagreement with the actions of insurance supervisory officials in Romania against the local division of Euroins in order to protect the company from further regulatory overpressure, Euroins Romania has entered into a new reinsurance agreement with the group's reinsurer, ZD EIG Re EAD (EIG Re).

March

- ✓ **On 17 March 2023** - the Romanian financial regulator ASF decided to revoke the insurance activity license of Euroins Romania, part of Euroins Insurance Group AD (EIG), open bankruptcy proceedings and appoint the Fund Insurance Guarantee (FGA) as a temporary company administrator.
In this regard, Eurohold's management made a statement that, notwithstanding this, apart from Euroins Romania, all other subsidiaries and businesses of Eurohold in all the other 11 markets in which they operate, including insurance and energy, are operating and will continue to operate as usual and without any problems, serving their customers and duties and executing their business plans.
Since the beginning of February, when Eurohold publicly raised the alarm about the illegal actions against Euroins Romania, within a month and a half the management of the holding took all the necessary actions to protect the other companies of the group and guarantee their stable and normal functioning, so that in no way will the activity of the other companies in the Eurohold group be affected.
As a result of the decision of the Romanian financial regulator against Euroins Romania, the holding company announced that it has started a procedure to challenge this decision in all competent courts in Europe and around the world.
- ✓ **On 21 March 2023** - Eurohold requested the return of the Euroins Romania license.
At a press conference in Bucharest, the holding warned that the ASF's decision to revoke the license and request for bankruptcy leads to the termination of all reinsurance contracts of the Romanian company, as a result of which all damages and claims will have to be paid by the Guarantee Fund (this condition is basic and standard for each reinsurance contract).

The entire published announcement, including the presentation from the press conference, can be viewed in the news section of the announcement of 21.03.2023 on the website www.eurohold.bg.

April

- ✓ There were no significant events.

May

- ✓ **On 24 May 2023** - Fitch Ratings removed from monitoring the rating of Euroins Romania, due to the fact that at the present moment and in the future, under administration by the FGA over the Company, there is no way to obtain reliable information about the development and state of the company. The information is available on the Fitch Ratings website (www.fitchratings.com).

June

- ✓ **On 9 June 2023** - the court in Bucharest decided to declare bankrupt of "Euroins Romania Asigurare Reasigurare" SA ("Euroins Romania").

EIG and its shareholders continue to uphold its claims against the Decision of ASF of 17th of March 2023 and will appeal the current decision for opening of the procedure of Insolvency.

It should be noted that the Bucharest Court admitted the plea of unconstitutionality raised by Euroins Romania and EIG as well grounded and will send the motion of unconstitutionality to the Romanian Constitutional Court. Nevertheless the Bucharest Court applied the existing Romanian law while opening the procedure for insolvency, the court itself found it necessary to address the Romanian Constitutional Court with several questions on the possible unconstitutionality of key provisions of the Romanian insolvency laws in the light of several constitutional provisions, namely Art. 20 (International human rights treaties), Art. 21 (Free access to justice), Art. 16 (Equality of rights) of the Romanian Constitution, as well as Art. 6, points 1 and 2 of European Convention on Human Rights, Art. 20, 47 and 48 of the Charter of Fundamental Rights of the European Union, as well as Art. 1 of Protocol No. 1 to the European Convention on Human Rights. The essence of the issue of unconstitutionality concerns the fact that to declare bankrupt of against an insurance company following the existence of a decision to withdraw its operating licence issued by the Romanian regulator, without a final judgment on the legality of the Regulator's decisions, deprives insurance companies of the right to a fair trial and effective judicial review.

The granting of the exception of unconstitutionality would represent a case of judicial review according to the Romanian civil procedure and should lead to the revocation of the decision to open the bankruptcy proceedings.

Separately, EIG has satisfied all its creditors (except those directly related to insurance claims and within the competences of the Romanian Guarantee Fund) who had requested the insolvency of Euroins Romania.

"Euroins Insurance Group" AD ("EIG") maintains its financial and capital stability and remains determined to continue to protect both its own interests and the rights of its more than 2 million insured persons in Romania.

EIG and its key subsidiaries remain fully capitalized, sound and viable and continue their normal business operations. All EU and non-EU subsidiaries remain fully compliant with all their local regulatory requirements.

- ✓ **On 12 June 2023** - The EIG Insurance Group established a subsidiary in Romania, PHOENIX MGA SERVICES S.R.L., Romania. EIG is the sole owner of the capital of the newly established company. The main activity of the company is Business and management consultancy.
- ✓ **On 21 June 2023** - one of the major credit rating agencies in the world - Fitch Ratings, confirmed a long-term 'B' rating with a stable outlook for Eurohold Bulgaria AD. In a message from the agency, they also indicate that they are removing the holding from their watch list for a possible negative outlook on the rating (Rating Watch Negative, RWN).

Fitch's assessment reflects the reduction of the company's indebtedness, the reduced reputational risk and the absence of the danger of a liquidity crisis due to the events with the subsidiary Euroins Romania. Fitch also positively assesses the agreement of Eurohold's creditors and bondholders not to make claims in connection with the case with the Romanian insurance company, for which they have committed themselves in writing, providing full support for the company.

Fitch also rates Eurohold's results for 2022 as better than expected. As a result, the indebtedness of the holding decreased to a lower than expected level, and the agency predicts a further improvement of the indicator this year. The strong performance of the holding's energy business contributes to this trend.

July

- ✓ There were no significant events.

August

- ✓ **On 7 August 2023** - Fitch Ratings affirmed the long-term rating of 'B+' with stable outlook of ZD Euroins AD (Euroins Bulgaria), the largest subsidiary of Euroins Insurance Group AD (EIG), part of Eurohold Bulgaria AD. The same rating is also assigned to the group's reinsurer, EIG Re AD.

In a 4 August announcement, Fitch said it was removing the two companies from the Rating Watch Negative (RWN) watch list. This was driven by both their results and performance, and the judgement that the group companies' businesses remain stable after exiting the Romanian market.

According to Fitch, the exit from the Romanian market has not weakened EIG's market position, notwithstanding the decline in the group's premium income. The rating agency expects weaker operating sales to be offset by the group's improved risk profile. Also important to the valuation is EIG's strong solvency ratio of 132% at end-2022, according to Fitch's analysis.

September

- ✓ There were no significant events.

October

- ✓ On 2 October 2023, ZD Euroins AD (Euroins Bulgaria), part of the Eurohold Insurance Group - Euroins Insurance Group AD (EIG), increased its capital by BGN 15 million (EUR 7.7 million). The funds have been paid in and will be used to finance the company's development in foreign markets, primarily Greece and Poland - the two largest markets in which the company operates outside Bulgaria.
With the capital increase, Euroins will further improve its solvency to a level that fully covers and even exceeds the company's risk appetite. It also strengthens the Company's capital position and provides additional opportunities for business development in South East Europe.
- ✓ On 11 October 2023, Eurohold donated funds to support the Real Madrid Foundation Sports and Social School in Vidin.
More than 80 children from the Sports and Social School in Vidin, run by the Real Madrid Foundation in cooperation with the Friends of Sport Foundation, received invaluable support for the cause of their future development. At a charity auction in Sofia, in the presence of Real Madrid legend Emilio Butraguenio, funds were raised for the sustainability of the project in Vidin and to consider the possibility of opening a second sports and social school in Bulgaria.
Eurohold, as a socially responsible company, supports Bulgarian children and especially disadvantaged children deprived of parental care with a focus on the health, development and education of children for their better future.

November

- ✓ On 26 October 2023, Eurohold Bulgaria AD and Euroins Insurance Group S.A. officially informed the Government of Romania of their intention to file an international arbitration case to protect the holding company's investment in Romania in the event that the current dispute with Euroins Romania is not resolved quickly and if the group is not properly compensated for the losses suffered.

For more information, visit the "News" section on the website of Eurohold Bulgaria AD www.eurohold.bg.

The Management Board of Eurohold Bulgaria AD is not aware of any other important or significant events for the Eurohold group that occurred during the reporting period or after the date of its completion.

BRIEF PRESENTATION OF THE EUROHOLD GROUP

EUROHOLD BULGARIA AD - PARENT COMPANY

Company information

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

Eurohold Bulgaria AD is has a subject of activity: acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies, acquisition, management and sale of bonds, acquisition, evaluation and sale of patents, assignment of licenses for the use of patents to companies in which the company participates, financing the companies in which the company participates.

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

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

Eurohold does not carry out activities falling under a special permit regime, for which patents, licenses or other permits from regulatory authorities are required. Such activities dependent on licenses and other permits are carried out by subsidiaries of the Issuer, information about which is available in the overview of the activities of the relevant business groups.

Eurohold Bulgaria AD together with its subsidiary sub-holding companies and their operating companies forms an economic group - Eurohold Group.

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

ECONOMIC GROUP

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

The subsidiary companies represent holding structures, uniting the investments of Eurohold Bulgaria in the sectors - Energy, Insurance, Investment mediation and asset management.

As of 30.09.2023, Eurohold Bulgaria AD has participations in 24 companies*

<i>direct participation</i>	<i>indirect participation</i>
<ul style="list-style-type: none"> ✓ 4 subsidiaries, including ✓ two sub-holding structures: <ul style="list-style-type: none"> > energy > insurance ✓ two operating companies: <ul style="list-style-type: none"> > investment brokerage > energy 	<ul style="list-style-type: none"> ✓ 2 specially created companies for energy business development ✓ 17 operating companies <ul style="list-style-type: none"> ✓ 8 energy ✓ 10 insurance companies (9 active and 1 in Romania with revoked license on 17.03.2023*)

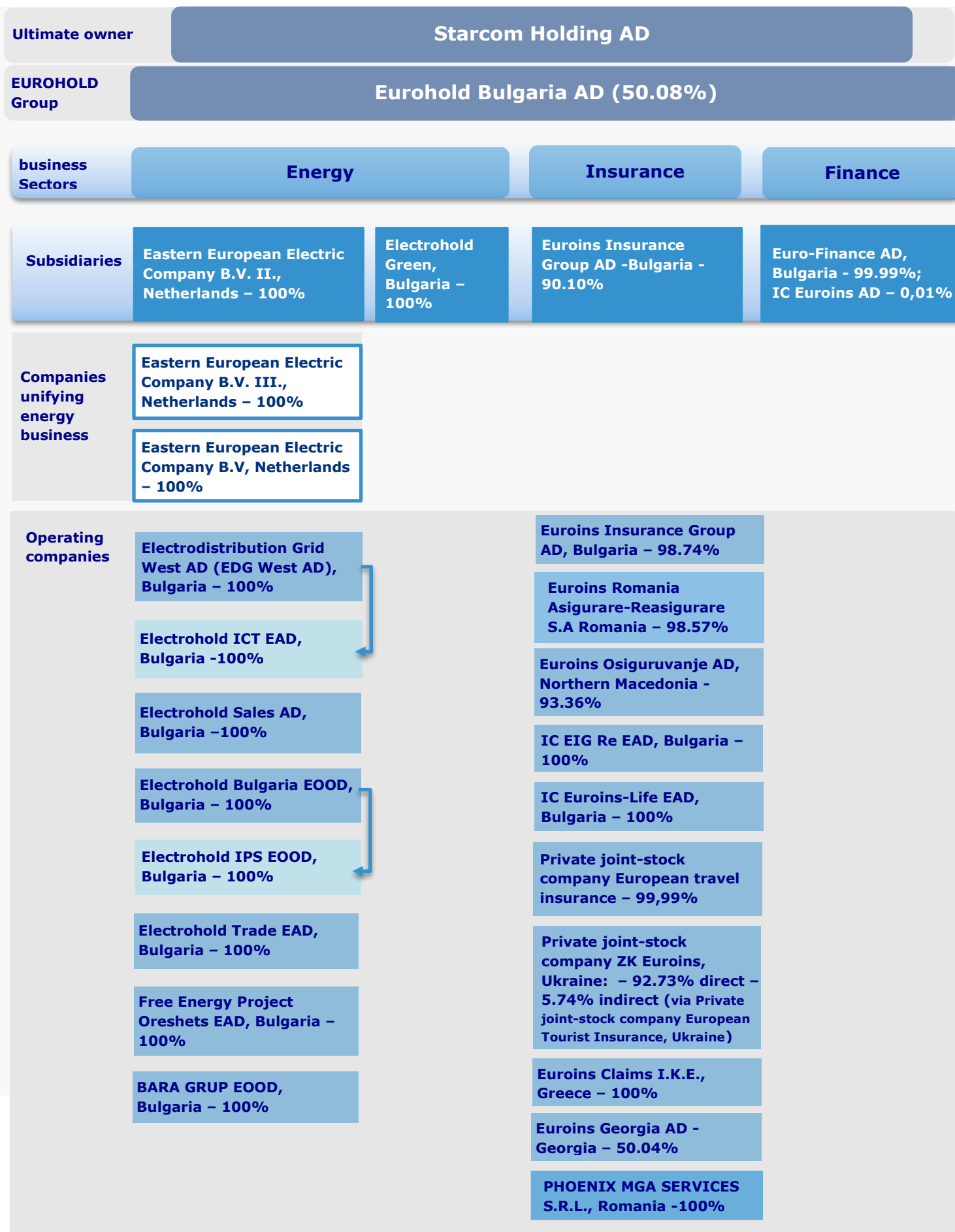
*including the insurance company in Romania (Euroins Romania Asigurare-Reasigurare S.A.) - discontinued operations due to insolvency

Changes in the Eurohold Economic Group for the period 1 January - 30 September 2023:

- » On 17 March 2023 - the Romanian financial regulator ASF decided to revoke the insurance business license of Euroins Romania, part of Euroins Insurance Group S.A. (EIG), to open insolvency proceedings and to appoint the Insurance Guarantee Fund (FGA) as interim administrator of the company. As a result, and in connection with an assessment of loss of control, the management of Eurohold Bulgaria AD and Euroins Insurance Group (EIG) decided to impair the investment in the balance sheet of the companies by the goodwill value of the Romanian company as at 31.12.2022. On 9 June 2023, the Bucharest court decided to declare Euroins Romania insolvent.
- » On 12.06.2023. EIG Insurance Group established a subsidiary in Romania, PHOENIX MGA SERVICES S.R.L., Romania. EIG is the sole owner of the capital of the newly established company. The main activity of the company is. The company will commence operations at the end of September 2023.

Discontinued activities by 2022:

- » As of 30 June 2022, Eurohold also operated in the automotive sector through its subsidiary Auto Union AD (new car sales and servicing) and Leasing through its subsidiary Eurolease Group AD (finance and operating leasing).
- » On 30 December 2022, Euroinsurance Group (EIG) signed an agreement for the sale of its insurance subsidiary in Belarus (100% interest) and the Group's 48.61% interest in an insurance company in Russia.

ORGANIZATIONAL STRUCTURE OF THE ECONOMIC GROUP EUROHOLD BULGARIA AS OF 30.09.2023 AND AS OF THE DATE OF THIS REPORT


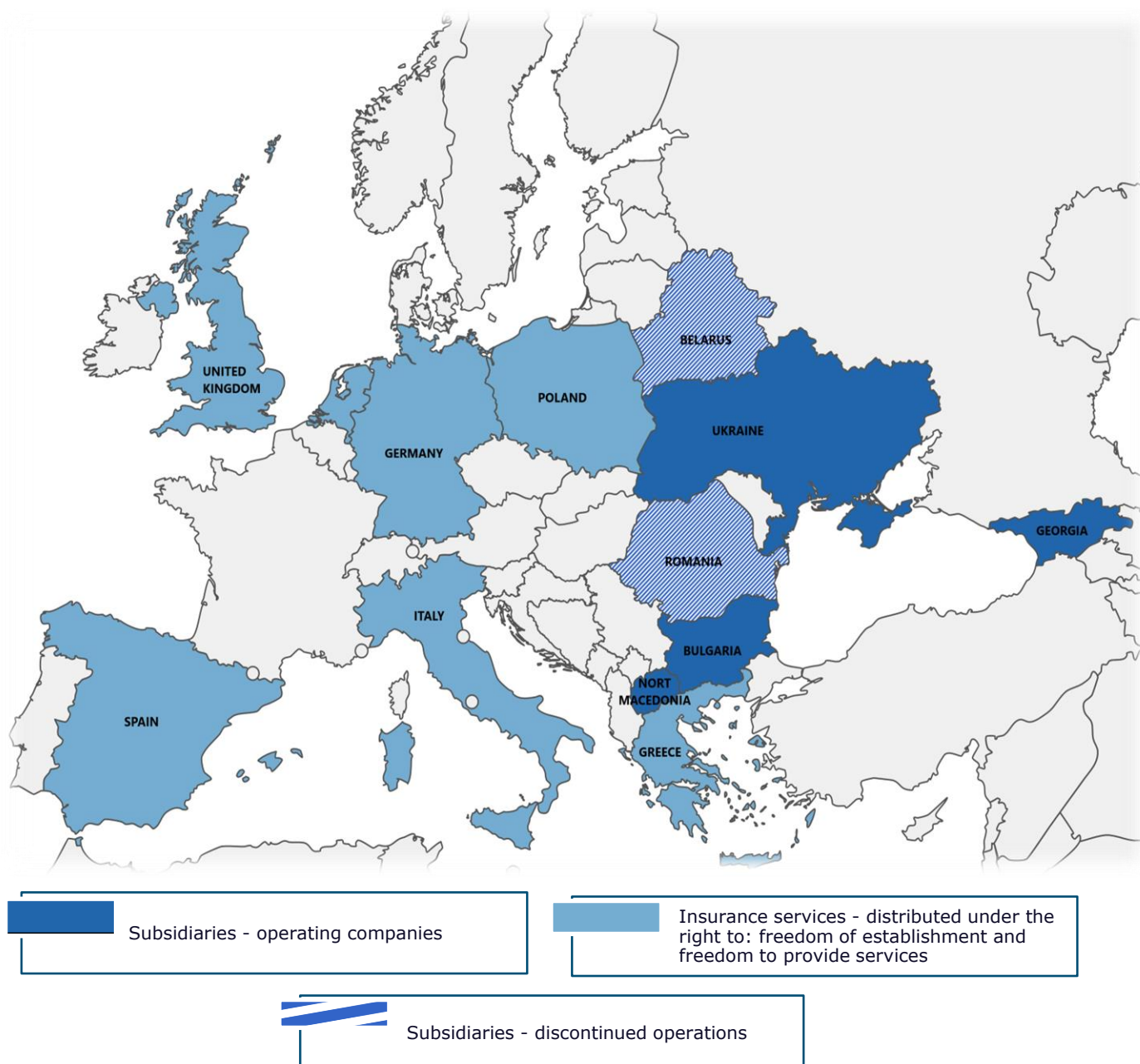
TYPES OF SERVICES AND PRODUCTS OFFERED BY THE EUROHOLD GROUP, REGIONAL REPRESENTATION

Eurohold Bulgaria AD as a holding company does not develop an independent production and/or commercial activity or activity related to the provision of services. The Company's operating income is related to financial operations for the acquisition and management of subsidiary companies, which is why it is classified under the financial sector.

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

Types of services and activities by business sectors and main markets - regional presentation

Through its subsidiary companies, Eurohold is positioned in the markets of the Central and South-Eastern Europe region.



*The Company in Romania has been derecognised as at 31 December 2022 and the results of its operations in 2022 and the effect of derecognition at 31 December 2022 are presented as discontinued operations in the Group's consolidated financial statements for 2022.

Regional performance by service/product type

ENERGY

Services and products provided

	Country
» Access to and transmission of electrical energy through the power distribution network and connection of new users to the power distribution network	Bulgaria
» Public supply of electrical energy	Bulgaria
» Trade in electrical energy	Bulgaria
» Complex information, communication and technological services	Bulgaria
» Commercial consulting, purchase and sale of equipment and materials	Bulgaria
» Production and trading of energy from renewable sources	Bulgaria

INSURANCE

Services and products provided

	Country
» General insurance	Bulgaria; North Macedonia; Ukraine; Georgia;
» Life insurance	Bulgaria
» Travel insurance	Ukraine
» Claims settlement - motor claims	Greece
» Insurance services distributed under the right to freedom of establishment and freedom to provide services	Italy, Greece (branch), Spain, Poland, Germany, the Netherlands and United Kingdom, Romania (from the end of September 2023) - ZD Euroins AD operates in these markets

INVESTMENT BROKERAGE AND ASSET MANAGEMENT

Services and products provided

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

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

Credit ratings awarded

 <p>EuroHold Issuer Default Rating "B" Outlook: stable</p>	 <p>EuroHold Long-term: BBB- Outlook: stable Short-term: A-3</p> <p>bonds issues Long-term: BBB- Outlook: stable Short-term: A-3</p>
 <p>Euroins Bulgaria Insurer Financial Strength Rating "B+", Outlook: stable</p>  <p>IG Re Insurer Financial Strength Rating "B+", Outlook: stable</p>	 <p>Euroins Bulgaria Long-term: BBB- Outlook: stable</p>  <p>IG Re Long-term: BB+ Outlook: stable</p>

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

REVIEW OF GROUP FINANCIAL RESULTS

30.09.2023

This section presents the results of the Eurohold group's activity by main key indicators for the nine months of 2023 compared to the corresponding comparative period

The data are based on the interim abridged consolidated financial statements of Eurohold Bulgaria AD as of 30.09.2023 prepared in accordance with the applicable International Financial Reporting Standards (IFRS) adopted by the EU.

SUMMARY

The Eurohold Group continued its good performance in the nine months of 2023, consolidating the trend of stable growth in all indicators

- ⌘ Group revenue – decrease of 17.7%
- ⌘ Operating profit - increase of 61%
- ⌘ EBITDA - increase of 101%
- ⌘ Net profit - increase of 391%

Eurohold Bulgaria AD, notes a sharp increase in its financial results in the third quarter of 2023, as this is due to a one-time effect in the insurance business and improved profitability of the energy business.

! Highlights of influences on group outcomes

Events occurring in 2022 and impacting 2023 results.

- 1/** On 17.03.2023, the Romanian regulator ASF revoked the license of the insurance company in Eurohold group - Euroins Romania Asigurare-Reasigurare S.A. operating on the territory of Romania. Eurohold Bulgaria AD owns, through Euroins Insurance Group AD - 98.54% of the Romanian company. Despite the disagreement and contestation by the management of Eurohold with the decision of the Romanian regulator, Euroins Romania Asigurare-Reasigurare S.A. was written off from the group's balance sheet as of 31.12.2022 due to the impossibility of being consolidated due to loss of control and because of the lack of financial information.
- 2/** At the end of June 2022, Eurohold Bulgaria AD completed the sale of its investments in:
 - > Companies from the leasing group
 - > The companies of the automotive group
 - > Participation in insurance companies operating in Belarus (100% participation) and Russia (48.61% associated participation)

The results for the comparable period of 2022 of the discontinued operations described above for the purpose of comparability of information have been restated and reflected in the consolidated interim financial statements for 30.09.2023 as discontinued operations.

Events occurring in the current period of 2023.

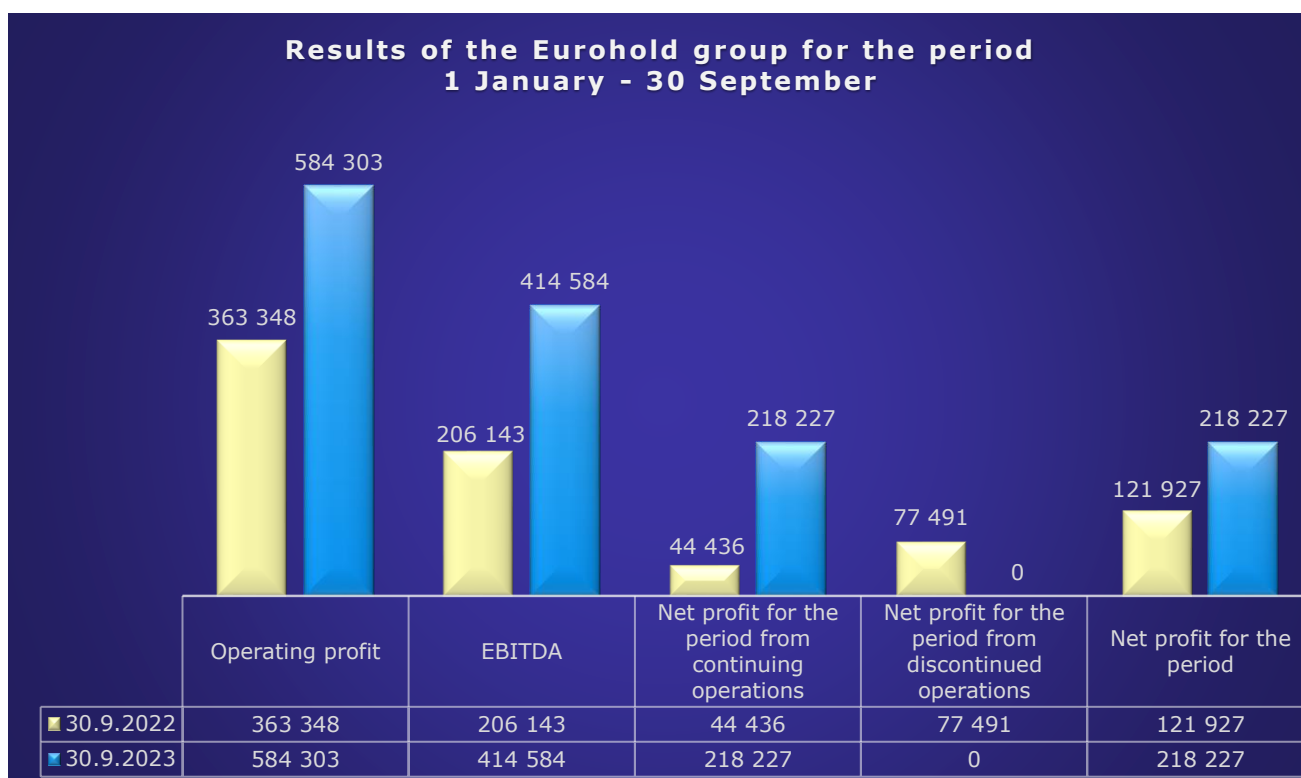
- 1/ The Eurohold Group is in the process of recalculating its insurance activities under IFRS 17, applying the new accounting standard for the first time as of 30 September 2023. The new IFRS 17 is effective from 1 January 2023 and replaces IFRS 4 Insurance Contracts.

The first-time application leads to significant changes in the financial presentation of the insurance business and therefore has a material impact on these third quarter financial statements. In this respect, the Group has restated the comparative information as at 30 September 2022 in accordance with IFRS 17 - Insurance Contracts.

Detailed information on the new IFRS 17 can be traced in note 2.5.3 "IFRS 17 Insurance Contracts effective 1 January 2023 as adopted by the EU" in the Notes to the interim condensed consolidated financial statements for the first nine months of 2023.

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

CONSOLIDATED FINANCIAL RESULT



CONSOLIDATED OPERATING RESULT (GROSS PROFIT) BY BUSINESS ACTIVITY

in thousands of BGN	Energy	Insurance	Investment banking	Parent company	Group gross profit
30.09.2023	410 872	172 892	479	60	584 303
30.09.2022	341 332	42 215	629	-20 828	262 348
Change in thousand BGN	69 540	130 677	-150	20 888	220 955
Change %	+20.4%	+309.6%	-23.9%	100.3%	+60.8%

OPERATING INCOME AND EXPENDITURE

The 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 subsidiary companies.

The total group revenues for the nine months of 2023 are in the amount of BGN 2.75 billion, marking a decrease of 17.7 % compared to the realized consolidated revenues for the comparable period of 2022, when they were in the amount of BGN 3.35 billion.

Realised revenue by segment

Operating income by business activity: (in BGN thousand)	change	consolidated operating income	
	%	Q3 2023	Q3 2022
Income from energy activity	-35.8%	1 723 067	2 682 692
Insurance income, including:	+55.7%	1 022 310	656 659
- gross premiums written from insurance	+110.3%	894 394	425 380
Income from financial and investment activities	+29.1%	9 156	7 091
Income from parent company's activities	-88.8%	98	878
Total consolidated revenue	17.7%	2 754 631	3 347 320

Revenues from the energy business fell by 35.8% compared to the nine months of 2022, due to much higher free market electricity prices during the comparable period.

The revenues of the insurance group increased significantly, which is due to a one-time effect as a result of the case with Euroins Romania (see "Significant events"). In March 2023, the Romanian insurer's license was wrongfully revoked by the local regulator, which is challenged by the Eurohold group in court.

Structure of consolidated revenue

After the acquisition of the energy companies and the sale of the automobile and leasing businesses, a change in the structure of consolidated revenues occurred, with energy becoming the leading business in the Eurohold group.

Business Activities:	the structure of consolidated operating income	
	Share to 30.09.2023	Share to 30.09.2022
Income from energy activity	62.6%	80.1%
Income from insurance activity	37.1%	19.6%
Income from financial and investment activity	0.3%	0.2%
Income from parent company operations	0.0%	0.0%
Total consolidated revenue	100%	100%

Operating costs

The Group's operating expenses directly reflect changes in the business volumes of the companies reported in Eurohold's consolidated financial statements.

Reported operating expenses in the amount of BGN 1.6 billion mark a decrease of 11.7% compared to the expenses for the previous period.

Operating expenses by business activities: (in BGN thousand)	change	consolidated operating expenses	
	%	30.09.2023	30.09.2022
Expenses for energy activity	-44.05%	1 312 195	2 341 360
Expenses for insurance activity	+38.2%	849 418	614 444
Expenses for financial and investment activity	+34.3%	8 677	6 462
Expenses for the activities of the parent company	-100%	38	21 706
Total consolidated expenditure	-27.8%	2 170 328	2 983 972

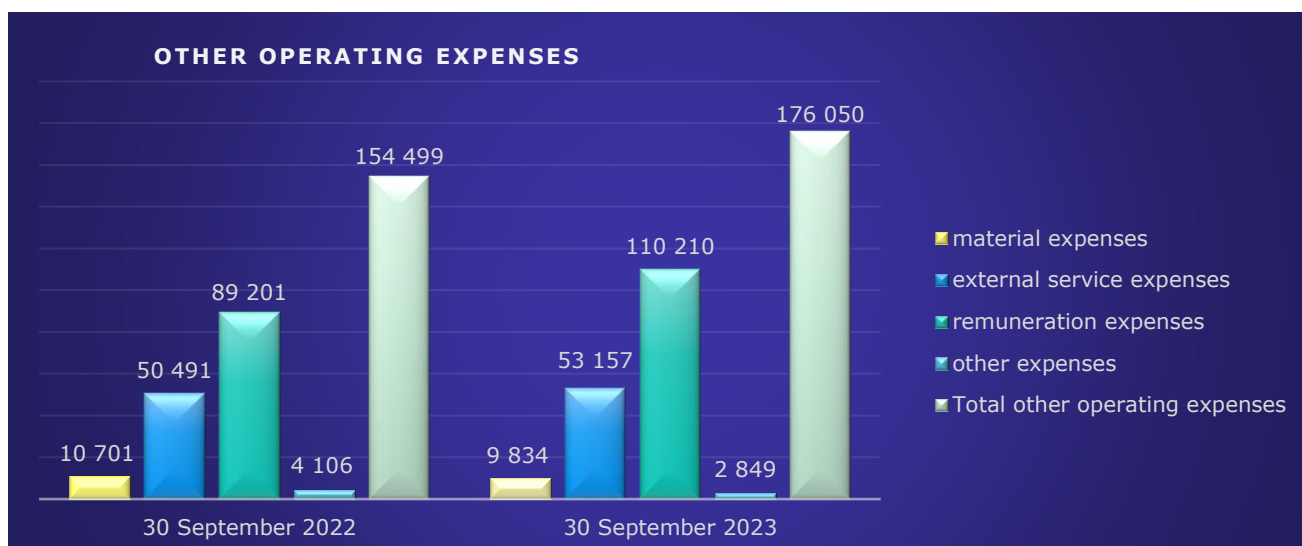
OTHER CONSOLIDATED RESULTS

in thousands BGN	Other income/expenses net	Financial income/expenses net	Amortization and impairment charges for goodwill	Tax expenses	Total for the Group
30.09.2023	169 719	95 149	82 056	19 152	366 076
30.09.2022	157 205	64 944	83 042	13 721	318 912
Change in thousand BGN	12 514	30 205	-986	5 431	47 164
Change %	+8.0%	+46.5%	-1.2%	+39.6%	+14.8%

⇒ The other income/expenses for the Group's activities (presented net) include the following items:

- » Other income, net: BGN 8 403 thousand / BGN 1 790 thousand for the Q3 2022
- » Other expenses for the activity: BGN 176 050 thousand / BGN 154 499 thousand for Q3 2022
- » Expenses for impairment of financial assets, net: 2 072 thousand BGN / income of 4 496 thousand BGN for Q3 2022

The item "Other costs of the activity" summarizes: costs of materials, costs of external services, costs of remuneration, other costs, the values of each of which are shown in the graph below:



Distribution of other expenses by business activities:

Other expenses:	Energy		Insurance		financial and investment activity		Parent company	
	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022
<i>(in BGN thousand)</i>								
Material costs	8 918	10 046	862	619	39	29	15	7
Costs for external services	39 014	39 813	10 879	9 065	456	380	2 808	1 233
Compensation costs	93 775	74 410	14 868	13 371	858	747	709	673
Other expenses	562	2 359	1 750	1 344	180	156	357	247
Total other expenses of business activities	142 269	126 628	28 3519	24 399	1 533	1 312	3 889	2 160

⇒ **Financial net expenses include:**

- > financial costs: BGN 99 489 thousand / BGN 67 453 thousand for Q3 2022
- > financial income: BGN 4 344 thousand (interest income: BGN 2 565 thousand and other financial income: BGN 1 779 thousand) / BGN 2 516 thousand for Q3 2022 (interest income: BGN 332 thousand and other financial income: BGN 2 184 thousand), and
- > negative net effect of exchange rate changes: BGN 4 thousand. BGN 7 thousand / for Q3 2022.

» **Finance costs** include interest costs, interest costs on right-of-use assets and other finance costs.

Interest costs account for 85.5% of all financial costs. The amount for interest expenses includes the corresponding interest expenses of energy and insurance activities, as well as the activities of the parent company. For the period from January 1 to September 30, 2023, the amount of reported interest expenses amounted to BGN 85 066 million, which increased compared to the comparable period by BGN 22.9 million.

The breakdown of interest expense by business activity is shown in the following graph:



RESULTS BY TYPE OF ACTIVITY BASED ON UNCONSOLIDATED DATA (BEFORE ELIMINATIONS)

The following tables present information on realized revenues and results of business activities as of September 30, 2023 versus September 30, 2022, before eliminations.

Total revenue by sector			
Sectors	Change %	Q3 2023 thousand BGN	Q3 2022 thousand BGN
Energy	-3583%	1 723 123	2 682 888
<i>Insurance, incl.</i>	+57.0%	1 032 069	657 395*
<i>- written gross insurance premiums</i>	+110.3%	894 394	425 380*
Financial and investment activity	+17.9%	9 782	8 295
Total Subsidiaries	-17.4%	2 764 974	3 348 578
The parent company	-32.5%	2 288	3 388
Total without eliminations	-17.4%	2 767 262	3 351 966
Intragroup eliminations	+171.6%	-12 631	-4 650
Total revenue	-17.7%	2 754 631	3 347 316

Earnings before interest, taxes, depreciation and amortisation (EBITDA)			
Sectors	Change %	Q3 2023 thousand BGN	Q3 2022 thousand BGN
Energetics	+25.3%	368 140	213 940
Insurance	+853.8%	153 416	16 084*
Financial-investment activity	-165.2%	-389	597
Total subsidiary companies	+82.6%	421 167	230 621
The parent company	-101.1%	173	(16 000)
Total no eliminations	+96.3%	421 340	214 621
<i>In-group eliminations</i>	-25.8%	-6 290	-8 478
Total EBITDA	+101.3%	415 050	206 143

Financial result			
Sectors	Change %	Q3 2023 thousand BGN	Q3 2022 thousand BGN
Energetics	+38.2%	101 830	73 693
Insurance	1404.4%	140 404	9 333*
Financial-investment activity	-275.1%	-639	365
Total subsidiary companies	189.7%	241 595	83 391
The parent company	-40.4%	-18 997	-31 861
Total no eliminations	+332.0%	222 598	51 530
<i>In-group eliminations</i>	-38.4%	-4 371	-7 094
Total financial result from continuing operations	391.1%	218 227	44 436
Net result for the period from discontinued operations	-100%	-	77 491
Total financial result	+79.0%	218 227	121 927

Revenues from the activities of the Eurohold Group subsidiaries amounted to BGN 2.75 billion, with an decrease of nearly 17.7% (BGN 584 million increase) before intra-group settlements. The parent company's revenue is BGN 2 million. As of 30.09.2023, the amount of eliminated intercompany settlements amounts to BGN -12.6 million.

Realized earnings before interest, taxes, depreciation and amortization (EBITDA) of the subsidiaries amounted to BGN 421 million and increased during the reporting period by 82.6 % (by BGN 191 million). The parent company reported EBITDA of BGN 0.2 million. Intra-group eliminations were BGN - 6.3 million.

The total financial results of the subsidiaries of the Group amounted to profit of 241.6 million BGN with an increase in this indicator by more than 3 times (by 518 million BGN). The result of the parent company amounted to BGN -19 million. Intra-group eliminations were BGN -4.4 million.

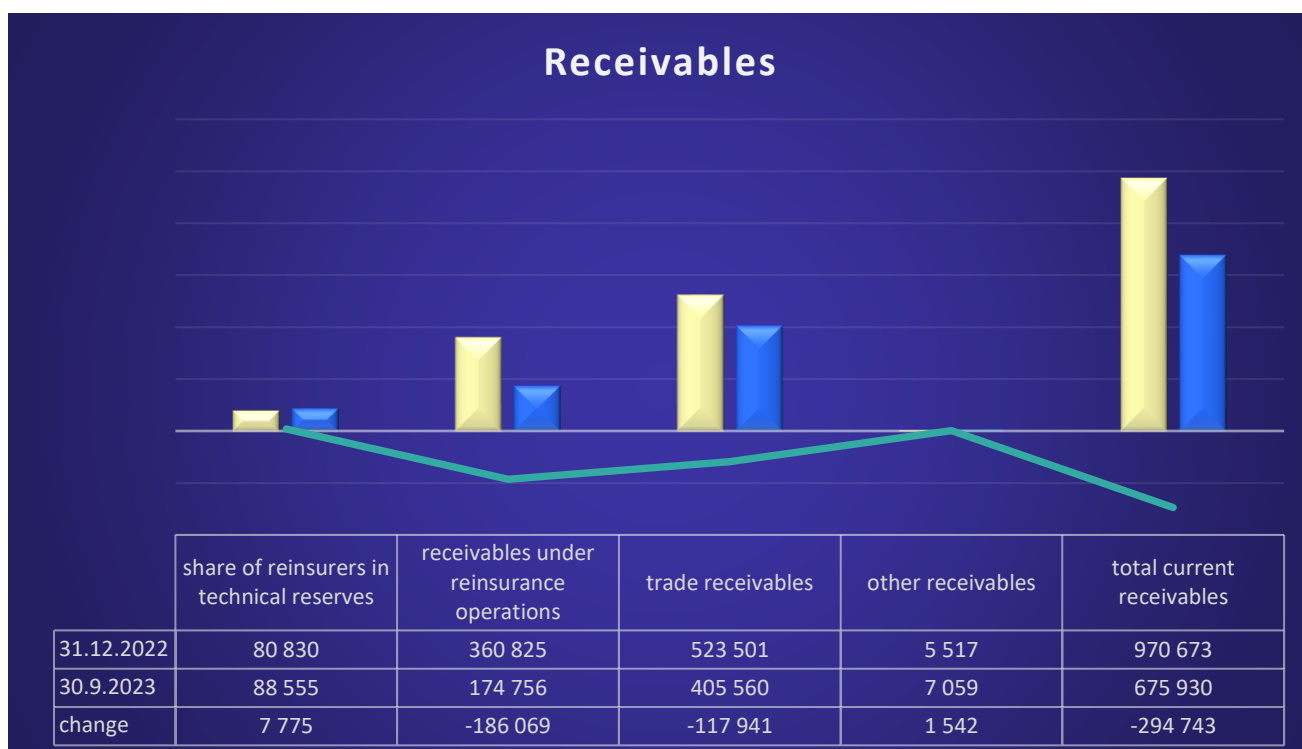
FINANCIAL SITUATION

Assets

At the end of the nine months of 2023, the consolidated assets of the Eurohold group remained close to their size at the end of 2022, amounting to BGN 2.62 billion compared to BGN 2.61 billion as of 31.12.2022.

Analysis of the more significant assets

⇒ **Receivables** - The total amount of receivables, including current and non-current, is BGN 676 million compared to BGN 971 million for the comparable period.



*Amounts after impairment (see appendix 23.2.1 to the interim condensed consolidated financial statement as of 30.09.2023)

Current accounts receivable

Other receivables:	Energy		Insurance		financial and investment activity		Parent company	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022	30.09.2023	31.12.2022	30.09.2023	31.12.2022
(BGN thousand)								
Receivables from customers and suppliers *	266 955	383 631	7 343	7 809	2	-	19	235
Depreciation	(75 585)	(67 669)	-	-	-	-	7	(14)
Advances granted	82 147	4 999	1 756	24 183	-	-	-	-
Other receivables	85 355	142 743	34 518	14 366	186	240	5	18 005
Depreciation	(11 216)	(12 366)	(1 716)	(1 716)	-	-	-	(2 700)
Prepaid expenses	7 393	4632	927	29	-	-	30	122

Litigation and claims	39 444	42 404	-	70	-	-	-	-
Depreciation	(36 056)	(38 767)	-	-	-	-	-	-
Tax recovery	3 708	3 009	211	39	-	-	127	217
Total before impairment	485 002	581 418	44 755	46 496	186	240	705	18 579
Depreciation	(122 857)	(118 802)	(1 716)	(1 716)	0	0	7	(2 714)
Total after depreciation	362 145	462 616	43 039	44 780	188	240	188	15 865

⇒ **The financial assets** as of September 30, 2023, the Eurohold group, reports a growth of 136% compared to the end of 2022, and their reported value as of September 30, 2023 equals BGN 569 million.

Other receivables:	Energy		Insurance		financial and investment activity		Parent company	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022	30.09.2023	31.12.2022	30.09.2023	31.12.2022
(BGN thousand)								
Government securities*	-	-	7 898	33 845	878	780	-	-
Corporate bonds	36 698	1 995	60 676	21 166	1 587	2 001	7	7
Equity investments*	17 017	17 450	402 668	89 451	13 601	7 321	-	-
Other financial assets*	25 068	37 189	2 614	51 773	267	8 281	-	-
Total	78 783	56 634	473 856	196 235	16 333	18 383	7	7

⇒ As of June 30, 2023, the Eurohold group has free cash and cash equivalents in the total amount of BGN 222.3 million, marking an increase compared to the end of 2022 by BGN 8.3 million, including cash amounts to BGN 0.65 million (BGN 1.13 million at the end of 2022).

⇒ Time deposits in banks of insurance companies are BGN 29.4 million (BGN 53.8 million in 2022)

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

EQUITY AND LIABILITIES

Equity

The total consolidated equity of Eurohold Bulgaria is in the amount of BGN 266.5 million, showing a significant growth of 291% compared to December 31, 2022. In this amount, the capital belonging to the owners of the parent company is in the amount of BGN 235.8 million, while the capital belonging to the non-controlling interest amounts to BGN 30.7 million.

For comparison, at the end of 2022, the capital belonging to the owners of the parent company amounted to BGN 48.3 million, and the capital belonging to the non-controlling interest amounted to BGN 19.9 million, or total equity capital BGN 68.2 million.

The share capital of Eurohold as of 30.09.2023 did not change and amounted to BGN 260.5 million.

Subordinated debts

To support equity, the Group owns subordinated debt instruments in the amount of BGN 48.5 million. During the reporting period, there was no change in the amount of subordinated debt.

(see appendix 29 to the interim condensed consolidated financial statement as of 30.09.2023)

Passives

The consolidated liabilities (without subordinated debts and insurance reserves) of the Eurohold group amounted to BGN 12.78 29 billion, reporting a decrease of 8.5% compared to the comparable period, when their value was BGN 12.95 49 billion.

Analysis of the more significant liabilities

» Most of the liabilities are due to banks and non-bank financial institutions and bonded loans. Total borrowings amount to BGN 1.25 billion compared to BGN 1.35 billion at 31 December 2022. The decrease in borrowings reflects repayments to financial institutions during the period.

Obligations for loans from banks and non-bank institutions, and bond issues:	30.09.2023 thousand BGN	Change %	31.12.2022 thousand BGN
To banks and non-bank financial institutions, including:	1 025 595	-8.2%	1 116 931
- non-current liabilities	985 477	-1.2%	997 157
- current liabilities	40 118	-66.5%	119 774
On bond loans, including:	221 114	-3.4%	228 891
- non-current liabilities	211 877	-6.8%	227 320
- current liabilities	9 237	488%	1 571
Total debt obligations, including:	1 246 709	-7.4%	1 345 822
- total non-current liabilities	1 197 354	-2.2%	1 224 477
- total current liabilities	49 355	-59.30%	121 345

Obligations for loans from banks and non-banking institutions, and bond issues by business sector:	30.09.2023 thousand BGN	Change %	31.12.2022 thousand BGN
To banks and non-bank financial institutions, including:	1 025 595	-8.2%	1 116 931
- Energy, including:	974 753	-1.8%	992 336
> non-current liabilities	953 844	-2.7%	980 602
> current liabilities	20 909	+78.2	11 734
- Insurance, incl. current liabilities	535	+77.7%	301
- Parent company	50 307	-59.5%	124 294
> non-current liabilities	31 633	+91.1%	16 555
> current liabilities	18 674	-82.7%	107 739
On bond loans, including:	221 114	-3.4%	228 891
- Parent company, including:	221 114	-3.4%	228 891
> non-current liabilities	211 877	-6.8%	227 320
> current liabilities	9 237	+488%	1 571

CASH FLOWS

The Consolidated Statement of Cash Flows is made up of sections and line items in which cash flows are reflected according to the activity from which they arose, grouped into operating, investing and financing activities.

Consolidated cash flows		30.09.2023	31.12.2022
Net cash flows from operating activities	BGN thousand	336 613	239 593
Net cash flows from investing activities	BGN thousand	(239 549)	25 790
Net cash flows from financing activities	BGN thousand	(88 751)	(21 750)
Net increase/(decrease) in cash and cash equivalents	BGN thousand	8 313	243 633
Cash and cash equivalents at the beginning of the year	BGN thousand	214 012	152 132
Cash and cash equivalents at the end of the period	BGN thousand	222 325	395 765

During the periods under review, the Group companies generated sufficient and positive cash flow to carry on their normal operating activities.

OVERVIEW OF KEY RESULTS BY BUSINESS LINE

RESULTS OF BUSINESS ACTIVITIES

EUROINS INSURANCE GROUP - INSURANCE

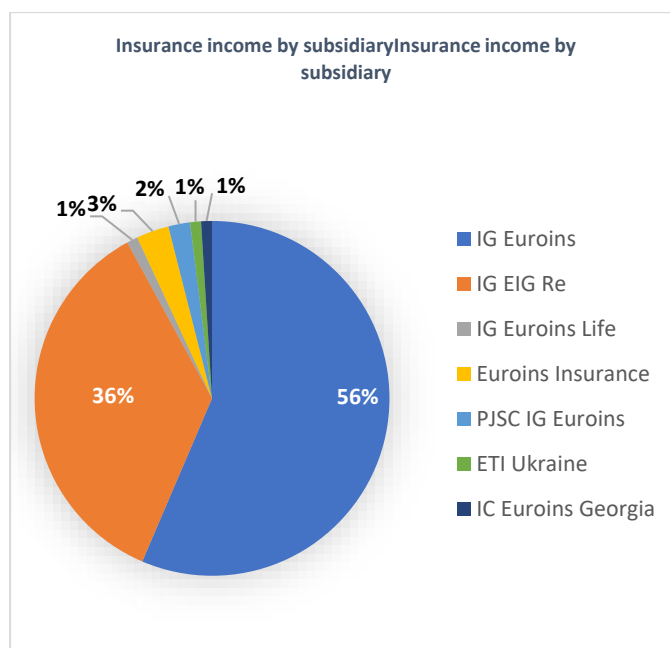
Key figures:

- Gross written premiums - 545 BGN million (28% increase from Q3 2022)
- Insurance service result increased to 173 BGN million
- Result before taxes rose to 141 BGN million
- Eligible own funds to - 151%

In the third quarter of 2023, Euroins Insurance Group (EIG, the Group) realized consolidated revenues from insurance activities in the amount of BGN million 903 compared to BGN million 426 for the third quarter of 2022. EIG reports a consolidated profit before taxes of BGN million 140 (before taxes) as of September 30, 2023, compared to BGN million 9.8 as of September 30, 2022.

Insurance income by company:

Company	Insurance income Q3 2022 30.09.2022 (thousand BGN)
IG Euroins AD, Bulgaria	322 146
IG EIG Re EAD, Bulgaria	513 503
IG Euroins Life EAD, Bulgaria	8 668
Euroins AD North Macedonia	25 217
Private Joint Stock Company, IC Euroins Ukraine	19 385
Private Joint Stock Company, European Travel Insurance, Ukraine (ETI)	5 886
IC Euroins Georgia	8 788
Total Insurance income	903 593



The gross written premiums in Q3 2023 amount to 545 BGN million which represents 28% increase from Q3 2022 and it equals the gross written premium reported for the full 2022 year.

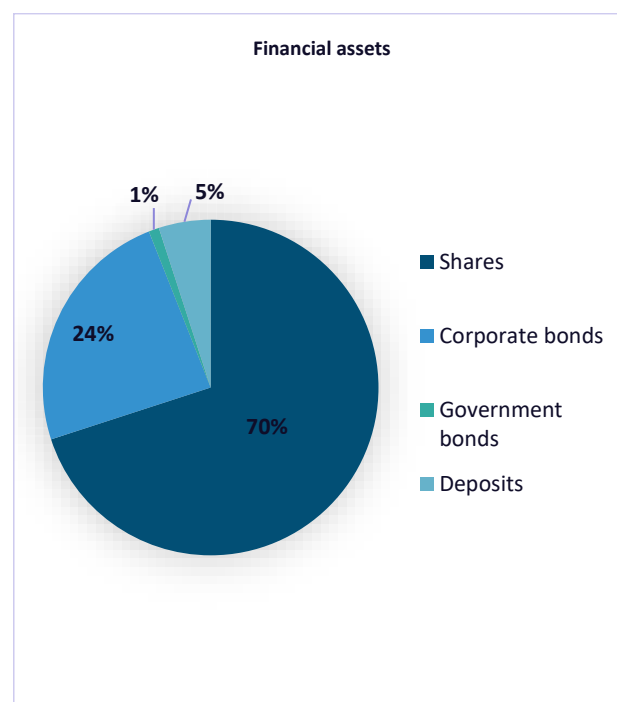
The group operates in Bulgaria, Greece, North Macedonia, UK, Georgia, Poland, Ukraine, Spain, Italy, Germany and the Netherlands.

The gross written premiums compared to 2022 show increased volumes in the Bulgarian and Polish markets.

Gross written premiums by country (TEUR)	31.12.2022	% of total 2022	30.9.2023	% of total Q3 2023
Bulgaria	159 368	29,3%	285 063	52%
Poland	78 711	14,5%	78 096	14%
Greece	75 757	13,9%	49 815	9%
UK	113 845	20,9%	34 480	6%
Ukraine	36 141	6,6%	25 377	5%
North Macedonia	30 378	5,6%	25 217	5%
Spain	23 784	4,4%	21 875	4%
Italy	10 312	1,9%	11 766	2%
Georgia	13 537	2,5%	8 788	2%
Germany	1 022	0,2%	2 267	0,4%
Netherlands	1 356	0,2%	1 977	0,4%

The financial assets of the group support the risk appetite and the time structure of the obligations under the insurance contracts. Main investments are liquid marketable shares, given the relatively short-term insurance contracts related to the group's motor business.

Financial asset	Amount Q3 2023 (thousand BGN)	% of total
Shares	402 694	70%
Corporate bonds	136 948	24%
Government bonds	7 898	1%
Deposits	29 426	5%
Total	577 939	100%



New accounting standards

As of 1 January 2023, Euroins group applies the IFRS 17 accounting standard for the first time. The first-time application leads to significant changes and therefore has a material influence on this Q3 financial report including adjusted comparative information for the previous year.

Significant events for the insurance group

On March 17, 2023, the Romanian regulator (Autoritatea de Supraveghere Financiara, "ASF") revoked the license to carry out insurance activity of "Euroins Romania - Asigurare Reasigurare" S.A. ("Euroins Romania"). The level of capital stability of EIG remains unchanged mainly due to the practical reduction of risk in the Group's insurance activity and in view of the deconcentration of risks in Eastern Europe. EIG remains a stable company and ensures full protection of the interests of all stakeholders, insured persons and partners in all markets in which its subsidiaries operate. EIG and its shareholders will continue to protect

the interests of all insured persons and their investors through appropriate legal actions both in Romania and in the European Union.

The management of EIG, with the support of its majority owner Eurohold AD, announced that all other subsidiaries and businesses of Eurohold in all the remaining 11 markets in which they operate, including insurance and energy, are operating and will continue to operate as usual and without any problems, serving their customers and duties and executing their business plans for the year.

In connection with the decision of the financial regulator in Romania against Euroins Romania, the holding has started a procedure to challenge this decision in all competent courts in Europe and around the world. Meanwhile, the management of EIG with the support of Eurohold AD is ready for adequate actions in the event that the license of the subsidiary is restored, which, according to the management's estimations, will prevent expected losses for Romanian taxpayers of 1 billion euros and allow the parent company - Euroins Insurance Group AD (EIG), to continue to support the development of the company.

The judgment of EIG's management to write down the investment in the Romanian company was based on the existing management and control constraints of the subsidiary, rather than on an unstable financial condition.

One of the leading rating agencies in the world - Fitch Ratings, lowered its rating for Euroins Romania from "B+" to "CC" and placed it under monitoring and subsequent review. At the same time, Fitch Ratings maintained unchanged the ratings of the other companies assessed by it, which are part of Euroins Insurance Group AD - ZD Euroins AD and the reinsurer EIG Re AD, as well as of the group itself. On 04 August 2023 Fitch Ratings reviewed and confirmed these ratings to remain "B+".

The European Bank for Reconstruction and Development (EBRD), which is a minority shareholder in Euroins Insurance Group AD (EIG), part of Eurohold Bulgaria AD, published on its website on April 5 a position on the case with Euroins Romania and on the state of the Romanian insurance market. The EBRD is in active discussions with all responsible parties to reach a solution in relation to the market turmoil caused by the revocation of Euroins Romania's license. Euroins Romania has already disclosed triggered clauses that effectively remove the reinsurance coverage of assumed risks under insurance claims in Romania and create a significant volume of uncovered liabilities. The EBRD wants to mediate finding a solution that does not generate additional costs for policyholders and taxpayers. Therefore, together with EIG, the bank made a proposal to ASF to find such a solution.

Euroins Insurance Group (EIG) continues to be one of the largest independent insurance groups in Central and Eastern Europe, with leading positions in Bulgaria, North Macedonia, as well as a wide presence in the markets of Poland, Greece, Ukraine and Georgia. The EBRD will continue to work together with the management of EIG and other interested parties to find a workable solution in Romania that will benefit everyone - the company, the clients in Romania and the Romanian insurance market.

In February 2023, Euroins Romania signed a quota reinsurance contract with EIG Re EAD, the reinsurer of Euroins Insurance Group AD (EIG). Eurohold and EIG Re have duly informed the competent state authorities and the financial regulator in Bulgaria about this new measure, and Euroins Romania - the relevant financial regulator in Romania. The agreement between Euroins Romania and EIG Re was concluded in accordance with all European requirements and covers the full amount of damage to Euroins Romania. The new reinsurance contract also ensures the transfer of a significant part of the risk (87%) assumed by Euroins Romania, outside the company.

In connection with the above-mentioned reinsurance contract with Euroins Romania, a significant increase in the amount of written premiums from EIG Re has been observed, which have the character of the minimum and deposit premium in the part for the retrospective reinsurance coverage and have a one-off effect related to the expected outgoing payments on the potential retrocession coverage, which was in the process of being concluded until March 17, 2023. After the events related to the decision issued by the ASF and the subsequent termination of the contract, according to the requirements of the contract itself, the premium in question, having the character of a minimum and deposit premium, leads to a significant financial result realized by EIG Re.

Following the occurrence of the revoked license events in March 2023, EIG Re is evaluating both its assets and potential future liabilities in relation to its existing relationship with Euroins Romania and as of Q3 2023 reports:

- impairment of reinsurance receivables for about BGN 32 million, which is also the reason for the increased financial costs of the Company;

- a provision for potential legal disputes in the amount of BGN 64 million, which in turn leads to an increase in the Company's operating expenses.

Results by company

➤ Euroins Bulgaria

The main insurance income for the group is generated by Euroins. In the third quarter of 2023, Euroins Bulgaria reported a total GWP of BGN 305 million compared to BGN 334 million in the third quarter of 2022, representing a 9% decrease. Revenues from reinsurance contracts for the third quarter of 2023 amounted to BGN 17 million, slightly improving the 6% decline in insurance revenues in Q2 2023.

The main drop in revenue was due to a drop in sales in the UK, where the group's temporary insurance license to enter the market has expired and the group is exploring the possibility of setting up a division and applying for a permanent insurance license.

➤ IG EIG Re EAD

In Q3 2023 EIG Re reports gross written premium in the amount of BGN million 172 which represents a substantial increase from Q2 2022 (11 BGN million). Additionally, EIG Re for Q3 2023 reports other insurance revenue in the amount of BGN million 342. This is a one-off effect and is due to the events related to Euroins Romania and the reinsurance contract with EIG Re and Euroins Romania, in accordance with the requirements of which, the premium having the character of a minimum and deposit premium leads to a significant financial result realized by EIG Re.

Main revenues are from active reinsurance and fronting business.

Main portfolio is the active reinsurance of "Cargo" and "Property", as well as the fronting business from "Property" and "Liability"

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

➤ IG Euroins Life EAD

The gross written premiums of Euroins Life for Q3 2023 amounted to BGN million 8.7 and increased by 22% in comparison to Q3 2022 (BGN million 7.1).

➤ Euroins Insurance AD, North Macedonia

In Q3 2023 the gross premiums written by Euroins North Macedonia increased by 5% reaching BGN million 25.6 in comparison to Q3 2022 (24.3 BGN million). The Company's main business lines are MTPL and Agricultural insurance.

➤ Private Joint Stock Company, IC Euroins Ukraine

In Q3 2023 the Company reported written gross premiums amounting to BGN million 20 million and remain without change from Q2 2022. A greater part of the realized premium income in the third quarter of 2023 is due to the sales in the Western part of Ukraine, which is comparatively much less affected by the military actions.

The main business lines in which the Company specializes are still MTPL and non-motor - health insurance.

➤ Private Joint Stock Company, European Travel Insurance, Ukraine (ETI)

In Q3 2023 the Company reported written gross premiums amounting to BGN million 5.8, which represented a decrease compared to Q3 2022 by 25% (Q3 2022- BGN 7.8 million). Travel Assistance is the main line of business in the Company's portfolio and the revenue drop is mainly due to the reduction in travel in relation to the ongoing war in the country.

➤ **IC Euroins Georgia AD**

Insurance Company Euroins Georgia is specialized in Accident and Health.

Total gross premiums written in Q3 2023 amounted to MBGN 8 which is a decrease of 16% from Q3 2022 (BGN million 10.6).

EASTERN EUROPEAN ELECTRIC COMPANY II B.V. (EEEC II) - ENERGY

Eastern European Electric Company II B.V. (Eastern European Electric Company II B.V., EEEEC), a holding company registered in the Netherlands with a subject of activity - participation, management, control and financing of companies, unites the companies acquired on 27.07.2021 operating on the territory of Bulgaria in the energy segment.

At the end of July 2021. Eastern Europe Electric Company B.V. acquired the assets of CEZ Group in Bulgaria, turning the energy group of Eurohold (now the Electrohold Group) into one of the largest independent private energy groups in the country.

As of 30.09.2023, the Electrohold Group consists of eight operating companies operating in the areas of distribution, supply, electricity trading and intercompany management, information technology services, and three specially created companies with the purpose of pooling Eurohold's energy investments.

Financial performance of energy companies

Energy companies for the period from 01.01.2023 to 09.30.2023 generated operating profit from their activities in the amount of BGN 410.9 million and net profit in the amount of BGN 101.8 million.

For the nine months of 2023, the Elektrohold energy companies realized a total of BGN 1.72 billion in operating income.

Analysis of material income and expenses

Income from energy activity	Q3 2023	Q3 2022
	BGN thousand.	BGN thousand
Customers on the open market	948 753	1 760 829
Household consumers	591 200	555 367
Business users	130 358	316 219
Revenues from customer connection fees	17 943	15 377
Late payment penalties	3 065	3 839
Revenues from services for the survey, repair and maintenance of the electricity distribution network, and commercial metering facilities	7 007	7 611
Revenues from information, communication, technology (ICT) and other services	566	3 129
Revenue from the Electricity System Security Fund	696	901
Other revenue	23 535	19 616
Total revenue from energy activities	1 723 123	2 682 888

Energy activity costs	Q3 2023	Q3 2022
	BGN thousand	BGN thousand
Cost of purchased electricity	1 171 902	2 180 840
Technology costs for electricity transmission	111 871	105 380
Balancing energy	26 748	51 824
Transmission and access service costs	1 568	3 216
Other costs	106	100
Total energy activity costs	1 312 195	2 341 360

Other operating expenses	Q3 2023	Q3 2022
	BGN thousand	BGN thousand
Cost of materials and supplies	8 918	10 072
Expenses for external services	43 314	39 418
Employee benefit costs	93 775	74 410
Other operating expenses	562	2 359
Total other energy activity costs	146 569	126 259

» **The financial income/expenses**

Financial income/expenses	Q3 2023	Q3 2022
	BGN thousand	BGN thousand
Financial income	3 878	1 120
Interest income	2 099	332
Other financial income	1 779	788
Financial costs	39 869	25 385
Interest expenses on bank loans	37 049	22 512
Interest expense on right-of-use assets	360	126
Other financial costs	2 460	2 747
Financial income/expenses (net)	35 991	24 265

Analysis of material Assets, Equity and Liabilities

Assets	BGN thousand
Property, plant and equipment	859 643
Intangible assets	92 004
Inventories	24 126
Current accounts receivable	380 792
Financial assets for sale	53 640
Cash and cash equivalents	190 696

Liabilities	BGN thousand
Non-current liabilities for loans received from banking and non-banking institutions	953 844
Current liabilities for loans received from banking and non-banking institutions	24 243
Current trade and other obligations	200 654

EURO-FINANCE AD - INVESTMENT MEDIATION AND ASSET MANAGEMENT

(Financial and investment activities)

EURO-FINANCE AD holds license No. RG-03-0004/11.07.2008 from the Commission for Financial Supervision to carry out activities as an investment intermediary on the territory of the European Union and the European Economic Area and in third countries.

Euro-Finance is an investment intermediary, a member of the Frankfurt Stock Exchange, giving direct access to Xetra® through the EFOCS trading platform. The company also offers trading of currencies, indices, stocks and precious metals through contracts for difference on the EF MetaTrader 5 platform.

The company also has the highest equity capital of all investment intermediaries, according to the FCS data.

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

In the first six months of 2023, "EURO-FINANCE" AD continues to offer its services through two tied agents, entered in the Register of the Financial Supervision Commission as such, as follows:

» Affiliated agent "Winners Group" EOOD, entered in the Trade Register and the Register of the National Center for Registration at the Registration Agency with EIC: 204522460, with headquarters and management address in the city of Sofia, Vazrazhdane district, "Alexander Stamboliyski" Blvd. No. 84, building "Urban Model", floor 6, entered in the Register of persons who can perform activities as bound agents of the FSC based on Decision No. 19 - OA dated 14.01.2021 of the FSC.

» Affiliated agent "Studio Personal Finances" Ltd., entered in the Commercial Register and the Register of the National Center for Registration at the Registration Agency with EIC: 206297756, with headquarters and management address in the city of Sofia, 3 Dr. Hristo Stambolski Street, fl. 3, entered in the Register of persons who can perform activities as bound agents of the FSC on the basis of Decision No. 496 - OA dated 15.07.2021 of the FSC.

Bound agents are persons under Art. 33, para. 1 of ZPFI, which are commercial companies and which, for the purpose of promoting the sales of the services of "EURO-FINANCE" AD, provide and carry out for remuneration on its behalf and under its full and unconditional responsibility one or more of the following investment services and activities:

1. sending invitations to clients to conclude transactions;
2. acceptance and transmission of orders from customers;
3. offering financial instruments.

Affiliated agents provide the above-mentioned services to the clients or potential clients of "EURO-FINANCE" JSC only in relation to the shares of collective investment schemes of AMUNDI.

The company realized income from its main activity for the nine months of 2023 in the amount of BGN 9,782 thousand, and activity expenses in the amount of BGN 8,677 thousand. The operating profit for the period amounted to BGN 1,105 thousand, and the net profit was negative BGN 639 thousand.

EUROHOLD BULGARIA AD - INDIVIDUAL BASIS

The results of the activity of Eurohold Bulgaria AD for the nine months of 2023 are available on the company's website www.eurohold.bg, in the "Financial Information" section.

DESCRIPTION OF PRINCIPAL RISKS

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

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

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

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

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. As of 30.06.2023, the companies of the Eurohold Bulgaria AD group operate in the following sectors: "energy", "insurance" and "investment mediation and asset management".

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

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

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

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

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

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

► 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

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

Operational risk

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

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

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

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

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

Insurance risk management

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

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

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

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

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

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

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

Reinsurance risk management

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

➤ Energy business

Regulatory risk

The regulatory risk is related to the impact of the existing regulatory framework or its change on the Company's activities, as well as to potential fines and sanctions due to violations of this framework.

The energy business is a highly regulated economic sector, as the financial results of the companies operating in the field of energy are directly dependent on a number of normative acts and decisions of the state regulatory body (EWRC). Companies are at risk of not taking into account all the costs associated with their normal activities when setting electricity prices by the regulator.

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

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

Market risk

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

- Risks related to competition and switching suppliers on the free market;
- Risks related to the changes in the prices of electricity on the wholesale market and their impact on the energy position and the expected trade margin of the Company;

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

Operational risks

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

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

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

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

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

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

➤ Investment intermediation and asset management

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

Market and credit risk

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

Risk in settlement and clearing of transactions

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

Risk of change in the regulatory framework

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

Risks in the transmission and processing of information

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

⇒ Risks related to Eurohold's development strategy

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

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

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

Currently, the economic group of "Eurohold Bulgaria" AD is developing its operations mainly in Bulgaria and other European countries such as Romania, North Macedonia, Ukraine, Georgia, Greece, through acquisitions of companies and assets. The issuer expects these acquisitions to continue in the future. The group intends

to implement a strategy of organic growth and the diversification of the product portfolio of its existing businesses in the near future.

The Company's risk related to potential future acquisitions is the uncertainty regarding whether it will be able to identify suitable acquisition sites and investment opportunities. On the other hand, there is uncertainty regarding the assessment 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 results 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.

The Group's objective is to manage operational risk so as to prevent financial loss and in the most efficient manner, while maintaining its good reputation and at the same time not hindering initiative and creativity in its actions.

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

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

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

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

⇒ Risks related to recruiting and retaining qualified staff

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

⇒ Risk of concentration

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

⇒ Risk of lack of liquidity

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

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

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

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

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

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

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

B. SYSTEMATIC RISKS

⇒ Macroeconomic risk

Macroeconomic risk is the risk of shocks that may affect economic growth, population income, supply and demand, profit making by economic agents, etc. These shocks include global economic and business conditions, fluctuations in national currencies, political events, changes in legislation and regulatory requirements, national government priorities, etc. Trends in the macroeconomic environment affect market performance and the bottom line of all sectors in the economy. Bulgaria has an open economy and its development depends directly on international market conditions.

Trends in the macroeconomic environment affect market performance and the bottom line of all sectors in the economy.

The outcome of the realisation of certain risks related to the international environment will also depend to a large extent on the plans and preventive measures of individual countries and international institutions, as evidenced by the recent global economic crisis and the COVID-19 pandemic. The risk of the impact of the international environment on companies cannot be diversified and affects all players, but on the other hand it can become a driver for the development and implementation of innovation and digitalisation that can dramatically change and increase business efficiency on a global scale.

The macroeconomic situation and economic growth globally are fundamental to the development of Eurohold Bulgaria plc and its subsidiaries, including the government policies of the respective countries in which it operates and, in particular, the regulations and decisions made by the respective Central Banks that affect monetary and interest rate policies, exchange rates, taxes, GDP, inflation, budget deficits and external debt, unemployment rates and income structure.

Macroeconomic trends, such as: the impact of the COVID-19 pandemic declared worldwide in early 2020 and the measures taken by the governments of the affected countries; the global economic crisis; the slowdown in economic growth; the risk of systematic global financial fluctuations; recurrent fiscal imbalances; changes in exchange rates to certain currencies; volatility in energy prices; economic and political uncertainty in some regions of the world; the decline in

The development of Bulgaria's economy faces the risk of external influences and depends directly on international market conditions. The presence of adverse macroeconomic conditions in Bulgaria, including increases in unemployment and inflation, and fiscal instability could have a material adverse effect on the Company's business, financial condition and/or results of operations.

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

Manifested macroeconomic risks at the date of preparation of this Report

Pandemic Covid-19

In 2020, we witnessed a macroeconomic risk posed by the scale and spread of the coronavirus pandemic (COVID-19), which has affected the entire world and dramatically impacted global macroeconomics and economic growth. Due to the COVID-19 pandemic, at the end of the first quarter and throughout the second quarter of 2020, much of the global economy slowed down and activity in some sectors was almost completely suspended. As a result of the measures imposed by governments, a significant part of international trade was hampered. At the global level, the consequent effects on business of the economic disruption caused by the pandemic were: a worsened economic outlook, a significant increase in expected credit losses and other impairments, and a reduction in revenues driven by lower volumes and reduced customer activity.

In 2021 and in the beginning of 2022 the Covid-19 pandemic will continue to impact the health system, the social environment and the economy. Deviations in energy resource prices as well as the dislocation of trade relationships, leading to a global wave of intense inflationary pressures, had a strong impact. Following the start of mass vaccination, a gradual recovery of the global and domestic economy and the expected rebound in global activity also began. The labour market also experienced favourable developments, and unemployment continued to decline, following its trend, reaching 4.8% at the end of the year. The banking system remained sound, well capitalised, with high levels of liquidity meeting the requirements of the regulatory authorities.

The latest wave of the coronavirus developed actively at the beginning of 2022 again led to a delay in economic recovery in Europe, accompanied by high inflation, absenteeism from work and work in an online environment, increasing shortages of materials, equipment and labor. Record energy prices have further increased the cost of living and reduced the purchasing power of Europeans, especially in low-income households. In general, the impact of the pandemic on economic activity has generally weakened over time, including that the slowdown in the recovery did not last long, given the fading of the last wave and the lifting of restrictive measures.

In the future, possible new waves of infection, correspondingly imposed anti-epidemic measures and prolonged staff shortages could prevent recovery / or lead to a further deterioration of economic activity. They could also delay the functioning of critical supply chains for a longer period of time. On the other hand, weaker demand growth in the near term may help overcome supply constraints a little sooner than expected.

Apart from the impacts common to all economic entities, the pandemic does not directly affect the currently existing businesses of the Eurohold Group companies. In the period of its occurrence, it only affected the automotive and leasing businesses, which were sold mid-2022. In this sense, any new waves of Covid-19 spread would not have any material segmental impacts on the Group's energy, insurance and financial investment businesses. At this stage, management's assessment of the pandemic's peak periods is that, with timely and flexible measures, the Eurohold Group has been able to cope with the consequences of the situation and mitigate its impact as far as possible. Management continues to monitor for new manifestations and effects of the pandemic to take preventive measures and solutions in order to preserve the health of employees and minimise the impact of the crisis caused by Covid-19.

Military actions on the territory of Ukraine

The hostilities between Russia and Ukraine have received widespread international condemnation, and numerous countries have imposed sanctions on assets and operations owned by the Russian state and certain individuals. The IMF notes that the sanctions imposed by a number of countries against Russia are having an impact on the global economy and financial markets, and will have significant side effects in other countries as well. In many countries, the crisis is causing adverse shocks to both inflation and activity amid already heightened price pressures. Central banks closely monitor the impact of rising international prices on domestic inflation, with a view to monitoring and, where necessary, taking appropriate, carefully considered responses. Fiscal policy will need to support the most vulnerable households to offset rising living costs.

The economic consequences of the military conflict in Ukraine cannot be assessed at this stage of development, but are already indicating extremely serious cost effects on the overall global economy. They could lead to an intensification of the already strong uncertainty caused by Covid-19, further complicating the supply chain due to constraints and logistical problems and exacerbating inflationary pressures. If the conflict continues, the economic damage will be significant and is expected to affect all sectors of the Bulgarian and EU economy, including the sectors and regions in which the Eurohold Group operates.

"Eurohold Bulgaria plc seeks to monitor the likelihood of the macroeconomic risk occurring and is developing group-wide measures to mitigate, to the extent possible, the effects that the existence of this risk may have. However, the Holding Company cannot completely exclude and limit its impact on the business, financial position, earnings and cash flows at a group level. There is also the possibility that the occurrence of this risk could exacerbate other risks or a combination of risks.

At the end of 2022, the management of Eurohold Bulgaria and its subsidiary Euroinsurance Group decided to divest the insurance group of its participation in the companies in Belarus and Russia (associate participation). On 30 December 2022, Euroins Insurance Group (EIG) signed an agreement for the sale of the two companies, and from the date of the agreement EIG and Eurohold will not consolidate the results of these companies in their accounts. Until the date of the transaction, EIG held 100% of the company's capital in Belarus and 48.61% in Russia. These holdings added insignificant values to the consolidated results against

the Assets of the Insurance Subholding and the Assets of Eurohold Bulgaria plc. EIG's business in both countries accounted for less than 1% of the insurance group's 2022 revenue.

Macroeconomic forecast

According to the latest ECB Economic Bulletin, issue 7/2023 - The world economy started this year at a stronger pace than in the fourth quarter of 2022. However, it is likely to remain weak for the remainder of 2023. But as inflation falls further, household real incomes recover and the demand for euro area exports picks up, the economy should strengthen over the coming years. In this environment, inflation have increased slightly at the global level, reflecting rising energy prices. Core inflation continues to decrease. Economic activity has so far been supported by the strength of the labor market. The unemployment rate stood at a historical low of 6.4% in August. At the same time, there are signs that the labor market is weakening. Fewer new jobs are being created, including in services, consistent with the cooling economy gradually feeding through to employment. Euro area real GDP growth is expected to have weakened in the third quarter of 2023. Following broadly flat growth at the turn of the year and further into the first quarter, euro area GDP edged up by 0.2% in the second quarter

According to the BNB's November 2023 Macroeconomic Forecast, in 2023, real GDP growth in Bulgaria is expected to stand at 1.9 per cent (compared with 3.9 per cent in 2022), underpinned by both domestic demand and net exports, while changes in inventories are projected to make a strong negative contribution. Compared with the June 2023 Macroeconomic Forecast the current expectations are for higher real GDP growth in 2023, and lower growth in 2024 and 2025. Annual inflation measured by the HICP followed a downward trend in the first nine months of 2023, reaching 6.4 per cent in September 2023. Annual HICP inflation is projected to slow down to 6.1 per cent at the end of 2023, reflecting mainly the base effect stemming from the strong increase in consumer prices in the previous year. Headline inflation is projected to be 8.8 per cent on average over the year. In the near term, inflationary pressures stemming from rising firms' labor costs, deepening labor shortages and strong private consumption are expected to remain high and continue to contribute to limiting the extent and speed of the pass-through of falling international commodity prices to final consumer prices in Bulgaria.

The HICP growth rate is expected to slow down to 3.1 per cent at the end of 2024 (compared to an annual average of 4.3 per cent) and to remain at this level at the end of 2025 (compared to an annual average of 3.1 per cent)

Source: www.bnb.bg

⇒ Risk of force majeure events

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

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

⇒ Political risk

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

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

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

Despite the stable policy pursued so far, there is no certainty that factors will not appear in the country that would cause social and political tension, lead to a significant and abrupt change in the political and economic conditions, which could have a significant adverse effect on business. Currently, the political situation in Bulgaria is not particularly stable. This instability manifested itself in April 2021 since the country faced the inability to form a regular and stable government. Domestic political uncertainty continues with a caretaker government currently in place. This also contributed to a lag in Bulgaria's preparations for joining the Eurozone, which is why the same is being postponed at this stage. At present, the country is governed by the newly formed government after the last parliamentary elections on 02.04.2023.

Given the current political situation, it is possible that political and public disagreements may arise in the country regarding possible legislative changes, and in particular those concerning the economic and investment climate in the country. Also, at this moment, there is no political consensus in the country regarding the complicated geopolitical situation in the region due to the development of the Russian-Ukrainian crisis.

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

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

⇒ Risk of high levels of unemployment

The risk associated with unemployment is characterized by a drop in the demand for labor force, influenced by the real aggregate demand in the economy, as a result of which the real purchasing activity of a part of the economic entities decreases.

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

According to the National Statistical Institute (NSI) for the third quarter of 2023 the following indicators are reported:

The unemployment rate is 4.0% or 0.4 percentage point higher compared to the third quarter of 2022;

The economic activity rate for the population aged 15-64 years is 74.6%, increasing by 0.2 percentage points compared to the third quarter of 2022.

The employment rate for the population aged 15 - 64 years decreased by 0.6 percentage points compared to the same quarter of 2022 to 71.5%.

Discouraged persons aged 15 - 64 years old account for 36.0 thousand or 3.6% of economically inactive persons in the same age group.

Source: www.nsi.bg

⇒ Country credit risk

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

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

On 28.10.2023, International rating agency Fitch Ratings affirmed Bulgaria's long-term foreign and local currency sovereign credit rating at 'BBB' with a positive outlook

Bulgaria's rating is underpinned by its strong external and fiscal position compared to similarly rated countries, the credible policy framework of EU membership and the long-standing functioning of the monetary board regime. On the other hand, the low investment-to-GDP ratio and unfavourable demographic factors weigh on potential economic growth and public finances in the longer term.

The positive outlook reflects the country's plans for euro area membership, which could lead to further improvements in the country's external position indicators. Despite the delay in the euro area accession process, the rating agency's analysts believe that there is broad political commitment to adopt the euro in 2025. Following the formation of the new government, the parliament has accepted all remaining commitments after the country's ERM II entry, and the amendment to the central bank law is expected to be approved by the end of 2023.

Key factors that could lead to positive rating actions are: progress towards euro area accession, including confidence that Bulgaria meets the membership criteria and the euro adoption deadline; improving the growth potential of the economy, for example by introducing structural and governance reforms to improve the business environment and/or efficient use of EU funds.

Factors that could lead to negative rating actions are: lack of progress in joining the euro area due to persistent political instability or non-fulfilment of the convergence criteria; lower growth prospects in the medium term triggered, for example, by a significant adverse macroeconomic shock or inflation that has persisted at high levels.

Source: www.minfin.bg

On 13.05.2023, the international rating agency Fitch Ratings confirmed the long-term credit rating of Bulgaria in foreign and local currency 'BBB' with a positive outlook.

Bulgaria's rating is supported by the country's strong external and fiscal position compared to countries with the same rating, the reliable political framework of EU membership and the long-term functioning of the currency board regime. On the other hand, the low share of investment relative to GDP and unfavorable demographic factors weigh on potential economic growth and public finances in the long term.

The positive outlook reflects the country's plans for eurozone membership, which could lead to further improvements in the country's external position indicators. Despite a series of snap parliamentary elections over the past two years, the rating agency believes key political parties remain committed to adopting the euro. According to Fitch Ratings, the necessary legislative amendments should be adopted after the political environment stabilizes, and the risks surrounding the date of entry into the eurozone are mainly related to the fulfillment of the price stability criterion.

Inflation to ease slowly: Fitch Ratings forecasts annual average inflation (HICP) of 9.6% in 2023 (current median of 6.4% for BBB-rated countries), at 13% in 2022. While -low international commodity prices and strong base effects should moderate headline inflation this year, robust domestic demand will keep price pressure high, leading to average annual inflation of 4% in 2024. Wage dynamics, overall, are Inflation-adjusted nominal average wage growth of 12.8% in 2022, driven primarily by increases in the private sector.

Source: www.minfin.bg

⇒ Inflation risk

Inflation risk is associated with the likelihood that inflation will affect real investment returns. The main risks related to the inflation forecast relate to the dynamics of international prices and the rate of economic growth in Bulgaria. International commodity prices may rise more significantly as a result of political crises or increased demand. The limited supply of some agricultural goods and especially cereals internationally in connection with unfavorable climatic phenomena may additionally cause higher inflation in the country.

According to the NSI, in October 2023 monthly inflation is 0.4% and annual inflation is 5.8 %. Inflation is measured by the CPI, with monthly inflation for October 2023 relative to the previous month and annual inflation for October 2023 relative to the same month of the previous year.

According to the CPI in October 2023, the monthly inflation is 0.2% compared to the previous month and the annual inflation is 5.9 % for October 2023 compared to September 2022.

Year-to-date inflation (October 2023 versus December 2022) is 4.4% and the average annual inflation rate for November 2022 - October 2023 versus November 2021 - October 2022 is 10.1%.

According to the small basket price index, October 2023 recorded an increase of 0.1 % on a monthly basis and an increase of 3.8% since the beginning of the year.

Source: www.nsi.bg

According to the BNB's November 2023 Macroeconomic Forecast, annual inflation is expected to slow to 3.1 % at the end of 2024 (compared to an annual average of 4.3 per cent) and to remain at this level at the end of 2025 (compared to an annual average of 3.1 per cent)

Average annual inflation in 2023 is projected to remain high in 2023 at 8.8 per cent

Source: www.bnb.bg

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

At the present moment and in general, the currency board mechanism provides guarantees that the inflation in the country will remain under control and will not have an adverse impact on the economy of the country, and in particular on the activities of the Company and its group, and from there on its possibility to service its debt positions.

Given this, every investor should carefully consider and account for both the current levels of inflation risk and the future possibilities for its manifestation.

⇒ Currency risk

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

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

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

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

⇒ Interest rate risk

Interest rate risk is related to the possibility of a change in the prevailing interest rates in the country. Its impact is expressed by the possibility that the net income of companies may decrease due to an increase in the interest rates at which the Issuer finances its operations. Interest rate risk is included in the category of macroeconomic risks due to the fact that the main prerequisite for a change in interest rates is the occurrence of instability in the financial system as a whole. This risk can be managed through the balanced use of different sources of financial resources.

An increase in interest rates would, all other things being equal, affect the cost of the financial resources used by the Company in implementing various business projects. It may also affect the Company's cost base as a significant portion of the Company's liabilities are interest bearing and their servicing is linked to current interest rates.

⇒ **Risks associated with regulatory changes. Regulatory risk**

The Company's results may be impacted by regulatory changes. The Eurohold Group operates in a highly regulated environment in various European countries. The possibility of more radical changes in the regulatory framework, in the interpretation or practice of implementing legislation, and in the divergence of legislation and regulations in Bulgaria and in the countries in which the Company operates, could have an adverse effect on its business as a whole, its operating results, and its financial condition.

⇒ **Risk of increased competition**

All sectors in which the Eurohold Group subsidiaries operate are characterised by a highly competitive environment. The future success of the Group will depend on the ability of Eurohold and its subsidiaries to remain competitive compared to other companies operating in a given market segment.

C. RISK MANAGEMENT AND MINIMISATION MECHANISMS

The elements outlining the framework for the management of individual risks are directly related to specific procedures for the timely prevention and resolution of potential difficulties in the operations of Eurohold Bulgaria AD. They include ongoing analysis in the following areas:

- market share, pricing policy, market research and market development and market share studies;
- active investment management in different sectors and industries;
- a comprehensive asset and liability management policy for the Company and the Group to optimise the structure, quality and return on assets;
- optimising the structure of funds raised with a view to ensuring liquidity and reducing financial costs across the Group;
- effective cash flow management at group level;
- optimising administration, management and external service costs;
- human resources management

Overall risk management is focused on minimising potential negative effects that could impact the Group's financial performance. Financial risks are identified, measured and monitored on an ongoing basis using various controls to determine appropriate pricing for the services and products offered by Eurohold Group companies and for the borrowed capital raised by them. Adequate assessment is made of market circumstances, the investments made in the Group and the forms in which available liquidity is maintained, without undue concentration of risk.

The occurrence of unforeseen events, incorrect assessment of current trends, as well as a host of other micro- and macroeconomic factors, may affect the judgement of the Company's management team.

INFORMATION ON LARGE RELATED PARTY DEALS IN THE NINE MONTHS OF 2023

All significant transactions concluded by Eurohold Bulgaria AD and its subsidiaries are disclosed in the "Significant Events" section of this consolidated Activity Report, as well as in the Appendices to the Interim Condensed Consolidated Financial Statements as of 30.09.2023.

Sofia,
28 November 2023

Assen Minchev,
Executive Director

Milena Guancheva,
Prosecutor

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Internal information
30 September 2023

INTERNAL INFORMATION

under Article 7 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse

Eurohold Bulgaria AD publicly discloses inside information pursuant to Article 7 of Regulation (EU) No 596/2014 of the European Parliament and of the Council to the Financial Supervision Authority, the Bulgarian Stock Exchange and the public through the financial media Extra News at the following internet address: www.x3news.com, where the inside information is available at the following link: <http://www.x3news.com/?page=News&unigid=63ff460157e2d>.

The publicly disclosed inside information can also be found on the website of Eurohold Bulgaria AD. www.eurohold.bg, where it is available in the "Internal Information" section at the following link: <https://www.eurohold.bg/internal-information-645.html>.

The disclosed financial information is available on the Company's website at the following link <https://www.eurohold.bg/2022-786.html>

The management of Eurohold Bulgaria AD believes that there is no other information that has not been publicly disclosed by it and that would be important to shareholders and investors in making an investment decision.

Assen Minchev,
Executive Director of Eurohold Bulgaria AD

Milena Guencheva,
Prosecutor of Eurohold Bulgaria AD

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Additional information as at 30 September 2023

ADDITIONAL INFORMATION

**to the interim condensed individual activity report
for the period 1 January - 30 September 2023**

pursuant to REGULATION No. 2 of 9 November 2021 on initial and subsequent disclosure of information in public offerings of securities and admission of securities to trading on a regulated market

1. Information about changes in accounting policies during the reporting period, the reasons for them and how they affect the issuer's financial result and equity

There were no changes in the accounting policies of Eurohold Bulgaria AD during the reporting period.

2. Information about changes in the issuer's group of companies within the meaning of the Accounting Act, if it participates in such a group

For the period of the first nine months of 2023, the following changes occurred in the group companies of Eurohold Bulgaria AD:

- 2.1.** On 17.03.2023 - the Romanian financial regulator ASF decided to revoke the insurance business license of Euroins Romania, part of Euroins Insurance Group AD (EIG), to open insolvency proceedings and to appoint the Insurance Guarantee Fund (FGA) as interim administrator of the company.

As a result of the revocation of the licence, management has decided that the insurance company in Romania will be derecognised as at 31 December 2022 and that its results in 2022 and the effect of the derecognition on 31 December 2022 will be presented as discontinued operations in the Group's 2022 consolidated financial statements.

- 2.2.** On 09.06.2023, the Bucharest court decided to open insolvency proceedings for Euroins Romania Asigurare Reasigurare SA ("Euroins Romania"). EIG and its shareholders continue to maintain the legal actions filed against the decision of the Romanian regulator ("ASF") of 17 March 2023 and will appeal against the decision taken to open insolvency proceedings.

The Bucharest court accepted Euroins Romania and EIG's complaint of unconstitutionality as well-founded and will send it to the Romanian Constitutional Court. Notwithstanding the fact that the Bucharest Court applied the existing Romanian law in opening the insolvency proceedings, it considered it necessary to inquire into the potential unconstitutionality of parts of the Romanian insolvency legislation with regard to Article 20 (International Human Rights Treaties), Article 21 (Access to Justice), Article 16 (Equal Rights) of the Romanian Constitution, Article 6(1) and 2 of the European Convention on Human Rights, Articles 20, 47 and 48 of the Charter of Fundamental Rights of the European Union, and Article 1 of Protocol 1 to the European Convention on Human Rights. The nature of the potential unconstitutionality relates to the opening of insolvency proceedings against an insurance company on the basis of a decision by the Romanian regulator to revoke its operating licence without a final, enforceable court decision on the legality of such action by the Romanian regulator, which deprives insurance companies of their right to due process and effective judicial review.

Granting an exception for unconstitutionality would constitute a case for judicial review under Romanian civil procedure and should lead to the annulment of the decision opening the insolvency proceedings.

Separately, the EIG has satisfied all its creditors (other than those directly related to insurance claims and within the competence of the Romanian Guarantee Fund) who had requested the insolvency of Euroins Romania.

"Euroins Insurance Group S.A. ("EIG") maintains its financial and capital stability and remains determined to continue protecting both its own interests and the rights of its more than 2 million insured persons in Romania.

EIG and its key subsidiaries remain fully capitalised, stable and viable and continue their normal business operations. All subsidiaries in and outside the EU remain in full compliance with all their local regulatory requirements.

- 2.3.** On 12.06.2023. On 20.20.2023 the EIG Insurance Group established a subsidiary in Romania, PHOENIX MGA SERVICES S.R.L., Romania. EIG is the sole owner of the capital of the newly established company. The main activity of the company is.

3. Information on the results of organizational changes within the issuer, such as reorganization, sale of a group of companies within the meaning of the Accounting Act, in-kind contributions by the company, lease of property, long-term investments, discontinuation of operations

There are no organizational changes within the Eurohold Group.

4. 4. An opinion of the governing body on the feasibility of the published forecasts for the current financial year, taking into account the results of the current quarter, as well as information on the factors and circumstances that will affect the achievement of the forecast results at least until the end of the current year

There are no published projections for 2023.

5. 5Data on the persons directly and indirectly holding at least 5 per cent of the votes in the general meeting at the end of the relevant quarter and the changes in the votes held by the persons for the period from the beginning of the current financial year to the end of the reporting period

	Name	Shares	% of equity
1.	Starcom Holding AD	130 454 157	50.08%
2.	KJK Fund II Sicav-Sif Balkan Discovery	28 116 873	10.79%
3.	Boston Management and Research, through the following funds managed by it: - Global Opportunities Portfolio, - Global Macro Portfolio, - Global Macro Absolute Return Advantage Portfolio, - Global Macro Capital Opportunities Portfolio.	22 787 569	8.75%
4.	SLS Holding AD	19 930 773	7.65%
5.	PIC Future, through the following funds managed by it: - UPF Future - PPF Future - DPF Future	14 088 398	5.41%

6. Data on the shares held by the issuer's management and control bodies as of the end of the relevant quarter, as well as the changes that occurred for the period from the beginning of the current financial year to the end of the reporting period for each person separately

	Name	Shares	% of equity
1.	Dimitar Stoyanov Dimitrov	200	-
2.	Veleslav Hristov	200	-

7. Information on pending judicial, administrative or arbitration proceedings concerning debts or claims amounting to at least 10 per cent of the issuer's equity capital; if the total value of the issuer's debts or claims in all proceedings exceeds 10 per cent of its equity capital, information shall be provided for each proceeding separately

There is no pending litigation or arbitration relating to the Company or any of its subsidiaries, with a value of the claim of at least 10 per cent of the equity of the Company.

8. Information on loans, guarantees or commitments granted by the issuer or its subsidiary to a person or its subsidiary, including related persons, indicating the nature of the relationship between the issuer and the person, the amount of principal outstanding, the interest rate, the final repayment date, the amount of the commitment, the terms and period of

Transactions with related parties for the reporting period are disclosed in the Appendices to the interim condensed individual financial report as well as in the interim condensed individual report on the activity as of September 30, 2023. The conditions under which the transactions were carried out do not deviate from the market conditions for such type of transactions.

28.11.2023

Assen Minchev,
Executive Director of Eurohold Bulgaria AD

Milena Guencheva,
Prokurist of Eurohold Bulgaria AD

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Appendix 4
30 September 2023

APPENDIX 4

to Art. 12, para. 1, point 1, Article 14 and Article 21, point 3, letter "a" and point 4, letter "a" of the REGULATION No. 2 of 9.11.2021 on initial and subsequent disclosure of information in the case of public offer of securities and admission of securities to trading on a regulated market

for the period 1 January - 30 September 2023.

- 1. No change in the persons exercising control over the company**
- 2. Opening of insolvency proceedings for the company or its subsidiary and all material stages related to the proceedings**

No insolvency proceedings have been opened for the Issuer.


On June 9, 2023, the court in Bucharest decided to declare procedure for insolvency of "Euroins Romania Asigurare Reasigurare" SA ("Euroins Romania"), an indirect subsidiary of "Eurohold Bulgaria" AD. The insolvency proceedings were opened on the basis of a claim by the Financial Supervisory Authority of Romania (Autoritatea de Supraveghere Financiară), filed on the basis of a decision of the Financial Supervisory Authority of Romania dated March 17, 2023, by which the regulator revoked the license of Euroins Romania.

The Bucharest court allowed an appeal by Euroins Romania and its majority shareholder "Euroins Insurance Group" AD for unconstitutionality, related to the opening of insolvency proceedings against an insurance company based on a decision of the Romanian regulator to revoke its operating license without being definitively available an effective court decision on the legality of the decision in question, which deprives the insurance companies of their right to a fair trial and effective judicial review.

- 3. Conclusion or execution of material transactions**

All transactions entered into, including material transactions, are disclosed in the Notes to the Interim Condensed Individual and Interim Condensed Consolidated Financial Report as of September 30, 2023, as well as in the Interim Condensed Individual Activity Report as of September 30, 2023 and the Interim Condensed Consolidated Activity Report as of September 30, 2023.

- 4. No decision to enter into, terminate or cancel a joint venture agreement**
- 5. No change in the company's auditors and reasons for the change**
- 6. There has been no commencement or termination of any legal or arbitration proceedings relating to the debts or claims of the company or its subsidiary, with a cost of the claim of at least 10 per cent of the equity of the company**
- 7. Purchase, sale or pledge of shares in commercial companies by the issuer or its subsidiary**

 There are none for the reporting period

- 8. Other circumstances that the company believes may be relevant to investors in deciding whether to acquire, sell or continue to hold the publicly offered securities**

All concluded transactions, including material ones, are disclosed in the Appendices to the Interim Condensed Individual and Interim Condensed Consolidated Financial Report for 30.09.2023, as well

as in the Interim Condensed Individual Activity Report and Interim Condensed Consolidated Activity Report as of September 30, 2023.

28.11.2023

Asen Minchev,
Executive Director of Eurohold Bulgaria AD

Milena Guancheva,
Prosecutor of Eurohold Bulgaria AD

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Declaration of responsible persons

DECLARATION

Article 100n, paragraph 4, item 4 of POSA

The undersigned,

1. Assen Minchev - Executive Director of Eurohold Bulgaria AD
2. Milena Guencheva - Attorney of Eurohold Bulgaria AD
3. Tsvetelina Cheresharova-Doycheva – Financial controller of Eurohold Bulgaria AD (complier of the financial statements)

WE DECLARE that to the best of our knowledge:

1. The set of consolidated financial statements for the first nine months of 2023, prepared in accordance with applicable accounting standards, give a true and fair view of the assets and liabilities, financial position and profit or loss of Eurohold Bulgaria AD.;
2. The Consolidated Condensed Management Report as at 30.09.2023 contains a reliable overview of the development and performance of Eurohold Bulgaria AD, as well as a description of the main risks and uncertainties facing the company.

Declarators:

1. Assen Minchev
2. Milena Guencheva
3. Tsvetelina Cheresharova-Doycheva