

EUROHOLD BULGARIA CONSOLIDATED ANNUAL REPORT



31 December 2023

INTERIM CONDENSED CONSOLIDATED REPORT

containing information on important events that occurred during the period
1 January - 31 December 2023 pursuant to Article 100o, paragraph 4, item 2 of the POSA

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31 December 2023

ENERGY BUSINESS

**INSURANCE
BUSINESS**

**ASSET
MANAGEMENT AND
BROKERAGE**

EUROHOLD BULGARIA

1

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of 31 DECEMBER 2023

Interim condensed consolidated statement of profit or loss and other comprehensive income for 2023

<i>In thousand BGN</i>	Note	2023	2022 Restated
Continuing operations			
Revenue from energy business	3	2 320 144	3 575 907
Expenses of energy business	4	(1 791 493)	(3 117 374)
Profit from energy business		528 651	458 533
Insurance revenue	5	502 988	471 913
Insurance service expenses	6	(483 063)	(456 183)
Net result from reinsurance contracts held	7	(70 750)	(3 105)
(Loss)/profit from insurance business		(50 825)	12 625
Net finance income/(expenses) from insurance business	8	1 887	12 705
Revenue from asset management and brokerage		1 573	1 818
Expenses of asset management and brokerage		(198)	(249)
Profit from asset management and brokerage		1 375	1 569
Gross profit		481 088	485 432
Dividend income		123	260
Other operating income	9	37 658	26 312
Profit/(loss) from operations with financial instruments	10	752	(1 901)
Administrative expenses	11	(284 916)	(250 694)
(Accrued)/recovered impairment on financial assets, net	12	579	(11 091)
Other operating costs	13	(27 706)	(12 756)
EBITDA		207 578	235 562
Depreciation and amortization	14	(111 094)	(110 447)
EBIT		96 484	125 115
Finance income	15	4 470	3 868
Finance costs	16	(126 161)	(102 900)
Net foreign exchange difference		210	(15)
EBT		(24 997)	26 068
Tax expense	17	(20 750)	(12 434)
Net (loss)/profit for the year from continuing operations		(45 747)	13 634
Discontinued operations			
Net profit/(loss) after tax for the year from discontinued operations	34.3	124 375	(194 615)
Net profit/(loss) for the year		78 628	(180 981)
Attributable to:			
Equity holders of the parent		76 067	(157 389)
Non-controlling interests		2 561	(23 592)

Date: 30.05.2024

Prepared by:

/Tsvetelina Cheresharova-Doycheva/

Represented by:

/Asen Minchev, Executive Director/

/Milena Guentcheva, Procurator/

Interim condensed consolidated statement of profit or loss and other comprehensive income for 2023 (continued)

<i>In thousand BGN</i>	<i>Note</i>	2023	2022 Restated
Net profit/(loss) for the year		78 628	(180 981)
Other comprehensive (loss)/income			
<i>Other comprehensive (loss)/income, which will be subsequently reclassified into profit or loss:</i>			
Net (loss)/income from changes in fair value of financial assets, recognized through other comprehensive income		-	(234)
Exchange differences on translating foreign operations		(6 911)	(11 347)
<i>Other comprehensive (loss)/income that will not be reclassified to profit or loss:</i>			
Net loss from revaluations of defined benefit plans		-	(819)
Other comprehensive (loss)/income for the year, net of taxes		(6 911)	(12 400)
Total comprehensive income/(loss) for the year, net of taxes		71 717	(193 381)
Other comprehensive income/(loss) for the year attributable to:			
Equity holders of the parent		68 396	(169 217)
Non-controlling interests		3 321	(24 164)
		71 717	(193 381)

Date:30.05.2024

Prepared by:

/Tsvetelina Cheresharova-Doycheva/

Represented by:

/Asen Minchev, Executive Director/ /Milena Guentcheva, Procurator/

**Interim condensed consolidated statement of financial position
as at 31.12.2023**

<i>In thousand BGN</i>	<i>Note</i>	31.12.2023	31.12.2022 Restated
ASSETS			
Cash and cash equivalents	18	226 927	214 012
Fixed-term deposits at banks	19	24 676	53 189
Insurance contract assets		4 388	5 550
Reinsurance contract assets		201 213	309 957
Trade and other receivables	20	469 310	520 457
Financial assets	21	425 287	241 259
Inventory	23	23 976	33 080
Property, plant and equipment	24	869 835	867 647
Intangible assets	25	93 916	100 514
Investment in associates	22	11 272	-
Goodwill	26	116 883	116 883
Deferred tax assets	27	8 734	9 508
TOTAL ASSETS		2 476 417	2 472 056

Date: 30.05.2024

Prepared by:

/Tsvetelina Cheresharova-Doycheva/

Represented by:

/Asen Minchev, Executive Director/

/Milena Guentcheva, Procurator/

**Interim condensed consolidated statement of financial position
as at 31.12.2023 (continued)**

<i>In thousand BGN</i>	Note	31.12.2023	31.12.2022 Restated
EQUITY AND LIABILITIES			
Equity			
Share capital	33	260 500	260 500
Treasury shares	33	(77)	(77)
Share premium		144 030	144 030
General reserves		7 641	7 641
Revaluation and other reserves		(14 435)	(14 900)
Accumulated loss		(375 430)	(215 556)
Profit/(loss) for the year		76 067	(157 389)
Equity attributable to equity holders of the parent		98 296	24 249
Non-controlling interest		19 417	17 401
Total equity		117 713	41 650
Subordinated debts	28	55 265	48 459
TOTAL EQUITY AND SUBORDINATED DEBTS		172 978	90 109
LIABILITIES			
Bank and non-bank loans	29	1 034 043	1 116 931
Obligations on bond issues	30	217 588	228 891
Trade and other payables	31	580 327	556 290
Insurance contract liabilities		434 714	455 057
Reinsurance contract liabilities		18 686	4 198
Deferred tax liabilities	32	18 081	20 580
		2 303 439	2 381 947
TOTAL LIABILITIES AND SUBORDINATED DEBTS		2 358 704	2 430 406
TOTAL EQUITY AND LIABILITIES		2 476 417	2 472 056

Date:30.05.2024

Prepared by:

/Tsvetelina Cheresharova-Doycheva/

Represented by:

/Asen Minchev, Executive Director/

/Milena Guentcheva, Procurator/

Interim condensed consolidated statement of cash flows for 2023

<i>In thousand BGN</i>	Note	2023	2022 Non-restated
Operating activities			
(Loss)/profit for the year before tax from continuing operations:		(24 997)	37 345
Profit for the year before tax from discontinued operations:		124 375	77 650
Adjustments for:			
Depreciation and amortisation	14	111 201	118 751
Foreign exchange gain/(loss)		157	11 093
Dividend income		(123)	(299)
Increase in impairment loss, net		2 037	11 788
Tax expenses		22 620	15 383
Change in associates		11 272	988
Impairment of goodwill		-	55 840
Gain on sales of investments		(4 714)	(22 289)
Net investment income (interest income and expense)		112 413	72 677
Other non-cash adjustments		7 099	5 633
Operating profit before change in working capital		361 340	384 560
Change in trade and other receivables		161 053	841 750
Change in inventory		9 104	88
Change in trade and other payables and other adjustments		(101 477)	(902 855)
Cash generated from operating activities		430 020	323 543
Interest received		11 674	4 314
Income tax paid		(24 661)	(25 930)
Net cash flows from operating activities		417 033	301 927
Investing activities			
Purchase of property, plant and equipment		(102 225)	(113 264)
Proceeds from sale of property, plant and equipment		72	1 103
Loans granted		(156 161)	(56 984)
Proceeds from loans and net investment in finance lease		146 473	53 843
Interest received on loans granted		5 291	1 816
Purchase of financial assets		(397 087)	(115 949)
Sales of investments		131 204	199 442
Dividends received		504	3 700
Loss of exchange rate changes		(45)	(190)
Loss of control in subsidiaries		(800)	(193 471)
Other proceeds from investing activities, net		138 641	2 103
Net cash flows from investing activities		(234 231)	(217 851)

Date:30.05.2024

Prepared by:

/Tsvetelina Cheresharova-Doycheva/

Represented by:

/Asen Minchev, Executive Director/

/Milena Guentcheva, Procurator/

Interim condensed consolidated statement of cash flows for 2023 (continued)

<i>In thousand BGN</i>	<i>Note</i>	2023	2022 Non-restated
Financing activities			
Proceeds from loans		80 989	304 761
Repayment of loans		(150 242)	(160 726)
Non-controlling interest transactions		-	(108 180)
Lease repayments		(9 806)	(14 681)
Payment of interest, charges, commissions on investment loans		(87 616)	(43 908)
Other proceeds from financing activities, net		(3 212)	187
Net cash flows from financing activities		(169 887)	(22 547)
Net increase in cash and cash equivalents		12 915	61 529
Cash and cash equivalents at the beginning of the year	<i>18</i>	214 012	152 483
Cash and cash equivalents at the end of the year	<i>18</i>	226 927	214 012

Date: 30.05.2024

Prepared by:

/Tsvetelina Cheresharova-Doycheva/

Represented by:

/Asen Minchev, Executive Director/

/Milena Guentcheva, Procurator/

Interim condensed consolidated statement of changes in equity for 2023

<i>In thousand BGN</i>	Share capital	Share premium	General reserves	Revaluation and other reserves	Retained earnings/(losses)	Equity attributable to equity holders of the Parent-company	Non-controlling interest	Total Equity
Balance as at 31.12.2021	260 423	144 030	7 641	(16 033)	(212 970)	183 091	187 415	370 506
Adjustment on initial application of IFRS 17	-	-	-	-	5 847	5 847	720	6 567
Balance at 1 January 2022 (Restated)	260 423	144 030	7 641	(16 033)	(207 123)	188 938	188 135	377 073
Change in the non-controlling interest due to change-of-control transactions	-	-	-	5 596	-	5 596	(1 642)	3 954
Acquisition of non-controlling interest without change of control	-	-	-	-	33 407	33 407	(145 329)	(111 922)
Transactions with owners	-	-	-	5 596	33 407	39 003	(146 971)	(107 968)
Loss for the year	-	-	-	-	(157 389)	(157 389)	(23 592)	(180 981)
Other comprehensive loss	-	-	-	(11 828)	-	(11 828)	(572)	(12 400)
Total comprehensive loss	-	-	-	(11 828)	(157 389)	(169 217)	(24 164)	(193 381)
Written-off reserve from subsequent valuations of defined benefit plans	-	-	-	451	(451)	-	-	-
Other changes	-	-	-	6 914	(41 389)	(34 475)	401	(34 074)
Balance as at 31.12.2022 (Restated)	260 423	144 030	7 641	(14 900)	(372 945)	24 249	17 401	41 650
Balance at 1 January 2023 (Restated)	260 423	144 030	7 641	(14 900)	(372 945)	24 249	17 401	41 650
Change in the non-controlling interest due to change-of-control transactions	-	-	-	6 099	-	6 099	-	6 099
Transactions with owners	-	-	-	6 099	-	6 099	-	6 099
Profit for the year	-	-	-	-	76 067	76 067	2 561	78 628
Other comprehensive loss	-	-	-	(7 671)	-	(7 671)	760	(6 911)
Total comprehensive profit/(loss)	-	-	-	(7 671)	76 067	68 396	3 321	71 717
Written-off reserve from subsequent valuations of defined benefit plans	-	-	-	-	-	-	-	-
Other changes	-	-	-	2 037	(2 485)	(448)	(1 305)	(1 753)
Balance as at 31.12.2023	260 423	144 030	7 641	(14 435)	(299 363)	98 296	19 417	117 713

Date: 30.05.2024

Prepared by:

Represented by:

/Tsvetelina Cheresharova-Doycheva/

/Asen Minchev, Executive Director/

/Milena Guentcheva, Procurator/

Interim condensed consolidated statement of profit or loss by business segments for 2023

		2023	2023	2023	2023	2023	2023	2023	2023
	Note	Consolidated	Energy business	Insurance business	Automotive	Leasing business	Asset management and brokerage	Parent company	Eliminations
In thousand BGN									
Continuing operations									
Revenue from energy business	3	2 320 144	2 320 207	-	-	-	-	-	(63)
Expenses of energy business	4	(1 791 493)	(1 791 493)	-	-	-	-	-	-
Profit from energy business		528 651	528 714	-	-	-	-	-	(63)
Revenue from insurance business	5	502 988	-	507 620	-	-	-	-	(4 632)
Expenses of insurance business	6	(483 063)	-	(483 063)	-	-	-	-	-
Net result from reinsurance contracts	7	(70 750)	-	(70 750)	-	-	-	-	-
Loss from insurance business		(50 825)	-	(46 193)	-	-	-	-	(4 632)
Net finance income/(expenses) from insurance business	8	1 887	-	2 366	-	-	-	-	(479)
Revenue from asset management and brokerage		1 573	-	-	-	-	2 442	-	(869)
Expenses of asset management and brokerage		(198)	-	-	-	-	(198)	-	-
Profit from asset management and brokerage		1 375	-	-	-	-	2 244	-	(869)
Gross profit/(loss)		481 088	528 714	(43 827)	-	-	2 244	-	(6 043)
Dividend income		123	-	-	-	-	123	1 306	(1 306)
Other operating revenues	9	37 658	35 002	-	-	-	82	2 730	(156)
Profit/(loss) from operations with financial instruments	10	752	(615)	-	-	-	183	749	435
Administrative expenses	11	(284 916)	(245 738)	(37 280)	-	-	(2 364)	(7 107)	7 573
(Accrued)/recovered impairment loss on financial assets, net	12	579	(1 459)	-	-	-	50	1 988	-
Other operating expenses	13	(27 706)	(21 777)	(5 929)	-	-	-	-	-
EBITDA		207 578	294 127	(87 036)	-	-	318	(334)	503
Depreciation and amortization	14	(111 094)	(105 756)	(4 845)	-	-	(286)	(207)	-
EBIT		96 484	188 371	(91 881)	-	-	32	(541)	503
Finance income	15	4 470	3 084	768	-	-	619	705	(706)
Finance costs	16	(126 161)	(94 390)	(9 807)	-	-	(198)	(24 054)	2 288
Foreign exchange gain/(loss), net		210	-	-	-	-	215	(5)	-
EBT		(24 997)	97 065	(100 920)	-	-	668	(23 895)	2 085
Tax expense	17	(20 750)	(18 956)	(1 743)	-	-	(51)	-	-
Net (loss)/profit for the year from continuing activities		(45 747)	78 109	(102 663)	-	-	617	(23 895)	2 085
Discontinued operations									
Net profit for the year from discontinued operations	34.3	124 375	-	124 077	-	-	-	-	298
Net profit/(loss) for the year, attributable to:		78 628	78 109	21 414	-	-	617	(23 895)	2 383
Equity holders of the parent		76 067	78 109	20 972	-	-	617	(23 895)	264
Non-controlling interests		2 561	-	442	-	-	-	-	2 119

Interim condensed consolidated statement of profit or loss by business segments - 2022 (Restated)

		2022	2022	2022	2022	2022	2022	2022	2022
			Energy business	Insurance business	Automotive	Leasing business	Asset management and brokerage	Parent company	Eliminations
<i>In thousand BGN</i>	Note	Consolidated							
Continuing operations									
Revenue from energy business	3	3 575 907	3 576 115	-	-	-	-	-	(208)
Expenses of energy business	4	(3 117 374)	(3 117 374)	-	-	-	-	-	-
Profit from energy business		458 533	458 741	-	-	-	-	-	(208)
Revenue from insurance business	5	471 913	-	478 836	-	-	-	-	(6 923)
Expenses of insurance business	6	(456 183)	-	(464 669)	-	-	-	-	8 486
Net result from reinsurance contracts	7	(3 105)	-	(3 105)	-	-	-	-	-
Profit from insurance business		12 625	-	11 062	-	-	-	-	1 563
Net finance income/(expenses) from insurance business	8	12 705	-	12 793	-	-	-	-	(88)
Revenue from asset management and brokerage		1 818	-	-	-	-	3 214	-	(1 396)
Expenses of asset management and brokerage		(249)	-	-	-	-	(249)	-	-
Profit from asset management and brokerage		1 569	-	-	-	-	2 965	-	(1 396)
Gross profit		485 432	458 741	23 855	-	-	2 965	-	(129)
Dividend income		260	-	-	-	-	260	2 102	(2 102)
Other operating revenues	9	26 312	22 698	4 029	-	-	51	251	(717)
Profit/(loss) from operations with financial instruments	10	(1 901)	(123)	-	-	-	(174)	(67 826)	66 222
Administrative expenses	11	(250 694)	(213 315)	(29 912)	-	-	(2 042)	(6 489)	1 064
(Accrued)/recovered impairment loss on financial assets, net	12	(11 091)	(8 787)	-	-	-	1	(2 310)	5
Other operating expenses	13	(12 756)	(13 387)	-	-	-	-	-	631
EBITDA		235 562	245 827	(2 028)	-	-	1 061	(74 272)	64 974
Depreciation and amortization	14	(110 447)	(105 398)	(4 502)	-	-	(264)	(295)	12
EBIT		125 115	140 429	(6 530)	-	-	797	(74 567)	64 986
Finance income	15	3 868	1 308	1 988	-	-	602	359	(389)
Finance costs	16	(102 900)	(66 876)	(9 650)	-	-	(128)	(27 925)	1 679
Foreign exchange gain/(loss), net		(15)	-	-	-	-	155	(14)	(156)
EBT		26 068	74 861	(14 192)	-	-	1 426	(102 147)	66 120
Tax expense	17	(12 434)	(13 456)	1 142	-	-	(120)	-	-
Net profit/(loss) for the year from continuing activities		13 634	61 405	(13 050)			1 306	(102 147)	66 120
Discontinued operations									
Net profit for the year from discontinued operations	34.3	(194 615)	-	(195 212)	12 668	362	-	-	(12 433)
Net (loss)/profit for the year, attributable to:		(180 981)	61 405	(208 262)	12 668	362	1 306	(102 147)	53 687
Equity holders of the parent		(157 389)	61 405	(207 588)	12 668	362	1 306	(102 147)	76 605
Non-controlling interests		(23 592)	-	(674)	-	-	-	-	(22 918)

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**NOTES TO THE INTERIM
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

As of 31 DECEMBER 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 of 31.12.2023:

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 31.12.2023 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 31.12.2023, 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.

Subsidiaries involved in the consolidation:

Energy sector

Company	% of participation in the share capital 31.12.2023	% 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 EAD and/or Electrorazpredelitelni mreji Zapad EAD, 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 EAD, 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 EPC 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 31.12.2023	% 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>loss of control as of 31.12.2022. Note 2.4. Significant management judgments in applying accounting policy</i>	98.57%	98.57%
Euroins Osiguruvanje AD, North Macedonia	93.36%	93.36%
Insurance Company Euroins Life EAD, Bulgaria	100.00%	100.00%
Euroins Ukraine PrAT, Ukraine	92.73%	92.73%
ECLAIM - Sole Proprietorship for Claims Settlement Services PC, Greece (former name Euroins Claims M.I.K.E., Greece)	100.00%	100.00%
Insurance Company Euroins Georgia AD, Georgia	50.04%	50.04%
Shardeni 2017 Ltd., Georgia –a subsidiary of EIG Re AD	100.00%	-
PHOENIX MGA SERVICES S.R.L., Romania - a subsidiary of EIG AD – est.on 12.06.2023	100.00%	-
European Travel Insurance PrAT, Ukraine	99.99%	99.99%
Insurance Company EIG Re AD, Bulgaria - subsidiary of EIG AD until 31.12.2023 (<i>loss of control as of 31.12.2023, associate investment – Notes 22. Investments in associates and 34.3.1. Disposals in 2023</i>)	-	100.00%
Euroins Insurance JSC, Belarus (former name Insurance company Ergo JSC) - until 30.12.2022	-	-
* direct participation		

Finance Sector

Company	% of participation in the share capital 31.12.2023	% 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 31 December 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 31 December 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

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

Lack of control of subsidiaries

On March 17, 2023, the Romanian financial regulator (Autoritatea de Supraveghere Financiară) revoked the insurance license of Euroins Romania Asigurare-Reasigurare S.A., a subsidiary in Romania, which is part of the Group's insurance segment. The regulator's decision also includes the initiation of bankruptcy proceedings, which the Court in Bucharest opened on June 9, 2023, and the appointment of the Insurance Guarantee Fund (Fondul de Garantare a Asiguraților) as the temporary administrator of the Romanian company. It should be noted that the decision to initiate the bankruptcy procedure has been appealed to a higher instance and, as of the issuance of these interim condensed consolidated financial statements, has not yet been confirmed.

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

- The management considers that the effect of the license revocation should be considered a subsequent adjusting event under IAS 10 'Events after the Reporting Period' in relation to the comparative information as of December 31, 2022. Despite the actions taken by the Group, including the conclusion of new reinsurance contracts to support the operations of the subsidiary in Romania, the Romanian regulator revoked the insurance license of the subsidiary. Therefore, and regardless of the fact that the Group (through EIG AD) has appealed this decision of the Romanian regulator and as of the date of issuance of this interim condensed consolidated financial statement it has not been confirmed by the Romanian court, after receiving the information on March 17, 2023, the management believes that there is no other realistic alternative but to cease the Group's operations in Romania carried-outthought its subsidiary.
- Following the restrictions imposed on the Group's management and the component's auditors in March 2023, the access of the management and other persons from the Group to the financial and accounting information of the component, including the accounting registers and commercial information of Euroins Romania Asigurare-Reasigurare S.A., has been limited. The management rights of the governing bodies of the Romanian subsidiary and, accordingly, the Group's rights to manage the subsidiary were revoked following the initiation of bankruptcy proceedings (still not confirmed with a final decision by a Romanian court), and the current management of Euroins Romania is carried out by a court-appointed liquidator. For these reasons, management's judgement and estimate is that control has been terminated.

- Although the disposal plan is neither coordinated, nor is it in compliance with a specific decision of the Group's management, there is no other realistic alternative but to present the component in Romania as a discontinued operation. Additionally, IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' does not contain explicit provisions regarding the accounting treatment and presentation of presumed disposals where control over a subsidiary is lost. Management is required to make its own justified judgment. As a result of the available facts and circumstances, it has deemed that, for more accurate representation in the interim condensed consolidated financial statement, the results of Euroins Romania Asigurare-Reasigurare S.A.'s operations are to be presented separately from the Group's other activities under a separate line item 'discontinued operations' for 2022.

Based on the available information, received after 17th March 2023, the Group's management has determined that as per the requirements of IFRS 10 'Consolidated Financial Statements' and IAS 10 'Events after the reporting period' it should recorded a lost control over Euroins Romania Asigurare-Reasigurare S.A. in relation to the comparative information as of December 31, 2022. The assets, liabilities, and accordingly the net assets and components of other comprehensive income and non-controlling interest have been derecognized in the consolidated statement for 2022. Information on the financial effect of the derecognition is presented in *Note 35.3* in the Audited Annual Consolidated Financial Report for 2022. The result related to the component in Romania includes a profit from the discontinued operation for 2022 amounting to BGN 69 464 thousand and a loss from the loss of control of the subsidiary of BGN 247484 thousand, presented as part of the total amount in the line item (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.

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 31 December 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 or revised standards or interpretations

The Group has made changes to its accounting policy in connection with the application of IFRS 17 Insurance Contracts, which is effective for the current reporting period beginning on 1 January 2023.

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

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

- IFRS 17 "Insurance Contracts" effective from 1 January 2023, adopted by the EU;
The group recalculated the comparative information as of 31 December 2022 in accordance with IFRS 17 - Insurance contracts.
- Amendments to IFRS 17 "Insurance contracts: Initial application of IFRS 17 and IFRS 9 – Comparative information" effective from 1 January 2023, adopted by the EU;
- Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 "Disclosure of accounting policies", 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 12 "Income taxes: International Tax Reform – Pillar Two Model Rules", effective from 1 January 2023, adopted by the EU.

Due to the size of the economic activity of the Starcom Holding AD Group, to which Eurohold Bulgaria AD belongs, the Company is expected to be subject to global tax under the changes in the Corporate Income Tax Act, which are in effect from 1 January 2024. The Company and the group to which it belongs are in the process of analysing the new requirements issued by the Organization for Economic Cooperation and Development (OECD) and adopted by national governments. Therefore, the Company has applied the exception for the recognition of deferred tax assets and liabilities related to second pillar income taxes (paragraph 4A of IAS 12), and for disclosing information about them in the annual separate financial statements for 2023. The new rules in the Corporate Income Tax Act introduce the following types of taxation:

- Additional Current Top-up Tax, which occurs:
 - Primary taxation with additional tax on parent companies, and
 - Secondary taxation with additional tax;
- National Additional Current Top-up Tax.

2.5.2. Documents issued by IASB / IFRIC, which are not endorsed in the EU

At the date of authorisation of these interim condensed separate financial statements, certain new standards, amendments and interpretations to existing standards have been issued, but are not effective or adopted by the EU for the financial year beginning on 1 January 2023 and have not been applied early by the Company. They are not expected to have a material impact on the Company's financial statements. Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. A list of the changes in the standards is provided below:

- Amendments to IAS 1 "Presentation of financial statements: Classification of liabilities as current or non-current", effective from 1 January 2024, adopted by the EU;
- Amendments to IAS 1 "Presentation of financial statements: Non-current liabilities with covenants", effective from 1 January 2024, adopted by the EU;
- Amendments to IFRS 16 "Leases: Lease Liability in a Sale and Leaseback", effective not earlier than 1 January 2024, adopted by the EU;
- Amendments to IAS 7 "Statement of cash flows" and IFRS 7 "Financial instruments: Disclosures: supplier finance arrangements", effective from 1 January 2024, not yet adopted by the EU;
- Amendments to IAS 21 "The effects of changes in foreign exchange rates: Lack of exchangeability", effective from 01 January 2025, not yet adopted by the EU.

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 concerning its financial instruments. The most significant are market risk (including currency risk, risk of changes in the fair value of financial instruments due to market interest rates, and price risk), credit risk, liquidity risk, and the risk of changes in future cash flows resulting from changes in market interest rates. The comprehensive risk management program focuses on the unpredictability of financial markets and aims to mitigate potential adverse effects on the Group's financial results.

The interim condensed consolidated financial statements do not include all the information regarding risk management and disclosures required for annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2022. There have been no changes in the risk management policy regarding financial instruments during the period.

2.7.1. Macroeconomic forecast and macroeconomic risks

In the mid-term, real incomes are expected to improve, leading to an anticipated upturn in economic growth supported by strengthening external demand and the resolution of remaining supply difficulties, despite less favorable financing conditions. The labor market is expected to remain relatively resilient during the upcoming moderate recession. Overall, the annual growth of real GDP is expected to significantly slow down – from 3.4% in 2022 to 0.5% in 2023, followed by an acceleration to 1.9% in 2024 and 1.8% in 2025.

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

2.7.2. Effect on economic growth

The table below presents information on the expectations for economic growth of the Republic of Bulgaria, according to the data of the International Monetary Fund (January 2024: <https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024>)

	Historical data						Forecast	
	2018	2019	2020	2021	2022	2023	2024	2025
Economic GDP growth	1.9%	1.5%	(6.3)%	5.2%	3.3%	0.5%	0.9%	1.7%

2.7.3. Effect on credit ratings

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

	Rating	Outlook
Republic of Bulgaria (27 October 2023)	BBB+	Positive
Eurohold Bulgaria AD (20 June 2023)	B	Stable

2.7.4. Analysis of the expected effect on the IFRS model 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.

2.7.5. 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.

Eurohold Bulgaria owns, through its subsidiary Euroins Insurance Group AD, investments in insurance companies in Ukraine.

The Company has obligations under bank loans to the International Economic Bank, Russia and the International Bank for Economic Cooperation, Russia.

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

2.7.6. 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 31 December 2023, the Company has not identified significant risks caused by climate change that could have a negative and material impact on the Company's financial statements.

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.

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

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Open market customers	1 240 880	2 314 396
Household consumers	841 909	780 072
Business consumers	163 274	416 477
Connections fee revenue	26 962	21 727
Penalties for overdue payment	-	5 104
Revenues from services for research, repair and maintenance of electricity distribution network, and commercial metering devices	8 602	10 307
Revenues from information, communication, technological services (ICT) and others	1 641	3 905
Revenues from the Power System Security Fund	824	939
Other revenue	36 052	22 980
	2 320 144	3 575 907

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

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Costs for purchased electricity	(1 604 644)	(2 839 319)
Technological costs for electricity transmission	(151 851)	(199 492)
Balancing energy	(32 215)	(74 677)
Costs for transmission and access services	(2 310)	(3 765)
Other expenses	(473)	(121)
	(1 791 493)	(3 117 374)

5. Revenues from insurance

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Revenues from insurance	502 988	471 913
	502 988	471 913

The Group has restated the comparative information as at 31.12.2022 in accordance with IFRS 17 Insurance contracts.

6. Expenses of insurance business

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Expenses of insurance business	(483 063)	(456 183)
	(483 063)	(456 183)

The Group has restated the comparative information as at 31.12.2022 in accordance with IFRS 17 Insurance contracts.

7. Net result from reinsurance contracts

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Revenues from reinsurance	54 201	276 911
Expenses of reinsurance	(124 951)	(280 016)
	(70 750)	(3 105)

8. Net financial income/(expenses) of insurance

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Gain from revaluation of financial assets	3 674	2 905
Interest income under effective interest method	6 076	4 894
Other investment revenue	434	11 473
Loss from revaluation of financial assets	(6 290)	(3 902)
Investment costs	(2 007)	(2 665)
	1 887	12 705

9. Other income by segments

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Energy business	35 002	22 038
Insurance business	-	4 029
Asset management and brokerage	82	51
Parent company	2 574	194
	37 658	26 312

10. Gain/loss from operation with financial instruments

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Gain from operations with financial instruments	15 228	10 163
Loss from operations with financial instruments	(14 476)	(12 064)
	752	(1 901)

10.1. Gain from operations with financial instruments

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Energy business	3 373	1 202
Asset management and brokerage	10 661	7 856
Parent company	1 194	1 105
	15 228	10 163

10.2. Loss from operations with financial instruments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(3 988)	(1 325)
Asset management and brokerage	(10 478)	(8 030)
Parent company	(10)	(2 709)
	(14 476)	(12 064)

11. Administrative costs

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Expenses on materials (<i>Note 11.1</i>)	(17 122)	(16 247)
Hired services expenses (<i>Note 11.2</i>)	(77 994)	(71 455)
Employee benefits expenses (<i>Note 11.3</i>)	(174 656)	(142 336)
Other expenses (<i>Note 11.4</i>)	(15 144)	(20 656)
	(284 916)	(250 694)

11.1. Expenses on materials by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(15 932)	(15 296)
Insurance business	(1 116)	(863)
Asset management and brokerage	(52)	(74)
Parent company	(22)	(14)
	(17 122)	(16 247)

11.2. Hired services expenses by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(54 597)	(54 484)
Insurance business	(17 901)	(11 808)
Asset management and brokerage	(708)	(578)
Parent company	(4 788)	(4 585)
	(77 994)	(71 455)

11.3. Employee benefits expenses by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(155 856)	(124 803)
Insurance business	(16 431)	(15 399)
Asset management and brokerage	(1 353)	(1 154)
Parent company	(1 016)	(980)
	(174 656)	(142 336)

11.4. Other administrative expenses by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(13 043)	(17 836)
Insurance business	(1 414)	(1 841)
Asset management and brokerage	(240)	(220)
Parent company	(447)	(759)
	(15 144)	(20 656)

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

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Impairment loss on financial assets	(2 404)	(11 961)
Recovered impairment loss on financial assets	2 983	870
	579	(11 091)

13. Other operating expenses

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(21 777)	(12 756)
Insurance business	(5 929)	-
	(27 706)	(12 756)

14. Depreciation and amortisation by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business incl.	(105 756)	(105 398)
<i>Right of use assets</i>	<i>(6 067)</i>	<i>(5 425)</i>
Insurance business incl.	(4 845)	(4 490)
<i>Right of use assets</i>	<i>(3 396)</i>	<i>(2 917)</i>
Asset management and brokerage incl.	(286)	(264)
<i>Right of use assets</i>	<i>(218)</i>	<i>(198)</i>
Parent company incl.	(207)	(295)
<i>Right of use assets</i>	<i>(176)</i>	<i>(249)</i>
	(111 094)	(110 447)

15. Finance income

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Interest income	3 702	1 880
Other finance income	768	1 988
	4 470	3 868

15.1. Interest income by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	3 084	1 308
Insurance business	618	572
	3 702	1 880

15.2. Other finance income by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	768	1 988
	768	1 988

16. Finance costs

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Interest costs	(115 043)	(88 155)
Interest costs on right of use assets	(1 072)	(865)
Other finance costs	(10 046)	(13 880)
	(126 161)	(102 900)

16.1. Interest costs by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(84 629)	(64 011)
Insurance business	(8 038)	(3 647)
Asset management and brokerage	(155)	(84)
Parent company	(22 221)	(20 413)
	(115 043)	(88 155)

16.2. Interest costs – right of use assets by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(479)	(225)
Insurance business	(504)	(549)
Asset management and brokerage	(43)	(44)
Parent company	(46)	(47)
	(1 072)	(865)

16.3. Other finance costs by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(9 184)	(2 640)
Insurance business	(241)	(5 082)
Parent company	(621)	(6 158)
	(10 046)	(13 880)

17. Tax expenses

	2023 BGN'000	2022 BGN'000
Income tax expense	(23 951)	(17 557)
Deferred tax income	3 201	5 123
	(20 750)	(12 434)

18. Cash and cash equivalents by segments

	31.12.2023 BGN'000	31.12.2022 BGN'000
Cash on hand	1 240	1 127
Cash at banks (incl. deposits up to 3 months)	223 961	207 142
Restricted cash	343	5 487
Cash equivalents	1 803	724
<i>Impairment ECL – IFRS 9</i>	(420)	(468)
	226 927	214 012

18.1. Cash and cash equivalents by segments

	31.12.2023 BGN'000	31.12.2022 BGN'000
Energy business	203 707	177 883
Insurance business	18 715	28 457
Asset management and brokerage	4 412	5 434
Parent company	93	2 238
	226 927	214 012

19. Time deposits at banks by segments

	31.12.2023 BGN'000	31.12.2022 BGN'000
Insurance business	24 849	53 784
<i>Impairment</i>	(173)	(595)
	24 676	53 189

20. Trade and other receivables

	31.12.2023 BGN'000	31.12.2022 BGN'000
Non-current trade receivables (<i>Note 20.1</i>)	6 948	5 517
Current trade receivables (<i>Note 20.2</i>)	389 837	353 174
Other receivables (<i>Note 20.3</i>)	72 525	161 766
	469 310	520 457

20.1. Non-current trade receivables by segments

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Insurance business	6 920	5 501
Asset management and brokerage	28	16
	6 948	5 517

20.2. Current trade receivables

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Trade receivables	358 542	391 675
<i>Impairment</i>	(68 810)	(67 683)
Advances paid	100 105	29 182
	389 837	353 174

20.2.1. Trade receivables by segments

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	330 930	383 631
<i>Impairment</i>	(68 294)	(67 669)
Insurance business	26 138	7 809
Parent company	1 474	235
<i>Impairment</i>	(516)	(14)
	289 732	323 992

20.2.2. Advances paid by segments

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	98 839	4 999
Insurance business	1 266	24 183
	100 105	29 182

20.3. Other receivables by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	47 171	142 743
<i>Impairment</i>	<i>(12 178)</i>	<i>(12 366)</i>
Insurance business	21 105	5 805
<i>Impairment</i>	<i>(1 716)</i>	<i>(1 716)</i>
Asset management and brokerage	221	240
Parent company	5	18 005
<i>Impairment</i>	<i>-</i>	<i>(2 700)</i>
Prepaid expenses (<i>Note 20.3.1.</i>)	6 177	4 783
Court and awarded receivables (<i>Note 20.3.2.</i>)	41 932	42 474
<i>Impairment</i>	<i>(38 156)</i>	<i>(38 767)</i>
Tax receivables (<i>Note 20.3.3.</i>)	7 964	3 265
	72 525	161 766

20.3.1. Prepaid expenses by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	5 701	4 632
Insurance business	363	29
Parent company	113	122
	6 177	4 783

20.3.2. Court and awarded receivables by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	41 932	42 404
<i>Impairment</i>	<i>(38 156)</i>	<i>(38 767)</i>
Insurance business	-	70
	3 776	3 707

20.3.3. Tax receivables by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	7 929	3 009
Insurance business	35	39
Parent company	-	217
	7 964	3 265

21. Financial assets by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Government bonds measured at FVTPL, incl.:	956	780
<i>Asset management and brokerage</i>	956	780
Government bonds measured at amortised cost, incl.:	2 167	3 845
<i>Insurance business</i>	2 167	3 845
Total government bonds	3 123	4 625
Corporate bonds measured at FVTPL, incl.:	136 025	25 169
<i>Energy business</i>	36 464	1 995
<i>Insurance business</i>	98 207	21 166
<i>Asset management and brokerage</i>	1 347	2 001
<i>Parent company</i>	7	7
Total corporate bonds	136 025	25 169
Capital investments measured at FVTPL, incl.:	236 153	114 222
<i>Energy business</i>	8 114	17 450
<i>Insurance business</i>	213 050	89 451
<i>Asset management and brokerage</i>	14 980	7 321
<i>Parent company</i>	9	9
<i>Impairment</i>	(9)	(9)
Total capital investments	236 153	114 222
Other financial assets measured at amortised cost, incl.:	49 985	97 243
<i>Energy business</i>	44 671	37 189
<i>Insurance business</i>	5 024	51 773
<i>Asset management and brokerage</i>	934	8 914
<i>Impairment</i>	(644)	(633)
Total other financial assets	49 985	97 243
	425 286	241 259

22. Investment in associates

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	11 272	-
	11 272	-

The insurance business investment represents an associated participation in "EIG Re" EAD. The share capital is in the amount of BGN 12 500 thousand. The company is a licensed company for carrying out insurance activities in the field of general insurance with Decision No. 100/20.11.2000 of the National Insurance Council and is a member of the Association of Bulgarian Insurers and the National Bureau of Bulgarian Motor Insurers.

At the end of 2023, the Group transferred its control over "EIG Re" EAD to third parties within the meaning of IFRS 10 "Consolidated Financial Statements" and transformed its interest in the company from a subsidiary to an associate. (*Note 34.3.1. Disposals in 2023*).

23. Inventory by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	23 790	32 787
Insurance business	186	293
	23 976	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 2023, the Group has not recognized an impairment of its inventories.

24. Property, plant and equipment

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Land and buildings	107 621	109 773
Land and buildings – Rights of use	20 116	27 133
Machinery, plant and equipment	695 819	684 967
Machinery, plant and equipment – Rights of use	26	1 082
Vehicles by segments	7 673	5 911
Vehicles by segments – Rights of use	2 923	438
Furniture and fittings and other assets	2 212	2 491
Fixed assets under construction	33 445	35 852
	869 835	867 647

24.1. Land and buildings by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	104 080	107 482
Insurance business	3 541	2 291
	107 621	109 773

24.2. Land and buildings – Rights of use by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	7 677	10 473
Insurance business	10 695	14 593
Asset management and brokerage	793	940
Parent company	951	1 127
	20 116	27 133

24.3. Machinery, plant and equipment by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	694 257	683 098
Insurance business	1 562	1 869
	695 819	684 967

24.4. Machinery, plant and equipment – Rights of use by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	26	1 082
	26	1 082

24.5. Vehicles by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	7 195	5 252
Insurance business	397	583
Parent company	81	76
	7 673	5 911

24.6. Vehicles – Rights of use by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	2 120	21
Insurance business	670	213
Asset management and brokerage	133	204
	2 923	438

24.7. Furniture and fittings and other assets by segment

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	1 837	2 085
Insurance business	340	367
Asset management and brokerage	19	38
Parent company	16	1
	2 212	2 491

24.8. Fixed assets under construction by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	33 431	35 829
Insurance business	14	23
	33 445	35 852

During 2023 and 2022, the Group has not recognized 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.

25. Non-tangible assets

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	90 622	98 184
Insurance business	3 169	2 267
Asset management and brokerage	125	62
Parent company	-	1
	93 916	100 514

The Group conducts an impairment review of intangible assets annually. As of December 31, 2023 and 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.

26. Goodwill

	31.12.2023 <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

27. Deferred tax assets by segments

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	8 078	7 584
Insurance business	650	1 924
Asset management and brokerage	6	-
	8 734	9 508

28. Subordinated debts

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Subordinated debt instruments, incl.:	55 265	48 459
<i>Insurance business</i>	54 879	39 879
<i>Parent company</i>	386	8 580
	55 265	48 459

Subordinated debt has no fixed maturity and the lender cannot demand its repayment, regardless of whether there is an event of default under the agreement. The Group has the right (but is not obliged) to repay 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 corresponding tranche. Premature demandability of the principal amount 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.

28.1. 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 28.06.2032. 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 mln. interest rate equal to 5% and repayment term not earlier than 5 years from the date of lending.

28.2. Parent company

The subordinated debt of the Parent Company consists a debt to Starcom Holding AD with interest payable in the amount of 5% (five percent) on an annual basis on the borrowed sums of money for the period of their actual use and repayment period 09.08.2026.

29. Bank and non-bank loans by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	982 054	992 336
Insurance business	252	301
Parent company	51 737	124 294
	1 034 043	1 116 931

29.1. Non-current bank and non-bank loans by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business, incl.	780 886	980 602
<i>Bank loans</i>	546 181	722 018
<i>Loans from non-bank financial institutions</i>	234 705	258 584
Parent company, incl.:	21 271	16 555
<i>Bank loans</i>	21 271	16 555
	802 157	997 157

29.2. Current bank and non-bank loans by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business, incl.	201 168	11 734
<i>Bank loans</i>	201 168	11 734
<i>Loans from non-bank financial institutions</i>	-	-
Insurance business, incl.	252	301
<i>Bank loans</i>	252	301
Parent company, incl.:	30 466	107 739
<i>Bank loans</i>	30 466	107 739
	231 886	119 774

29.3. Information about loans from bank and non-bank financial institutions

Bank	Currency	Limit (in '000 original currency)	Principal due 31.12.2023 (In '000 EUR)	Principal due 31.12.2022 (In '000 EUR)	Interest	Maturity date	Collateral
JSC VTB Bank Georgia	GEL	400	129	125	13%	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	16 909	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.

30. Bond liabilities by segments

	31.12.2023 BGN'000	31.12.2022 BGN'000
Parent company, incl.:	217 588	228 891
<i>Current</i>	1 324	1 571
<i>Non-current</i>	216 264	227 320
	217 588	228 891

30.1. Information on bond issues

	Coupon	Original currency	Maturity	31.12.2023 Book value* BGN'000	31.12.2023 Nominal in '000 in original currency	31.12.2022 Book value* BGN'000	31.12.2022 Nominal in '000 in original currency
Parent company							
EMTN Programme with ISIN XS1731768302	6.50%	EUR	06.2026	85 902	70 000	76 432	70 000
EMTN Programme with ISIN: XS1542984288	8.00%	EUR	12.2026	19 567	10 000	19 567	10 000
Corporate bonds with ISIN:BG2100013205	3.25%	EUR	11.2027	56 895	30 000	56 896	30 000
Corporate bonds with ISIN:BG2100002224	3.25%	EUR	03.2029	55 224	40 000	75 996	40 000
TOTAL:				217 588	150 000	228 891	150 000

* Presented net of own bonds held within 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.

31. Trade and other liabilities

	31.12.2023 BGN'000	31.12.2022 BGN'000
Current trade liabilities (<i>Note 31.1</i>)	200 649	197 396
Other current liabilities (<i>Note 31.2</i>)	220 016	263 924
Lease liabilities (<i>Note 31.3</i>)	25 056	30 423
Non-current other liabilities (<i>Note 31.4</i>)	134 606	64 547
	580 327	556 290

31.1 Current trade liabilities by segments

	31.12.2023 BGN'000	31.12.2022 BGN'000
Energy business	180 981	187 470
Insurance business	8 251	8 508
Asset management and brokerage	50	44
Parent company	11 367	1 374
	200 649	197 396

31.2. Current other liabilities

	31.12.2023 BGN'000	31.12.2022 BGN'000
Provisions (<i>Note 30.2.1</i>)	44 572	38 731
Tax liabilities	16 485	16 125
Payables to employees	40 909	31 532
Deferred income	7 875	17 297
Social-security liabilities	7 615	6 024
Other current liabilities (<i>Note 30.2.2</i>)	102 560	154 215
	220 016	263 924

31.2.1. Provisions

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	41 744	37 239
Insurance business	2 828	1 324
Asset management and brokerage	-	168
	44 572	38 731

31.2.2. Other current liabilities by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	14 081	41 891
Insurance business	43 872	55 053
Asset management and brokerage	67	919
Parent company	44 540	56 352
	102 560	154 215

31.3. Lease liabilities – Rights of use by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business incl.	10 843	12 465
<i>Current</i>	5 121	5 034
<i>Non-current</i>	5 722	7 431
Insurance business incl.	12 016	15 470
<i>Current</i>	4 847	3 300
<i>Non-current</i>	7 169	12 170
Asset management and brokerage incl.	1 011	1 180
<i>Current</i>	175	169
<i>Non-current</i>	836	1 011
Parent company incl.	1 186	1 308
<i>Current</i>	269	202
<i>Non-current</i>	917	1 106
	25 056	30 423

31.4 Non-current trade liabilities

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Other non-current liabilities	115 202	51 835
Deferred income	19 404	12 712
	134 606	64 547

31.4.1. Other non-current liabilities by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	20 891	19 599
Insurance business	35 603	18 404
Parent company	58 708	13 832
	115 202	51 835

31.4.2. Current deferred income by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	19 404	12 712
	19 404	12 712

32. Deferred tax liabilities by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	18 081	20 558
Insurance business	-	22
	18 081	20 580

33. Share capital

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
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 31.12.2023, 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 31.12.2023 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.	8.63%	22 482 578	22 482 578
SLS Holding AD	8.68%	22 606 273	22 606 273
PENSION ASSURANCE COMPANY - FUTURE through the following funds managed by it UPF-Future PPF-Future SPF-Future	5.06%	13 179 398	13 179 398
Other legal entities	15.06%	39 223 015	39 223 015
Other individuals	1.70%	4 437 706	4 437 706
Total	100.00%	260 500 000	260 500 000

34. Acquisitions and disposals of companies

34.1. Acquisition in 2023

Insurance business

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).

34.2. Acquisitions in 2022

Energy business

(1) On May 23, 2022, the Board of Directors of Eurohold Bulgaria AD decided to establish a subsidiary named Electrohold 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 EDG West EAD (CEZ Razpredelenie 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 Electrohold Sales 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 Electrohold Sales 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 Elektrorazpredelitelni mrezi Zapad EAD (ERM Zapad EAD) and Electrohold Sales 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 Electrodistribution Grid West 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 Electrohold Sales 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 Electrodistribution Grid West EAD (ERM Zapad EAD) and Electrohold Sales EAD as public companies from the register under Art. 30, para. 1, item 3 of the FSC, maintained by the FSC.

34.3. Disposals and discontinued operations

34.3.1. Disposals during 2023

Insurance business

From December 29, 2023, Euroins Insurance Group AD transferred the effective control of Insurance Company EIG Re EAD, regardless of when the actual and legal actions for transferring the shares to the buyers are carried out.

Euroins Insurance Group AD holds the shares for the account of the buyers, until the effective transfer of the shares. From the effective date of the contracts, the purchasers have all the rights to exercise effective control over the company.

Profit for the period from discontinued operations

	2023 BGN'000
Financial result from insurance and net gain from investments	37 055
Other operating revenues/(expenses), net	(18 358)
EBT	18 697
Tax expense	(1 870)
Profit for the year	16 827
<i>Eliminations under Insurance Group level, net</i>	<i>101 988</i>
Financial result from loss of control	5 262
Profit for the year	124 077
<i>Eliminations under Eurohold Bulgaria AD, net</i>	<i>298</i>
Profit for the year	124 375

34.3.2. Disposals during 2022

Insurance business

(1) Regardless of the actions taken by the Group to support its subsidiary in Romania, as described in [Note 2.4.](#) above, on March 17, 2023, the Romanian financial regulator (Autoritatea de Supraveghere Financiară) revoked the license for insurance activities of Euroins Romania Insurance - Reinsurance S.A., a subsidiary of Euroins Insurance Group AD. The regulator's decision also includes a request for initiating insolvency proceedings and appointing the Insurance Guarantee Fund (Fondul de Garantare a Asiguraților) as a temporary administrator of the company.

The management of Eurohold Bulgaria AD, the majority shareholder in Euroins Insurance Group AD, stated that apart from Euroins Romania, all other subsidiaries and businesses of Eurohold Group, including insurance, are operating and will continue to operate as usual and without any problems, serving their clients and obligations and fulfilling their business plans for the year. [See Note 35.1. Legal cases](#)

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

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.

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. Contingent liabilities and commitments, provisions for court cases

35.1. 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, opening the insolvency procedure. Euroins Romania has appealed the decision to a higher court, and as of the issuance of the interim consolidated condensed financial statement, the decision to initiate insolvency proceedings has not yet been confirmed by the Romanian court with an official court decision.

In 2023, the Group initiated numerous legal proceedings aiming to protect its interests by challenging the unlawful actions of the Romanian authorities. As of the date of issuance of this interim condensed consolidated financial statement, neither the insolvency procedure nor the decisions of the Romanian regulator have been confirmed by the Romanian judicial system with a final court decision.

In May 2024, the Group announced that it had initiated a request for arbitration proceedings at the International Center for Settlement of Investment Disputes in Washington, USA, against the Romanian state, seeking compensation for losses exceeding EUR 500 million.

As of December 31, 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.

35.2. Provided Sureties and Guarantees by the Group

(1) The Group is a co-debtor/guarantor for loans obtained from banks/financial institutions as follows:

Business	Amount EUR'000 as of 31.12.2023	Amount BGN'000 as of 31.12.2023	Amount EUR'000 as of 31.12.2022	Amount BGN'000 as of 31.12.2022	Maturity (EUR'000)					
					2024	2025	2026	2027	2028	2024
Ultimate parent company										
Working capital loans	-	-	6 360	12 43	-	-	-	-	-	-
Bank loans for investment purposes	5 000	9 779	5 000	9 779	5 000	-	-	-	-	-
Group of leasing companies										
For financing leasing activities - Related parties 30.06.2022	18 519	36 220	21 891	42 815	7 749	5 534	4 048	1 018	170	-
Group of automotive companies										
Working capital loans - Related parties 30.06.2022	5 167	10 106	4 788	9 365	2 542	523	523	523	523	533
TOTAL:	28 686	56 105	38 039	74 398	15 291	6 057	4 571	1 541	693	533

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

Business	Amount EUR'000 as of 31.12.2023	Amount BGN'000 as of 31.12.2023	Amount EUR'000 as of 31.12.2022	Amount BGN'000 as of 31.12.2022	Maturity (EUR'000)
Automotive sub-holding (related party up to 30.6.2022)	1 662	3 251	1 800	3 520	2024
TOTAL:	3 712	7 260	3 850	7 529	

- (3) In connection with the participation of IC Euroins AD through its branch in the Hellenic Republic in the so-called friendly settlement agreement between the insurers that offer compulsory motor third party liability insurance on the territory of the Hellenic Republic, a bank guarantee has been established in favor of the Greek Association of Insurers. As at December 31, 2023 the bank guarantee is amounting to EUR 243 thousand (BGN 243 thousand) and the funds are blocked on a deposit account of the Branch.
- (4) Insurers that offer compulsory motor third party liability insurance present a bank guarantee in accordance with the Statute of the National Bureau of Bulgarian Motor Insurers (NBBAZ). As at December 31, 2023, two of the Bulgarian companies in the Group (IC Euroins AD and IC EIG Re EAD) provide separate bank guarantee amounting to EUR 600 thousand each in favor of NBBAZ, as the funds securing the bank guarantees are blocked on the current account of the two companies.
- (5) The subsidiary ERM Zapad EAD has established a bank guarantee in favour of Sofia Municipality in the amount of BGN 68 thousand for the restoration of pavements during investment activities.
- (6) Electrohold Bulgaria EOOD As of December 31, 2023, by order of Electrohold Bulgaria EOOD, two bank guarantees have been issued with a total amount of BGN 87 thousand. As of 31.12.2023, the Company acts as a guarantor, with funds restricted in favour of a commercial bank in the amount of BGN 19 558 thousand.

35.3. Sureties and Guarantees Received by the Group

- (1) Established guarantees in favor of Eurohold Bulgaria AD from Milena Milchova Cuentcheva, Procurator - 3300 BGN, Maturity date 03/2024. Automatic renewal until the Procurator is released from liability.
- (2) Suppliers of the subsidiary ERM Zapad EAD have established bank deposit collateral in its favour for the performance of contracts concluded therewith for the delivery of materials and services. The amount of securities valid as at 31 December 2023 is BGN 14 822 thousand (2022: BGN 14 300 thousand).
- (3) According to the Rules on the conditions and procedure for granting access to the electricity transmission and distribution grids, where it is stated that a guaranteed collateral of customers eligible for transactions at freely negotiated prices is to be provided in favour of the subsidiary's incorporated bank guarantees amounting at BGN 3 323 thousand as at 31 December 2023(2022: BGN 2 382 thousand).
- (4) According to the amendments in 2023 to the Renewable Energy Sources Act, producers from renewable energy sources are required to provide a guarantee during the connection procedure. The amount of valid guarantees established as of 31.12.2023, is BGN 375 thousand.
- (5) As of 31 December 2023, guarantees for the implementation of concluded contracts in the total amount of BGN 929 thousand (2022: BGN 806 thousand) have been established in favour of the subsidiary - Electrohold ICT EAD.
- (6) Clients of the subsidiary Electrohold Trade EAD have established in his favour in 2023 bank guarantees in the amount of BGN 458 thousand, thus the amount of valid bank guarantees as of 31.12.2023 issued in favour of the subsidiary is BGN 1 305 thousand (2022: BGN 1 354 thousand).
The issued bank guarantees secure the payments under contracts for sale of electricity and balancing.
- (7) As of December 31, 2023 guarantees for the performance of concluded contracts has been established in favour of the subsidiary Electrohold EPC EOOD amounting to BGN 2 320 thousand.

35.4. Pledge of shares

In connection with a loan to a company from Automotive Subholding, which as of 31.12.2023 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 and renegotiated in 09.2023.

36. Related parties

The structure of the economic group is disclosed in *Note 1.2. Structure of the economic group*.

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.

Other participations:

- Solars Energy AD - associate of Starcom Holding AD as of October 2022.
- Euroins Romania Asigurare-Reasigurare S.A., Romania – subsidiary of Euroins Insurance Group AD with 98.57% Loss of control as of 31.12.2022. *Note 2.4. Significant management judgments in applying accounting policy.*
- EIG Re EAD – associate of EIG AD as of 31.12.2023 – *Notes 22. Investments in associates and 34.3.1. Releases in 2023.*

Related party balances

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Loans granted to Starcom Holding AD	-	4 632
Loans provided through repo transactions to Starcom Holding AD	4 538	2 412
Right of use - office - Hanson Asset Management Ltd UK	757	1 006
Assets under reinsurance contracts held – EIG Re EAD	14 198	-
Other receivables – EIG Re EAD	118	-
Liabilities under insurance and reinsurance contracts – EIG Re EAD	9 387	-
Leasing liabilities - Hanson Asset Management Ltd UK	775	1 056
Loans received from Starcom Holding AD	33 749	52 987
Subordinated debts from Starcom Holding AD	37 584	23 459
Subordinated debts from Starcom Finance EAD	25 000	25 000
Other liabilities to Starcom Holding AD	2 673	3 772
Other liabilities to Starcom Finance EAD - interest on subordinated debt	420	383
Dividend obligations to Starcom Holding AD	101	101
Other receivables from Euroins Romania Asigurare-Reasigurare S.A., Romania	509	193
Liability under the agreement with Euroins Romania Asigurare-Reasigurare S.A. for a loan of financial instruments has an annual interest rate of 7.0% and maturity on December 5, 2023, incl.	3 671	3 445
<i>-interest</i>	<i>444</i>	<i>218</i>
Liability under the swap agreement with Euroins Romania Asigurare-Reasigurare S.A., Romania	-	895
Trade liabilities to Euroins Romania Asigurare-Reasigurare S.A., Romania	-	15
Principal loan liabilities	-	8
Interest liabilities	-	139

Related party transactions

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Commission fee income from Starcom Holding AD	336	394
Commission fee income from First Investment Bank, Russia	-	1
Commission fee income from Euroins Romania Asigurare-Reasigurare S.A., Romania	80	-
Rental income from Hanson Asset Management Ltd UK	-	60
Interest income from Starcom Holding AD	755	2 712
Revenue from services rendered to Starcom Holding AD	81	87
Other income from Euroins Romania Asigurare-Reasigurare S.A., Romania	39	-
Other income from Hanson Asset Management Ltd UK	5	28
Other income from Starcom Holding AD	19	63
Other income from Swiss Global Asset Management AG, Switzerland	5	1
Interest expenses on loans from Starcom Holding AD	6 027	2 767
Interest expenses from Euroins Romania Asigurare-Reasigurare S.A., Romania	9	-
Interest expenses on loans from Starcom Finance EAD	1 500	383
Interest expenses on leasing agreements (right of use) from Hanson Asset Management Ltd, UK	7	6
Depreciation expense on right-of-use assets from Hanson Asset Management Ltd, UK	297	196

37. Events after the reporting period

At an extraordinary general meeting of shareholders of Eurohold Bulgaria AD held on May 30, 2023, a decision was made for the company to issue a warrant issuance of up to 260 500 000 (two hundred and sixty million and five hundred thousand) non-cash, registered, freely transferable warrants under the conditions of a public offering pursuant to the Public Offering of Securities Act, with an emission value of 0.50 leva (fifty stotinki) each, giving warrant holders the right to exercise within a 10-year period their right to subscribe for the respective number of shares (of the same type and class as the existing share issuance of the company - non-cash, registered, non-privileged, with one (1) vote at the general meeting of shareholders of the company, with dividend rights and rights to a liquidation share) - with a base asset value of the warrants of 2.00 (two) leva per share at a warrant/share conversion ratio of 1:1, which Eurohold Bulgaria AD will issue upon future increases in its capital, provided that the new shares are subscribed for by warrant holders. The public offering of the warrant issuance will be considered successfully completed only if at least 78 150 000 warrants, representing 30% (thirty percent) of the offered securities, are subscribed for and fully paid.

In May 2024, the Group announced that it had initiated a request for arbitration proceedings at the International Center for Settlement of Investment Disputes in Washington, USA, against the Romanian state, seeking compensation for losses exceeding EUR 500 million.

The Management Board of Eurohold Bulgaria AD is not aware of any other significant or material non-adjusting events occurring after the end of the reporting period.

3

INTERIM CONDENSED
CONSOLIDATED REPORT

as of 31 December 2023

OPERATIONAL AND FINANCIAL REVIEW

EUROHOLD GROUP AS OF 31 December 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
- ✓ 19 operating companies
- ✓ 1 associated company
- ✓ 13 countries in Europe
- ✓ 9 400 shareholders
- ✓ 28 years of history

STRATEGIC ASSETS:

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.

Eastern Electric Company II B.V. - Energy

One of the largest energy groups in Bulgaria

Euro-Finance - investment intermediation and asset management

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

KEY FINANCIAL INFORMATION

Eurohold Bulgaria reports strong results of its energy business

The Eurohold Group realized for 2023 a 33.5% decrease in its operating income from the main activity and a gross profit of BGN 481 million.

Highlights of group results

	2023	2022*
Revenues	BGN 2 89 billion ▼ 34%	BGN 4 35 billion
Gross profit	BGN 481 million ▼ 1%	BGN 485 million
EBITDA (earnings before interest, depreciation and taxes)	BGN 208 million ▼ 12%	BGN 236 million
Net result from continuing operations	BGN (25) million ▼ 196%	BGN 26 million
	2023	2022*
Financial assets	BGN 425 million ▲ 76%	BGN 241 million
Cash and cash equivalents	BGN 227 million ▲ 6%	BGN 214 million
Assets Total	BGN 2.48 billion ▲ 0.2%	BGN 2.47 billion
Equity	BGN 118 million ▲ 183%	BGN 42 million
Liabilities	BGN 2.36 billion ▼ 3%	BGN 2.43 billion

* Recalculated data as of 31.12.2022. in accordance with IFRS 17 - 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, IC 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).
- ✓ **On 29 March 2023** - Fitch confirmed the limited impact of the Euroins Romania case on EIG and its other subsidiaries. Fitch Ratings downgraded Euroins Romania from "B+" to "CC" and placed it under monitoring and follow-up development.
 At the same time, Fitch Ratings leaves unchanged the ratings of the other companies evaluated by it, which are part of Euroins Insurance Group AD - IC Euroins AD and the reinsurer EIG Re AD, as well as the group itself. The agency only places them under surveillance with a negative outlook.

April

- ✓ **On 10 April 2023** - 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.
The EBRD wants to help find a solution, therefore, together with EIG, the bank made a proposal to the ASF to find such a solution. In relation to this proposal, EBRD, EIG and ASF continue to hold constructive discussions.

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).
- ✓ **On 29 May 2023** Euroins Insurance Group (EIG) has acquired a subsidiary company in Georgia. EIG is the 100% owner of the trading company "Shardeni 2017" Ltd., Georgia.

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 consulting.
- ✓ **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.

- ✓ **In June 2023**, the management of Eurohold Bulgaria AD decided to return additional capital contributions from Eastern European Electric Company II B.V. in the amount of 22 million euros.

July

- ✓ There were no significant events.

August

- ✓ **On 7 August 2023** - Fitch Ratings affirmed the long-term rating of 'B+' with stable outlook of IC 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**, IC 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 capital increase is through the issuance of 3,750,000 new shares with an issue value of BGN 4 each, of the same type and class as the company's existing share issue, with a nominal value of BGN 1. The amount of capital is increased from 40,971 BGN 200 to BGN 44,721,200, and the shareholding of Euroins Insurance Group AD in the capital of IC Euroins after the increase is 98.75%. The funds have been paid and imported, and will be used to finance the development of the company in foreign markets, primarily in Greece and Poland - the two largest in which the company operates outside of 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.
- ✓ **On 26 October 2023**, Eurohold Bulgaria AD and Euroins Insurance Group AD have officially informed the Romanian government of their intention to file an international arbitration case to protect the holding's investment in Romania, in case the current case dispute with Euroins Romania is not resolved quickly and if the group does not be compensated for the losses suffered.

November

- ✓ There were no significant events.

December

- ✓ From December 29, 2023, Euroins Insurance Group AD transferred the effective control of Insurance Company EIG Re EAD, regardless of when the actual and legal actions for transferring the shares to the buyers are carried out.
Euroins Insurance Group AD holds the shares for the account of the buyers, until the effective transfer of the shares. From the effective date of the contracts, the purchasers have all the rights to exercise effective control over the company.

Debts repaid in 2023 by Eurohold Bulgaria AD (parent company)

- ✓ The company has paid BGN 54 million to JP Morgan ESI, of which BGN 49 million is principal under a loan agreement. The remainder of the principal in the amount of BGN 30 million (EUR 15 million) has been renegotiated until June 2025.
- ✓ Short-term commercial paper (ECP) with ISIN XS2491929290 for EUR 2.5 million and ISIN XS2565406654 for EUR 27.5 million matured during the year.
- ✓ The company has fully repaid a loan to the International Bank for Economic Co-operation in the amount of EUR 12 million.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD DATE

January

- ✓ **On 15 January, 2024**, Eurohold Bulgaria was awarded at an event organized by the Bulgarian Stock Exchange. Eurohold was ranked second among the most liquid companies on the Bulgarian Stock Exchange (BSE) for 2023. Eurohold's books are traded on the "Standard" segment, which is the largest on the BSE by number of listed companies.
- ✓ **Pursuant to the Agreement dated 18.3.2024**, an additional capital contribution of 940,000 euros was made to the subsidiary Eastern European Electric Company II B.V. The amount was paid to EEEEC II B.V. in two tranches - EUR 600,000 on March 14, 2024 and EUR 340,000 on March 15, 2024.

March

- ✓ **On 29 March 2024**, IC Euroins AD (Euroins Bulgaria), part of the insurance group of Eurohold - Euroins Insurance Group AD (EIG) applied for entry in the Commercial Register for an increase of its capital by BGN 20 million.
The capital increase is due to the issue of 5,000,000 new shares with an issue value of BGN 4 each, of the same type and class as the company's existing share issue, with a nominal value of BGN 1. The amount of capital is increased from 410,971 BGN 200 to BGN 44,721,200, and the shareholding of Euroins Insurance Group AD in the capital of IC Euroins after entry in the Commercial Register will be 98.88%. The funds from the capital increase were deposited into the collection account on 27.03.2024.
- ✓ **On 29 March 2024**, at a meeting of the Company's management board, a decision was taken to convene an extraordinary general meeting of shareholders regarding the adoption of a decision to issue warrants in the amount of up to 260,500,000 (two hundred and sixty million and five hundred thousand) the number of non-available, registered, freely transferable warrants under the conditions of a public offering in accordance with of the Public Offering of Securities Act. The warrants have an issue value of BGN 0.50 (fifty cents) each and entitle the warrant holders to exercise within a 10-year period their right to subscribe for the corresponding number of shares (of the same type and class as the company's existing share issue - non-available, registered, non-privileged, with the right to 1 (one) vote in the general meeting of the company's shareholders, with the right to a dividend and the right to a liquidation share) - the underlying asset of the warrants at an issue value of BGN 2.00 (two) per share at a conversion ratio warrant/share 1:1, which "Eurohold Bulgaria" AD will issue in future increase(s) of its capital, under the condition, only in favor of the owners of the warrants.
The public offering of the warrant issue will be considered successfully completed only if at least 78,150,000 of the warrants offered, representing 30% (thirty percent) of the securities offered, are subscribed and fully paid. It is not possible to subscribe for warrants above the maximum permissible amount of securities applied for issuance in the amount of 260,500,000 warrants.

April

- ✓ There were no significant events.
-

May

- ✓ **On 22 May 2024** - Eurohold Bulgaria AD (Eurohold) and Euroins Insurance Group AD (EIG) officially filed an international arbitration case against the Government of Romania at the International Center for Settlement of Investment Disputes (ICSID) in Washington. The claim is worth over EUR 500 million.

Eurohold and EIG are filing the arbitration case for non-compliance by the Romanian state with its obligations under the bilateral agreement for the mutual promotion and protection of investments between Bulgaria and Romania, including its legal commitment to ensure fair and equal treatment of the two companies. EIG is one of the leading investors in the Romanian insurance market with investments for around EUR 280 million. Eurohold and EIG are seeking justice and compensation for the numerous illegal actions of the Romanian authorities that damaged the insurance group's activities in Romania, and specifically in the case of Euroins Romania - completely destroyed its business. The actions of the Romanian authorities in this case adversely affected the entire Romanian insurance market, including the insured and injured parties.

On October 25, 2023, Eurohold and EIG sent a "Notice of Dispute" to the Romanian government, in which they requested an out-of-court settlement of the dispute surrounding the case with Euroins Romania, without prejudice to the group's right to initiate arbitration proceedings. The Romanian government did not take advantage of this opportunity.

Eurohold and EIG will be represented in the arbitration case by the leading international law firm Pinsent Masons, as well as by Jingov, Guginski, Kyuchukov and Velichkov (DGKV), one of the largest and established law firms in Bulgaria.

- ✓ **On 30 May 2024** - At an extraordinary general meeting of shareholders of Eurohold Bulgaria AD held on May 30, 2023, a decision was made for the company to issue a warrant issuance of up to 260 500 000 (two hundred and sixty million and five hundred thousand) non-cash, registered, freely transferable warrants under the conditions of a public offering pursuant to the Public Offering of Securities Act, with an emission value of 0.50 leva (fifty stotinki) each, giving warrant holders the right to exercise within a 10-year period their right to subscribe for the respective number of shares (of the same type and class as the existing share issuance of the company - non-cash, registered, non-privileged, with one (1) vote at the general meeting of shareholders of the company, with dividend rights and rights to a liquidation share) - with a base asset value of the warrants of 2.00 (two) leva per share at a warrant/share conversion ratio of 1:1, which Eurohold Bulgaria AD will issue upon future increases in its capital, provided that the new shares are subscribed for by warrant holders. The public offering of the warrant issuance will be considered successfully completed only if at least 78 150 000 warrants, representing 30% (thirty percent) of the offered securities, are subscribed for and fully paid.
-

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:

- » Bulgarian Stock Exchange AD with stock exchange code EUBG; and
- » 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 31.12.2023 and as of the date of this report, Eurohold Bulgaria AD has holdings in 25 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 (no activity) 	<ul style="list-style-type: none"> » 2 specially created companies for energy business development » 19 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*) ✓ 1 associated company

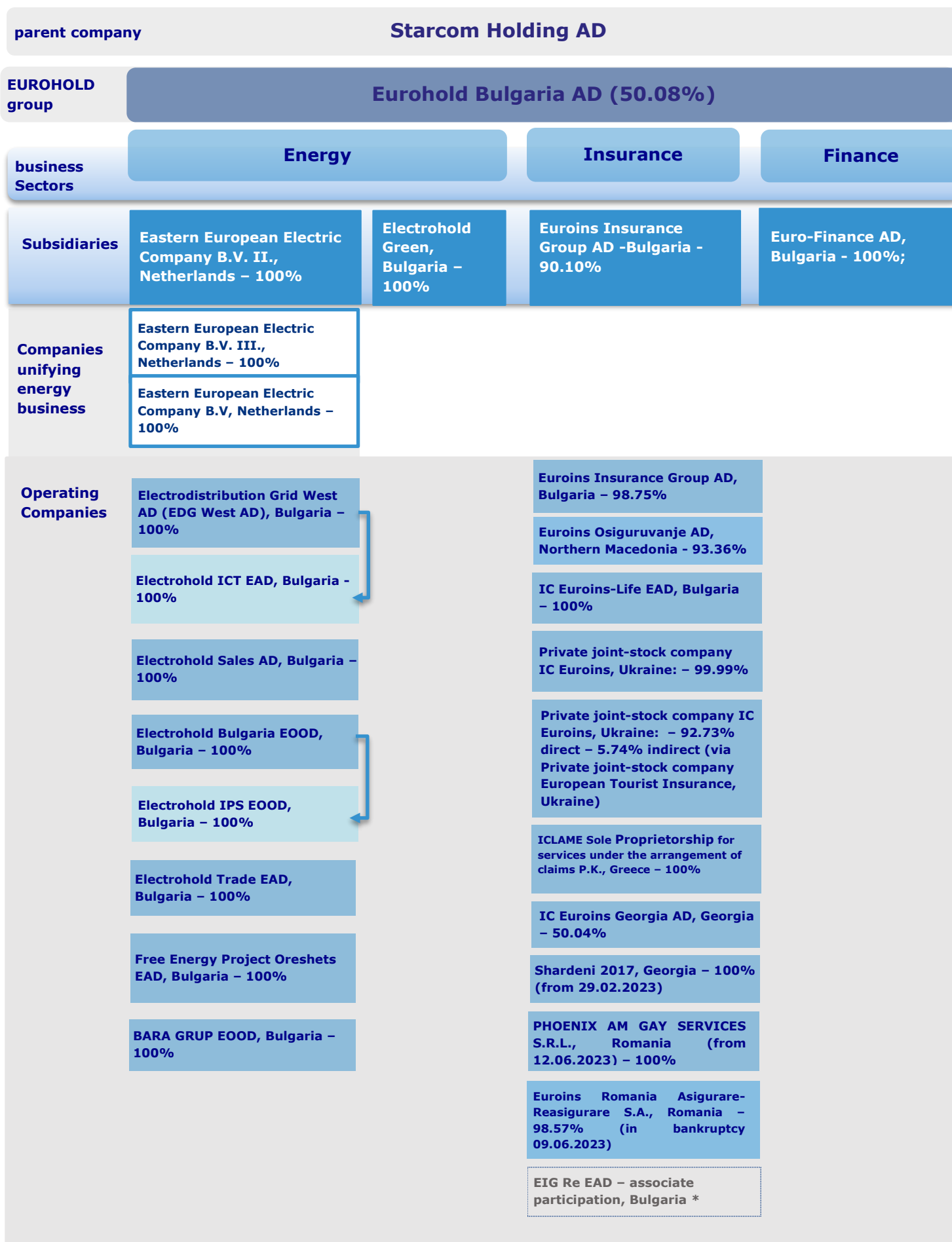
*including the insurance company in Romania (Euroins Romania Asigurare-Reasigurare S.A.) - discontinued operations due to insolvency

Changes in the Eurohold Economic Group for the period 1 January - 31 December 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.
- » On 29.05.2023, Euroins Insurance Group (EIG) acquired a subsidiary in Georgia. EIG is the 100% owner of the trading company "Shardeni 2017" Ltd., Georgia.
- » At the end of 2023, the Group transferred its control over "EIG Re" EAD to third parties within the meaning of IFRS 10 "Consolidated Financial Statements" and transformed its interest in the company from a subsidiary to an associate.

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, Euroins Insurance 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 31.12.2023 AND AS OF THE DATE OF THIS REPORT


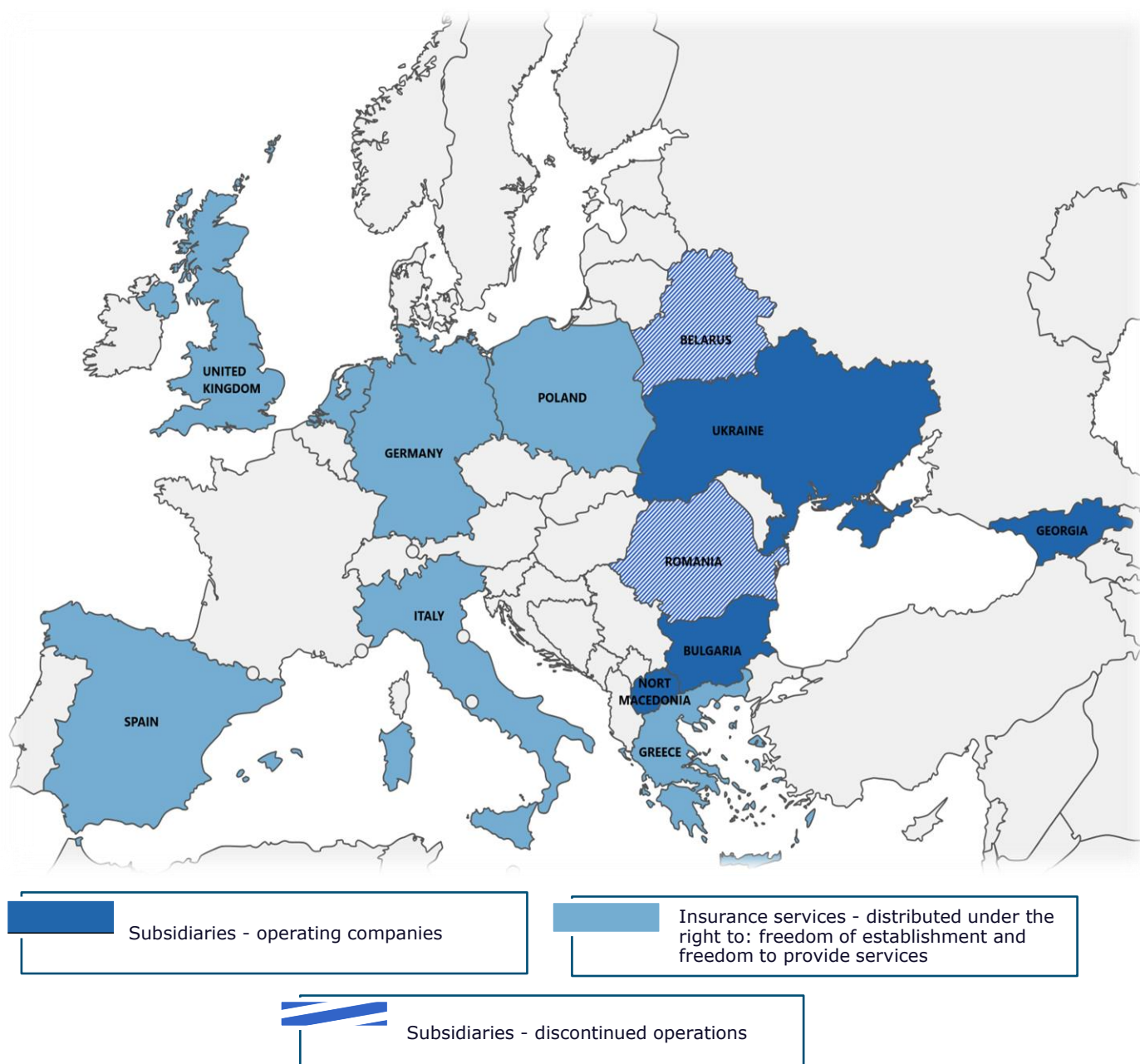
TYPES OF SERVICES AND PRODUCTS OFFERED BY THE EUROHOLD GROUP, REGIONAL REPRESENTATION

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) - IC 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

31.12.2023

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

The data are based on the interim abridged consolidated financial statements of Eurohold Bulgaria AD as of 31.12.2023 prepared in accordance with the applicable International Financial Reporting Standards (IFRS) adopted by the EU.

SUMMARY

The Eurohold Group continues its stable performance in 2023, although the values of the part of the indicators report a decrease towards 2022.

- ⌘ Group profits from the main activity of subsidiaries - decrease of 33.5%
- ⌘ Gross profit - a decrease of 0.9%
- ⌘ EBITDA - decrease of 11.8%
- ⌘ Net profit from continuing operations - growth of 143.5%

! 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 (*for more information - see appendix 2.4 to the interim condensed consolidated financial statement for 2023*).

In May 2024, the Group announced that it had initiated a request for arbitration proceedings at the International Center for Settlement of Investment Disputes in Washington, USA, against the Romanian state, seeking compensation for losses exceeding EUR 500 million.

- 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
 - > 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 31.12.2023 as discontinued operations.

Events that occurred in 2023 affecting the presentation in this report of the financial data and results of operations for 2023.

- 1 /** From January 1, 2023, the Group applies for the first time the accounting standard IFRS 17 "Insurance contracts". First-time adoption results in significant changes have a material impact on these condensed interim consolidated financial statements, including restated comparative information for 2022.

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 contract service margin.

A premium allocation method is a simplified valuation model in IFRS 17 that is applicable to insurance and reinsurance contracts that meet the eligibility criteria:

- » have a term of up to one year or as a result of a test of the liabilities under the contracts under a common model and under a simplified model it is clear that the liabilities estimated under both models are approximately the same and;
- » not to be burdensome;

The Group applies the simplified model to the main part of its insurance portfolio, with the exception of long-term insurance policies from insurance products Guarantees and credits, savings insurance, individual risk insurance.

- 2 /** The entry into force of the new IFRS 17 "Insurance contracts" from 01.01.2023 requires significant changes in the reporting of insurance contracts in the Group. This standard requires separate recognition of the carrying amount of portfolios of insurance contracts and reinsurance contracts as follows:

- » issued insurance contracts that represent assets;
- » issued insurance contracts that represent liabilities;
- » held reinsurance contracts that represent assets; as well as
- » held reinsurance contracts that represent liabilities;

In this regard, the Group has made changes to the presentation of consolidated financial data in the statement of profit or loss and other comprehensive income, with the following presented separately:

(1) the result of the insurance services, which includes the insurance income and the expenses of the insurance services;

(2) the results of held reinsurance contracts;

(3) the financial income or expenses of insurance activity.

Given the changes arising from IFRS 17 Insurance Contracts, the Group is changing the current format of the statement of profit and loss and other comprehensive income, aiming to present the results of operations for the Group fairly and accurately. For the purpose of comparability of information, the audited financial data for 2022 have been recalculated.

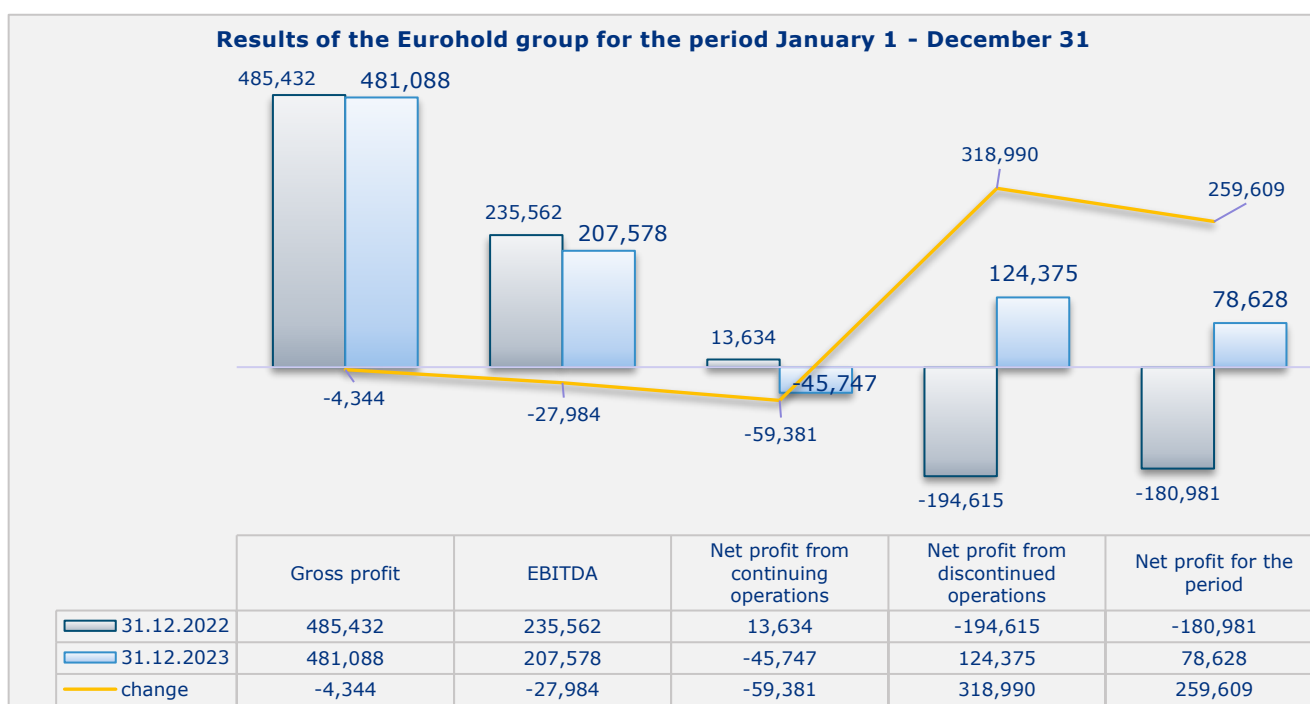
- 3 /** At the end of 2023, the Group transferred its control over "EIG Re" EAD to third parties within the meaning of IFRS 10 "Consolidated Financial Statements" and transformed its interest in the company from a subsidiary to an associate.

From December 29, 2023, Euroins Insurance Group AD transferred the effective control of Insurance Company EIG Re EAD, regardless of when the actual and legal actions for transferring the shares to the buyers are carried out.

Euroins Insurance Group AD holds the shares for the account of the buyers, until the effective transfer of the shares. From the effective date of the contracts, the purchasers have all the rights to exercise effective control over the company.

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

CONSOLIDATED FINANCIAL RESULT



CONSOLIDATED RESULTS BY BUSINESS ACTIVITIES

In the new presentation of the group results, the revenues on a consolidated basis are formed by the operating activities of the subsidiaries.

The total group revenues for 2023 are in the amount of BGN 2.89 billion, marking a decrease of 33.5% compared to the realized consolidated revenues for 2022, when they were in the amount of BGN 4.35 billion.

The operating expenses of the group directly reflect the changes in the volume of business of the companies reported in the consolidated report of Eurohold.

The reported operating expenses in the amount of BGN 2.4 billion mark a decrease of 37.6% (BGN 1.45 billion) compared to the expenses for the previous period.

As a result of the operational activity, the group's gross profit for 2023 decreased by 0.9% (BGN 4.3 million).

Consolidated results by business activities	change	2023	2022
	%	BGN thousand	BGN thousand
Revenue			
Revenue from energy business	-35.1%	2 320 144	3 575 907
Insurance income, including:	-26.1%	567 373	768 096
- insurance income	+6.6%	502 988	471 913
- reinsurance income	-80.4%	54 201	276 911
- financial income from insurance	-47.2%	10 184	19 272
Income from intermediary activity	-13.5%	1 573	1 818
Total operating income	-33.5%	2 889 090	4 345 821

Expenses			
Expenses of energy business	-42.5%	(1 791 493)	(3 117 374)
Expenses for insurance activity	-17.0%	(616 311)	(742 766)
- insurance service costs	+5.89%	(483 063)	(456 183)
- reinsurance costs	-55.4%	(124 951)	(280 016)
- insurance financial costs	+26.34%	(8 297)	(6 567)
Brokerage costs	-20.5%	(198)	(249)
Total cost of core activity	-37.6%	(2 408 002)	(3 860 389)
Gross profit	-0.9%	481 088	485 432
Income from dividends - energy business	-52.7%	123	
Other income from the activity	+43.1%	37 658	26 312
- energy business	+58.8%	35 002	22 038
- insurance business	-100%	-	4 029
- financial and investment brokerage	+60.8%	82	51
- parent company	+1227%	2 574	194
Profit (loss) from financial instruments, net	-139.6%	752	(1 901)
Administrative expenses	+13.6%	(284 916)	(250 694)
➢ cost of materials	+5.4%	(17 122)	(16 247)
➢ costs for external services	+9.2%	(77 994)	(71 455)
➢ remuneration expenses	+22.7%	(174 656)	(142 336)
➢ other expenses	-26.7%	(15 144)	(20 656)
(Accrued)/recovered impairment loss on financial assets, net	-105.2%	579	(11 091)
Other operating expenses	+117.2%	(27 706)	(12 759)
- energy business	+55.4%	(21 777)	(14 018)
- insurance business	n/a	(5 929)	-
EBITDA (Profit before interest, depreciation and taxes)	-11.9%	207 578	235 562
Amortization expense	+0.6%	(111 094)	(110 447)
EBITD (Profit before interest and taxes)	-22.9%	96 484	125 115
Result of financial activity	+22.7%	(121 481)	(99 047)
Net effect of changing exchange rates	-1500%	210	(15)
EBIT (Profit)/(Loss) Before Taxes	-195.9%	(24 997)	26 068
Tax expenses	66.9%	(20 750)	(12 434)
Net profit/(loss) for the year from continuing operations	-435.5%	(45 747)	13 634
Net (loss)/profit for the year from discontinued operations	-163.9%	124 375	(194 615)
Net (loss)/profit for the year	-143.5%	78 628	(180 981)

🔗 **Revenues from the energy business fall by 35.1% compared to 2022.**

The decrease in revenues by BGN 1.25 billion is mainly due to the lower purchase prices of BNEB in 2023 compared to 2022.

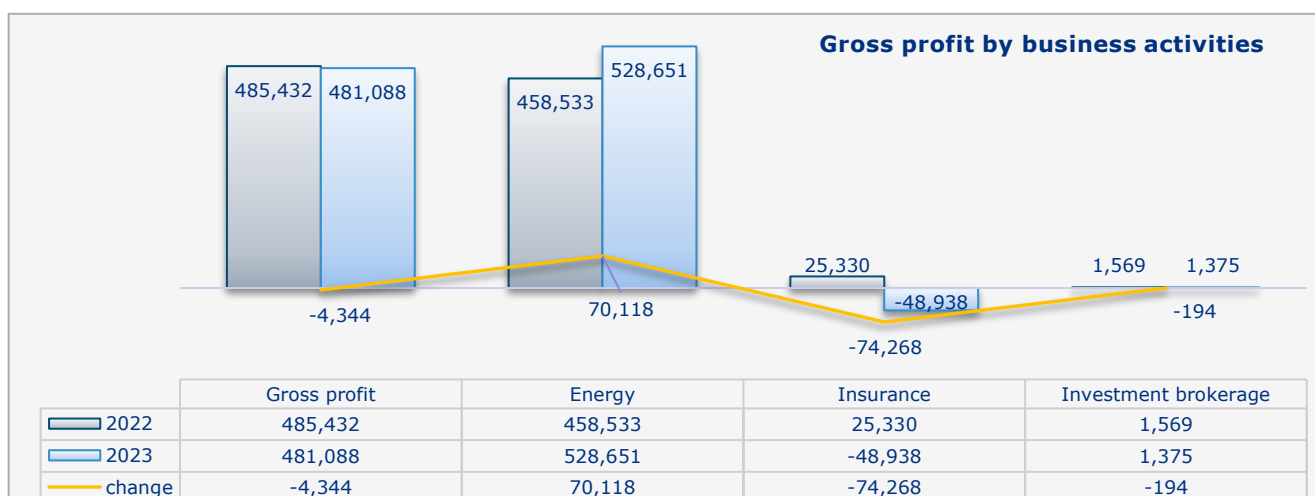
🔗 **Total income from insurance activity decreased by 26.1% or by BGN 200.7 million.**

Despite this, insurance revenues recorded a growth of nearly 7% or an increase of BGN 31.1 million. The overall decrease in insurance revenues is a consequence of significantly lower levels of realized revenues from reinsurance and financial activities.

🔗 **Income from brokerage activity decreased by 13.5% or BGN 9 million.**

The decrease in revenues is the result of fewer accepted and executed orders for the purchase and sale of financial instruments, as a result of the general negative trend in the market and reduced user activity. However, Euro-Finance realizes for 2023 15.9% of the total turnover of the BSE and retains its 5th place in the ranking of intermediaries in terms of realized turnover in Bulgaria.

Gross profit by business activities



Administration expenses

Administration expenses	Energy		Insurance		Investment brokerage		Parent company	
	2023	2022	2023	2022	2023	2022	2023	2022
(BGN thousand)								
Material costs	(15 932)	(15 296)	(1 116)	(863)	(52)	(74)	(22)	(14)
Expenses for external services	(54 597)	(54 484)	(17 901)	(11 808)	(708)	(578)	(4 788)	(4 585)
Remuneration expenses	(155 856)	(124 803)	(16 431)	(11 808)	(1 353)	(1 154)	(1 016)	(980)
Other expenses	(13 043)	(17 836)	(1 414)	(15 399)	(240)	(220)	(447)	(759)
Total Administrative Expenses	(239 428)	(212 419)	(36 862)	(29 911)	(2 353)	(2 026)	(6 273)	(6 640)

Financing activities

Result of financial activity	Energy		Insurance		Investment brokerage		Parent company	
	2023	2022	2023	2022	2023	2022	2023	2022
(BGN thousand)								
Financial costs								
Interest costs	(84 629)	(64 011)	(8 038)	(3 648)	(155)	(84)	(22 221)	(20 413)
Interest expense - Rights of use	(479)	(225)	(504)	(549)	(43)	(44)	(46)	(47)
Other financial costs	(9 184)	(2 640)	(241)	(5 081)	-	-	(621)	(6 158)
Total financial costs	(94 292)	(66 876)	(8 783)	(9 278)	(198)	(128)	(22 888)	(26 618)
Financial income								
Interest income	3 084	1 308	-	-	618	572	-	-
Other financial costs	-	-	768	1 988	-	-	-	-
Total financial income	3 084	1 308	768	1 988	618	572	-	-
Result of financial activity	(91 208)	(65 568)	(8 015)	(7 290)	420	444	(22 888)	(26 618)

 Depreciation and tax expenses

Expenses of business activities (BGN thousand)	Energy		Insurance		Investment brokerage		Parent company	
	2023	2022	2023	2022	2023	2022	2023	2022
Depreciation expense	(105 756)	(105 398)	(4 845)	(4 490)	(286)	(264)	(207)	(295)
Result for taxes	(18 956)	(13 456)	(1 743)	(1 142)	(51)	(120)	-	-

RESULTS BY TYPE OF ACTIVITIES BASED ON NON-CONSOLIDATED DATA (BEFORE ELIMINATIONS)

The following tables present information on realized revenues and results of business activities before eliminations for the reporting year 2023 compared to the comparable year 2022.

Revenues from business activities			
Business activities	change %	31.12.2023 BGN thousand	31.12.2022* BGN thousand
Energy	-35,1%	2 320 207	3 576 115
Insurance, incl. insurance income	-26,2% 6,0%	572 484 507 620	775 207 478 836
Financial and investment activity	-24,0%	2 442	3 214
Revenues from the activity	-33,5%	2 895 133	4 354 536
<i>Intragroup eliminations</i>	-30,7%	-6 043	-8 715
Consolidated revenues from business activities	-33,5%	2 889 090	4 345 821

Gross profit by business activities			
Business activities	change %	31.12.2023 BGN thousand	31.12.2022* BGN thousand
Energy	15,3%	528 714	458 741
Insurance	-283,7%	-43 827	23 855
Financial and investment activity	-24,3%	2 244	2 965
Gross profit	0,3%	487 131	485 561
<i>Intragroup eliminations</i>	4584,5%	-6 043	-129
Consolidated gross profit from operating activities	-0,9%	481 088	485 432

Earnings before interest, depreciation and taxes (EBITDA)			
Business activities	change %	31.12.2023 BGN thousand	31.12.2022* BGN thousand
Energy	19,6%	294 127	245 827
Insurance	4193,8%	-87 036	-2 027
Financial and investment activity	-70,0%	318	1 061
EBITDA from subsidiaries	-15,3%	207 409	244 861
The parent company	-99,6%	-334	-74 272
EBITDA before eliminations	21,4%	207 075	170 589
<i>Intragroup eliminations</i>	-99,2%	503	64 973
Consolidated earnings before interest, depreciation and taxes (EBITDA)	-11,9%	207 578	235 562

Financial result			
Business activities	change %	31.12.2023 BGN thousand	31.12.2022* BGN thousand
Energy	29,7%	97 065	74 861
Insurance, incl.	611,2%	-100 920	-14 191
Financial and investment activity	-53,2%	668	1 426
Financial result of subsidiaries	-105,1%	-3 187	62 096
The parent company	-76,6%	-23 895	-102 147
Financial result before eliminations	-32,4%	-27 082	-40 051
<i>Intragroup eliminations</i>	<i>-96,8%</i>	<i>2 085</i>	<i>66 119</i>
Financial result from continuing operations	-195,9%	-24 997	26 068
Tax expenses		-20 750	-12 434
<i>Net (loss)/gain from discontinued operations</i>	<i>-163,9%</i>	<i>124 375</i>	<i>-194 615</i>
Consolidated net result for the period	-143,4%	78 628	-180 981

*recalculated comparative information as of 31.12.2022 in accordance with IFRS 17 - Insurance contracts.

FINANCIAL POSITION

ASSETS

By the end of 2023, the consolidated assets of the Eurohold group increased by BGN 4.4 million, amounting to BGN 2.476 billion compared to BGN 2.472 billion as of 31.12.2022.

Consolidated Assets	change	2023	2022
	B %	BGN thousand	BGN thousand
ASSETS			
Cash and cash equivalents	+6.0%	226 927	214 012
- energy business	+14.5%	203 707	177 883
- insurance business	-34.2%	18 715	28 457
- financial and investment brokerage	-18.8%	4 412	5 434
- parent company	-95.8%	93	2 238
Term deposits in banks – insurance business	- 53.6%	24 676	53 189
Assets under insurance contracts issued	-20.9%	4 388	5 550
Assets under held reinsurance contracts	-35.1%	201 213	309 957
Trade and other receivables	-9.8%	469 310	520 457
➤ Non-current receivables	+25.9%	6 948	5 517
➤ Current accounts receivable	+10.4%	389 837	353 174
➤ Other current receivables	-55.2%	72 525	161 766
Financial actives	+76.3%	425 287	241 259
Inventories	-27.5%	23 976	33 080
- energy business	-27.4%	23 790	32 787
- insurance business	-36.5%	186	293
Property, plant and equipment	0.3%	869 835	867 647
Intangible assets	-6.6%	93 916	100 514
- energy business	-7.7%	90 622	98 184
- insurance business	+39.8%	3 169	2 267

- financial and investment brokerage	+101.6%	125	62
- parent company	-100%	-	1
Investments in associated enterprises - insurance business	n/a	11 272	-
Reputation	0%	116 883	116 883
Deferred Tax Assets	-8.1%	8 734	9 508
Total Assets	+0.2%	2 476 417	2 472 056

Receivables by sector

Receivables	Energy		Insurance		financial and investment activity		Parent company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<i>BGN thousand</i>								
Non-current trade receivables	-	-	6 920	5 501	28	16	-	-
Current trade receivables	464 208	513 479	48 907	30 126	221	240	1 076	18 565
Receivables from customers and suppliers	330 930	383 631	26 138	7 809	-	-	1 474	235
Depreciation	(68 294)	(67 669)	-	-	-	-	(516)	(14)
Advances granted	98 839	4 999	1 266	24 183	-	-	-	-
Other receivables	47 171	142 743	21 105	5 805	221	240	5	18 005
Depreciation	(12 178)	(12 366)	(1 716)	(1 716)	-	-	-	(2 700)
Prepaid expenses	5 701	4 632	363	29	-	-	113	122
Litigation and claims	41 932	42 404	-	-	-	-	-	-
Depreciation	(38 156)	(38 767)	-	70	-	-	-	-
Tax recovery	7 929	3 009	35	39	-	-	-	217
Total after depreciation	464 208	513 749	55 827	35 627	249	256	1 076	18 565

Financial assets

Other receivables:	Energy		Insurance		financial and investment activity		Parent company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<i>BGN thousand</i>								
Government securities	-	-	2 167 ²	3 845 ²	956 ¹	780 ¹	-	-
Corporate bonds ¹	36 464	1 995	98 207	21 166	1 347	2 001	7	7
Capital investment ²	8 114	17 450	213 050	89 451	14 980	7 321	-	-
Other financial assets	44 671	37 189	5 024	51 773	290 ³	8 281 ³	-	-
Total								

¹ reported at fair value through profit or loss

² reported at depreciable value

³ amounts after impairment

Investments in associates

The insurance business investment represents an associated participation in "EIG Re" EAD. The share capital is in the amount of BGN 12 500 thousand. The company is a licensed company for carrying out insurance activities in the field of general insurance with Decision No. 100/20.11.2000 of the National Insurance Council and is a member of the Association of Bulgarian Insurers and the National Bureau of Bulgarian Motor Insurers.

At the end of 2023, the Group transferred its control over "EIG Re" EAD to third parties within the meaning of IFRS 10 "Consolidated Financial Statements" and transformed its interest in the company from a subsidiary to an associate.

Off-balance sheet assets

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

EQUITY AND LIABILITIES

Consolidated Equity and Liabilities	change	2023	2022
	B%	BGN thousand	BGN thousand
EQUITY			
Share capital	0%	260 500	260 500
Repurchased own shares	0%	-77	-77
Premium reserves when issuing securities	0%	144 030	144 030
General Reserves	0%	7 641	7 641
Revaluation and other reserves	-3.1%	(14 435)	(14 900)
Accumulated loss	+74.2%	(375 430)	(215 556)
Current (Loss)/Profit	-148.3%	76 067	(157 389)
Equity belonging to the owners of the Parent Company	+305.4%	98 296	24 249

Non-controlling interest	+11.6%	19 417	17 401
Total Equity	+182.6%	117 713	41 650
Subordinated debt instruments	+14.0%	55 265	48 459
- Insurance business -	+37.6%	54 879	39 879
- Company - Mother -	-95.5%	386	8 580
TOTAL EQUITY AND SUBORDINATED DEBT	+92.0%	172 978	90 109
PASSIVES			
Loans from banks and non-bank financial institutions	-7.4%	1 034 043	1 116 931
- Energy business	-1.0%	982 054	992 336
- Insurance business	-16.28%	252	301
- Parent company	-58.38%	51 737	124 294
Obligations under bond loans	-4.9%	217 588	228 891
Commercial and other obligations	+4.32%	580 327	556 290
- Current trade obligations	+1.7%	200 649	197 396
- Current other obligations	-16.6%	220 016	263 924
- Obligations under leasing contracts	-17.6%	25 056	30 423
- Non-current other liabilities	+108.5%	134 606	64 547
Liabilities under insurance contracts	-4.5%	434 714	455 057
Liabilities under reinsurance contracts	+345.1%	18 686	4 198
Deferred tax liabilities	-12.1%	18 081	20 580
Total liabilities	-3.3%	2 303 439	2 381 947
Total liabilities and subordinated debt instruments	-3.0%	2 358 704	2 430 406
TOTAL EQUITY AND LIABILITIES	+0.2%	2 476 417	2 472 056

Equity

The total consolidated equity of Eurohold Bulgaria is in the amount of BGN 173 million, showing a significant growth of 92% compared to December 31, 2022. In this amount, the capital belonging to the owners of the parent company is in the amount of BGN 117.7 million. (+182.6%), while the capital belonging to the non-controlling interest amounts to BGN 55.3 million (+14%).

For comparison, at the end of 2022, the capital belonging to the owners of the parent company amounted to BGN 41.7 million, and the capital belonging to the non-controlling interest amounted to BGN 48.5 million, or total equity capital BGN 90.1 million

The share capital of Eurohold as of 31.12.2023 did not change and amounted to BGN 260.5 million.

Shares repurchased

As of 31.12.2023, 77,227 pcs. shares with voting rights of Eurohold Bulgaria AD are held by companies in the Eurohold Group (as of 31.12.2022 – 77,227 shares with voting rights).

Subordinated debt instruments

In support of equity capital, the Group owns subordinated debt instruments in the amount of BGN 55.3 million owned by companies from the insurance business and by the parent company.

During the reporting period, the total amount of subordinated debt instruments increased by a total of BGN 6.8 million after an increase in the debt in the insurance business by BGN 15 million and a decrease in the debt by the parent company by BGN 8.2 million.

For more information on subordinated debt instruments - see Appendix 28 to the 2023 interim condensed consolidated financial statements.

Liabilities

The consolidated liabilities (without subordinated debts) of the Eurohold group amounted to BGN 2.3 billion, reporting a decrease of 3.3% compared to the comparable period, when their value amounted to BGN 2.38 billion.

The majority of the liabilities represent liabilities for borrowed funds to banks and non-bank financial institutions and bond loans. The total amount of debt obligations amounts to BGN 1.25 billion compared to BGN 1.35 billion as of December 31, 2022. The decrease in debt obligations reflects liabilities to financial institutions paid during the reporting period.

Obligations for loans from banks and non-bank institutions, and bond issues:	31.12.2023 thousand BGN	Change %	31.12.2022 thousand BGN
To banks and non-bank financial institutions, including:	1 034 043	-7.4%	1 116 931
- non-current liabilities	802 157	-19.6%	997 157
- current liabilities	231 886	-93.6%	119 774
On bond loans, including:	217 588	-4.9%	228 891
- non-current liabilities	216 264	-4.9%	227 320
- current liabilities	1 324	15.7%	1 571
Total debt obligations, including:	1 251 631	-7.0%	1 345 822
- total non-current liabilities	1 018 421	-16.8%	1 224 477
- total current liabilities	233 210	+92.2%	121 345

Obligations for loans from banks and non-banking institutions, and bond issues by business sector:	31.12.2023 thousand BGN	Change %	31.12.2022 thousand BGN
To banks and non-bank financial institutions, including:	1 034 043	-7.4%	1 116 931
- Energy, including:	982 054	-1.0%	992 336
> non-current liabilities	780 886	-20.4%	980 602
> current liabilities	201 168	+1614%	11 734
- Insurance, incl. current liabilities	252	-16.3%	301
- Parent company	51 737	-58.4%	124 294
> non-current liabilities	21 271	28.5%	16 555
> current liabilities	30 466	-71.7%	107 739
On bond loans, including:	217 948	-4.8%	228 891
- Parent company, including:	217 948	-4.8%	228 891
> non-current liabilities	216 624	-4.7%	227 320
> current liabilities	1 324	-15.7%	1 571

For more information on bank and bond loan obligations - see Appendix 29, 29.1, 29.2, 29.3, 30, and 30.1 to the interim condensed consolidated financial statement for 2023.

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, opening the insolvency procedure. Euroins Romania has appealed the decision to a higher court, and as of the issuance of the interim consolidated condensed financial statement, the decision to initiate insolvency proceedings has not yet been confirmed by the Romanian court with an official court decision.

In 2023, the Group initiated numerous legal proceedings aiming to protect its interests by challenging the unlawful actions of the Romanian authorities. As of the date of issuance of this interim condensed consolidated financial statement, neither the insolvency procedure nor the decisions of the Romanian regulator have been confirmed by the Romanian judicial system with a final court decision.

In May 2024, the Group announced that it had initiated a request for arbitration proceedings at the International Center for Settlement of Investment Disputes in Washington, USA, against the Romanian state, seeking compensation for losses exceeding EUR 500 million.

As of December 31, 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.

Sureties and Guarantees

The Eurohold Group is a co-debtor/guarantor for loans obtained from banks/financial institutions and for issued bank guarantees. Guarantees and sureties have also been arranged in favor of the Group

For more information on guarantees and sureties - see appendix 35.2. and Appendix 35.3. to the 2023 interim condensed consolidated financial statements.

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		31.12.2023	31.12.2022
Net cash flows from operating activities	BGN thousand	417 033	301 927
Net cash flows from investing activities	BGN thousand	(234 231)	(217 851)
Net cash flows from financing activities	BGN thousand	(169 887)	(22 547)
Net increase/(decrease) in cash and cash equivalents	BGN thousand	12 915	61 529
Cash and cash equivalents at the beginning of the year	BGN thousand	214 012	152 483
Cash and cash equivalents at the end of the period	BGN thousand	226 927	214 012

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

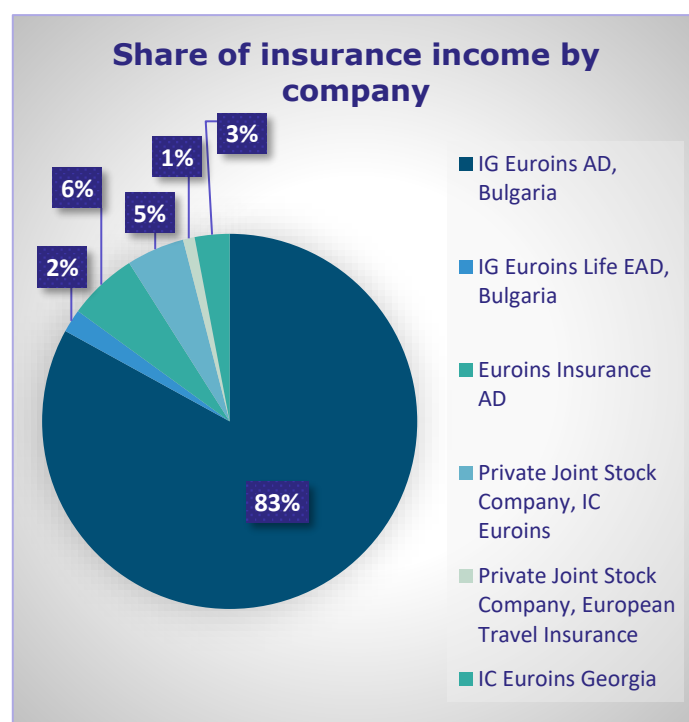
Key figures:

- Premium income - BGN 507 million (6% increase compared to 2022)
- Result before taxes - BGN 21 million.
- Effect of transition to IFRS 17 - BGN 6.5 million.
- SCR coverage from eligible own funds is 124.5%

As of the fourth quarter of 2023, Euroins Insurance Group (EIG, the Group) realized consolidated income from insurance activity in the amount of BGN 507 million compared to BGN 479 million in 2022. EIG reports a consolidated profit before taxes in the amount of BGN 21 million. for 2023, compared to a BGN 16 million loss for 2022 (excluding one-off effects for 2022 from loss of control of Euroins Romania and subsidiary in Belarus.

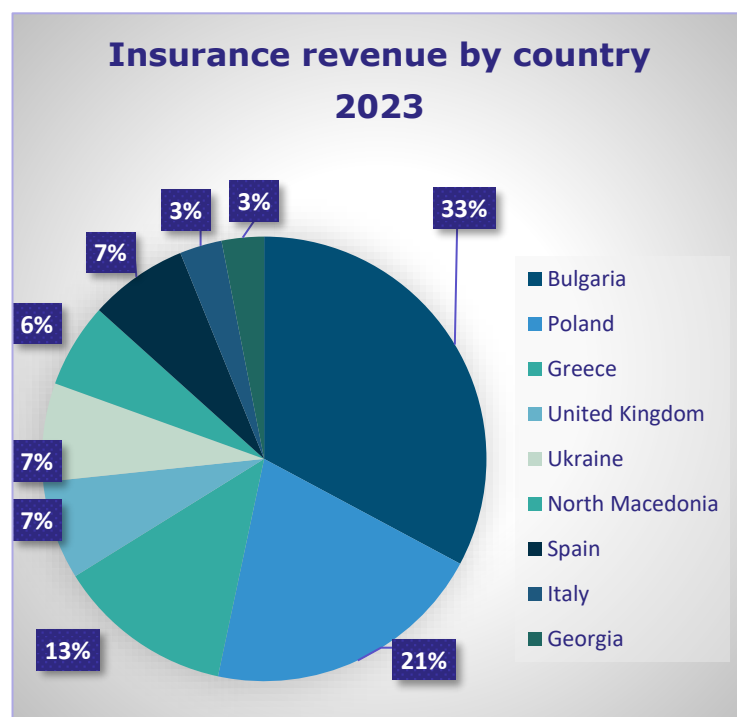
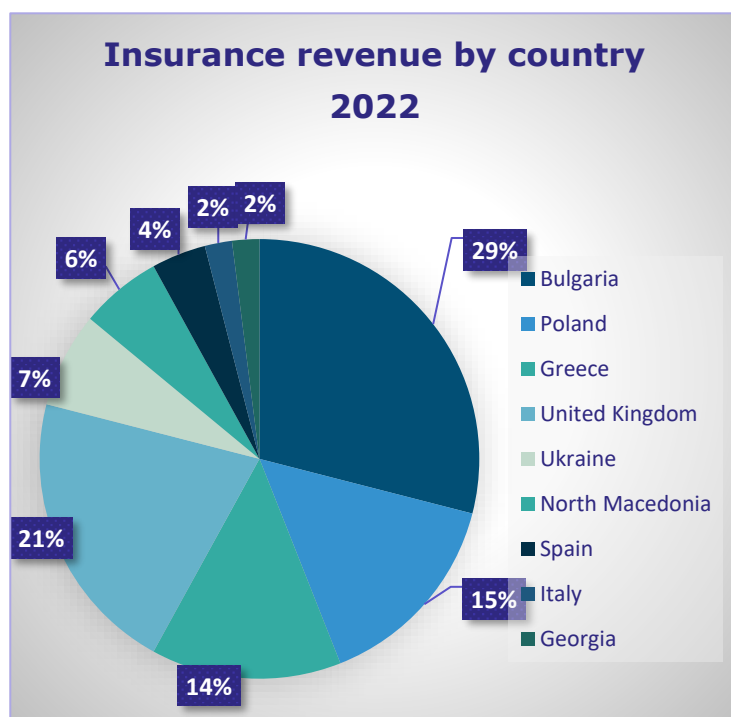
Insurance income by company:

Company	Insurance income 31.12.2023 (thousand BGN)
IG Euroins AD, Bulgaria	419 975
IG Euroins Life EAD, Bulgaria	8 898
Euroins AD North Macedonia	31 468
Private Joint Stock Company, IC Euroins Ukraine	26 896
Private Joint Stock Company, European Travel Insurance, Ukraine (ETI)	7 568
IC Euroins Georgia	12 815
Total Insurance income	507 620



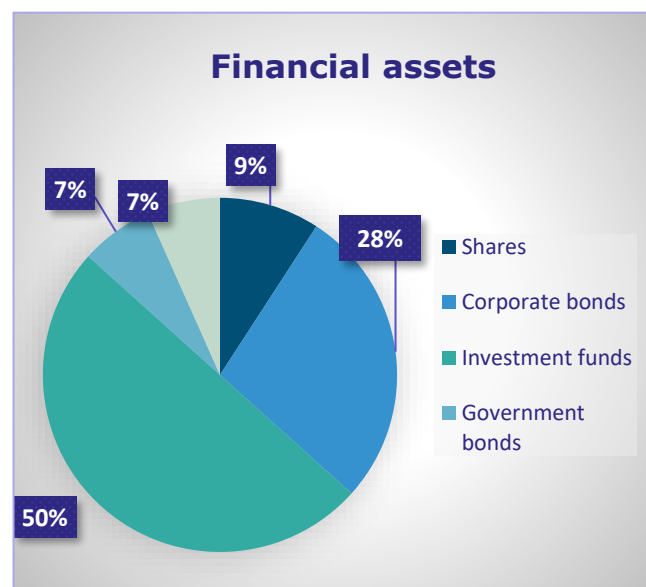
The group operates in Bulgaria, Greece, North Macedonia, Great Britain, Georgia, Poland, Ukraine, Spain, Italy, Germany and the Netherlands.

Gross earned premiums maintain their volumes in Bulgaria and Greece compared to 2022 and report growth in Poland and Spain. The main drivers of the reported growth in Poland and Spain are sales of motorist liability insurance. show increased volumes on the Bulgarian and Polish markets.



The financial assets of the group support the risk appetite and the time structure of the obligations under the insurance contracts. The main investments are in investment funds and bonds, which provide sufficient liquidity and provide coverage for the expected development of claims and outgoing payments of the Group (taking into account the relatively short-term insurance contracts related to the motor business of the group).

Financial asset	Amount 31.12.2023 (thousand BGN)	% of total
Shares	32 436	9%
Corporate bonds	101 028	28%
Investment funds	182 802	50%
Government bonds	25 047	7%
Deposits	24 849	7%
Others	1 065	0%
Total	367 227	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.

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 contract service margin

A premium allocation method is a simplified valuation model in IFRS 17 that is applicable to insurance and reinsurance contracts that meet the eligibility criteria:

- » have a term of up to one year or as a result of a test of the liabilities under the contracts under the general model and under the simplified model it is clear that the liabilities estimated under both models are approximately the same and;
- » not to be burdensome.

The Group applies the simplified model to the main part of its insurance portfolio, with the exception of long-term insurance policies from insurance products Guarantees and credits, savings insurance - basic coverage (death and survival), individual risk insurance - basic coverage (death)

On initial recognition of each group of contracts, the carrying amount of the remaining coverage obligation is estimated at the premiums received on initial recognition. The Group has elected to recognize cash flows from insurance acquisitions as expenses when incurred.

In estimating future cash flows, the Group incorporates, 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

Cash flows for the acquisition of insurance and other costs that are incurred in fulfilling contracts include both direct costs and an allocation of fixed and variable overheads.

Effect of initial application of IFRS 17

As a result of the transition to the new IFRS 17, the Group does not report a significant capital effect from the initial recognition of the new standard (BGN 6.5 million profit).

From December 29, 2023, Euroins Insurance Group AD transferred the effective control of Insurance Company EIG Re EAD, regardless of when the actual and legal actions for transferring the shares to the buyers are carried out.

Euroins Insurance Group AD holds the shares for the account of the buyers, until the effective transfer of the shares. From the effective date of the contracts, the purchasers have all the rights to exercise effective control over the company.

The EIG Group in the last quarter of 2023 started a detailed internal review of the processes, using the services of a leading international consultant for their optimization with a focus on the businesses in Poland, Spain and Greece.

Results by company

➤ Euroins Bulgaria

The main insurance income for the Group is generated by Euroins. In 2023, Euroins Bulgaria reported total revenues from insurance services of BGN 383 million compared to BGN 373 million in 2022, which represents a 2.7% increase.

The drop in sales was reported 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. This decline was offset by growth in sales mainly in Poland and Spain.

➤ **IG Euroins Life EAD**

Insurance revenues of Euroins Life for 2023 amount to BGN 9.3 million and increase by 9% compared to 2022 (BGN 8.5 million).

➤ **Euroins Insurance AD, North Macedonia**

In 2023, insurance revenues in Euroins North Macedonia increased by 2%, remaining at constant levels of BGN 30 million. The main areas of activity of the company are Civil liability and Agricultural insurance.

➤ **Private Joint Stock Company, IC Euroins Ukraine**

In 2023, the Company reported insurance income in the amount of BGN 27 million, keeping their amount compared to the previous period. A larger part of realized premium income in 2022 and 2023 is formed on the basis of sales in the Western part of Ukraine, which is comparatively much less affected by the hostilities.

The main business lines in which the company specializes are motor insurance.

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

In 2023, the Company reported insurance income in the amount of BGN 7.6 million, which represents a decrease compared to 2022 by 37% (2022: BGN 12 million). Travel assistance is the main business in the company's portfolio and the drop in revenue is mainly due to the reduction in travel due to the ongoing war in the country.

➤ **IC Euroins Georgia AD**

Insurance company Euroins Georgia specializes in Accident and Illness insurance.

The total amount of insurance income in 2023 is BGN 12 million, or a decrease of 7% compared to the previous period of 2022.

The remaining companies in the Group (Euroins Claims, Shardeni 2017, Phoenix MGA Services) do not report significant results outside of intra-group transactions.

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 31.12.2023, 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 31.12.2023 generated operating profit from their activities in the amount of BGN 528.7 million and net profit in the amount of BGN 78.1 million.

In 2023, the Elektrohold energy companies realize a total of BGN 2.32 billion in operating income.

Analysis of material income and expenses

» Income	2023	2022
Income from energy activity	BGN thousand.	BGN thousand
Customers on the open market	1 240 880	2 314 936
Household consumers	841 909	780 072
Business users	163 334	416 685
Revenues from customer connection fees	26 962	21 727
Late payment penalties	-	5 104
Revenues from services for the survey, repair and maintenance of the electricity distribution network, and commercial metering facilities	8 602	10 307
Revenues from information, communication, technology (ICT) and other services	1 641	3 905
Revenue from the Electricity System Security Fund	824	939
Other revenue	36 055	28 084
Total revenue from energy activities	2 320 207	3 581 219

» Costs	2023	2022
Energy activity costs	BGN thousand	BGN thousand
Cost of purchased electricity	1 604 644	2 839 319
Technology costs for electricity transmission	151 851	199 492
Balancing energy	32 215	74 677
Transmission and access service costs	2 310	3 765
Other costs	473	121
Total energy activity costs	1 791 493	3 117 374

	2023	2022
Other operating expenses	BGN thousand	BGN thousand
Cost of materials and supplies	(15 932)	(15 322)
Expenses for external services	(60 686)	(54 836)
Employee benefit costs	(155 856)	(124 803)
Other operating expenses	(13 043)	(17 836)
Total other energy activity costs	(245 517)	(212 797)

	2023	2022
<i>Financial income/expenses</i>	<i>BGN thousand</i>	<i>BGN thousand</i>
Financial income	6 457	2 510
Interest income	3 084	1 308
Other financial income	3 373	1 202
Financial costs	(94 292)	(66 876)
Interest expenses on bank loans	(84 629)	(64 011)
Interest expense on right-of-use assets	(479)	(225)
Other financial costs	(9 184)	(2 640)
Financial income/expenses (net)	(87 835)	(64 366)

Analysis of material Assets, Equity and Liabilities

Assets	BGN thousand
Property, plant and equipment	850 623
Intangible assets	90 622
Investments in subsidiaries	523 875
Inventories	23 790
Current accounts receivable	453 602
Financial assets for sale	44 578
Cash and cash equivalents	203 707

Liabilities	BGN thousand
Non-current liabilities for loans received from banking and non-banking institutions	780 886
Current liabilities for loans received from banking and non-banking institutions	200 837
Current trade and other obligations	231 248

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.

In 2023, Euro-Finance AD retained its leading position on the Bulgarian capital market, realizing 15.9% of the total turnover of the Bulgarian Stock Exchange (BSE) and maintaining its 5th place in the ranking of intermediaries in terms of realized turnover on the exchange.

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 2023, "Euro-Finance" AD continues to offer its services through 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.

» "BM Credit Group" Ltd., registered in the Trade Register and the Register of the National Register of Trade Unions at the Registration Agency with EIC 205162378, with registered office and management address: Sofia, g.k. "Lozenets", "Viskyar planina" street No. 19, floor 2, entered in the Register of persons who can carry out activities as bound agents of the FSC on the basis of Decision No. 548-TA of 16.05.2023 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" AD only in relation to the shares of collective investment schemes of AMUNDI.

In 2023, Euro-Finance AD realized a net profit from financial operations in the amount of BGN 3,318 thousand. The expenses for the period related to the company's current services amounted to BGN 2,650 thousand. The profit before taxes was BGN 668 thousand.

The profit after taxes for 2023 is BGN 617 thousand, and for 2022 BGN 1,307 thousand (recalculated with the effect of International Accounting Standard 12, IAS 12). The change is mainly due to the decrease in revenues from fees and commissions on transactions with financial instruments in the country. The following table presents the main net income of the company, related to the activity as an investment intermediary, for the last four years in thousands of BGN:

<i>Income</i>	2023 <i>BGN thousand.</i>	2022 <i>BGN thousand</i>
Interest and similar income	421	474
Profits / Losses from operations with financial assets and instruments	183	(174)
Fees and commissions from transactions with financial instruments	2 244	2 965
Total:	2 848	3 265

The following table provides information on the structure of investments of Euro-Finance AD as of 31.12.2023, in accordance with the risk management policy followed.

Own assets	Balance sheet value	Share of equity
2023	BGN thousand.	B %
Tangible and intangible non-current assets and right-of-use assets	1 070	4.71%
Deferred tax assets	6	0.03%
Own cash	4 412	19.43%
Capital securities (shares, rights, etc.)	8 156	35.91%
Debt securities (bonds and treasury bills issued by governments and financial institutions)	965	4.25%
Debt securities of other issuers	1 547	6.81%
Accounts receivable under repo transactions	7 753	34.14%
Other receivables	174	0.77%
Total:	24 083	106.05%

EUROHOLD BULGARIA AD - INDIVIDUAL BASIS

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

DESCRIPTION OF THE MAIN RISKS

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

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

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

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

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

Insofar as the activity of "Eurohold Bulgaria" AD is related to the management of assets of other companies, it cannot be attributed to a separate sector of the national economy and is exposed to the sectoral risks of the subsidiaries. Eurohold Bulgaria group companies operate in the following sectors: "insurance", "energy", and "investment intermediation and asset management".

The Company's financial results are directly related to the financial results and development trends of the business units of its economic group. The influence of the individual risks of the subsidiary companies is proportional to the share of the respective industry in the structure of Eurohold's long-term investment portfolio.

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 possibility of reducing the income of the companies in which it participates and the receipt of dividends. In this regard, it can have an impact on the company's revenue growth as well as the change in its profitability.

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

Eurohold carries out continuous control and monitoring of the development strategy of its economic group. All identified risks and potential risks that may affect the activities of subsidiary companies are monitored.

Eurohold Bulgaria acts flexibly in identifying risks related to subsidiary companies that may have a negative effect on the group as a whole, including if necessary, proceeds with the release of investments.

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

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

Eurohold Bulgaria AD strives to manage the risk of strategic errors through continuous monitoring of the various stages in the implementation of its market strategy and its results. This is of utmost importance to be able to react promptly if a change is needed at a certain stage in the strategic development plan. Untimely or inappropriate changes in strategy can also have a material negative effect on the company's business, operating results and financial condition.

⇒ 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. Operational risk**

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

The risks related to the management of the Company can be: making wrong decisions; the impossibility of launching and/or implementing planned projects; possible technical errors of the information system; departure of key employees; risk of excessive growth of operating expenses; risk of fraud; as well as other events.

The probability of such events is considered to be relatively low.

Eurohold performs continuous analysis and monitoring of the management of subsidiary companies.

The company, including The Group pays particular attention to security and personal responsibility, particularly in relation to access to information (including classified information and personal data information), information system and cyber security.

⇒ **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 is dependent to a significant extent on the contribution of a certain number of persons, members of the management and control bodies, managers from the top and middle management level of the parent company and the subsidiary companies. There is no certainty that these key employees will continue to work for Eurohold in the future. Eurohold's success will also be related to its ability to retain and motivate these individuals. The inability of the Company to maintain sufficiently experienced and qualified personnel for managerial, operational and technical positions may have an adverse effect on the activity of the economic group as a whole, its operational results, as well as its financial condition.

The Eurohold Group accepts this risk as essential and implements policies to increase employee motivation by providing a good environment for professional development, a competitive level of remuneration and a good work culture.

⇒ **Risk of concentration**

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

The Company's management actively monitors this risk and strives for decisions, measures and actions to diversify the business in which it operates.

With the acquisition of the energy group in 2021, Eurohold diversified the risk of concentration in the largest insurance business until then.

⇒ Risk of lack of liquidity

Liquidity risk is related to the possibility that "Eurohold Bulgaria" AD will not repay its obligations in the agreed amount and/or on time when they become due.

Eurohold strives to minimize this risk through optimal cash flow management within the group itself. The group applies an approach to ensure the necessary liquidity resource to meet the obligations incurred under normal or extraordinary conditions, without realizing unacceptable losses or damaging the reputation of individual companies and the economic group as a whole.

Subsidiaries make financial planning, with which they seek to meet the payment of expenses and their current obligations, including the servicing of financial obligations. This financial planning minimizes or completely excludes the potential effect of the occurrence of extraordinary circumstances.

In the process of liquidity risk management, the group companies carry out intra-group financing with free cash resources.

⇒ 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

Relationships with related parties result from contracts for temporary financial assistance to the subsidiaries and on the occasion of transactions related to the usual commercial activity of the subsidiaries.

The risk of possible transactions between the companies in the Group under conditions that differ from those of the market is expressed in taking the risk of achieving a low yield from intragroup financing provided. Another risk that can be taken is that during the implementation of intra-group commercial transactions, sufficient revenues will not be realized, and hence a good profit for the respective company. At a consolidated level, this may reflect negatively on the profitability of the entire group.

Within Eurohold, transactions between the parent company and the subsidiaries and between the subsidiaries themselves, arising from the nature of their main activity, are constantly carried out. All transactions with related parties are carried out under conditions that do not differ from usual market prices and in compliance with IAS 24 "Disclosure of related parties".

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.

After the sale (in mid-2022) of the automotive and leasing business, this risk was significantly reduced.

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.

Macroeconomic risks at the date of preparation of this Report

The Covid-19 pandemic

In 2023, the risk of impacts related to the Covid-19 pandemic was observed, despite the low probability of a repeat of the pandemic on the same scale. This risk is assessed in the overall monitoring of risks due to emergency situations. It is essential for Eurohold to monitor the potential impact of this risk on operations and employee health. For 2023, no significant impacts related to the Covid-19 pandemic have been identified.

The monitoring and identification of emergency risks aim s to prepare appropriate risk management strategies and action plans for such emergency situations, as well as to mitigate the consequences of such a situatio, to maintain the health of employees and business continuity.

Military actions on the territory of Ukraine and the Middle East

The military conflicts in Ukraine and the Middle East give rise to possible manifestations of risks at the global level related to the reduction of economic activity and financial markets, problems with the supply chain, the growth of prices and inflation, etc. The effects and economic consequences of hostilities between Russia and Ukraine and those in the Middle East cannot be fully assessed at this stage of development but indicate an extremely serious impact on the global economy. Weaker global economic activity or a further slowdown in world trade could also dampen growth in the eurozone.

If the conflict continues to develop, the economic damage will be significant for all sectors of the economy, both of Bulgaria and the EU, including the sectors and regions in which the Eurohold group operates. The management of Eurohold is following with concern the development of the military conflict between Russia and Ukraine, and is evaluating its impact on the Group's business, in order to take measures, decisions and concrete actions to mitigate the influences on the Group. Eurohold Bulgaria AD, through its subsidiary Euroins Insurance Group AD, owns investments in two insurance companies in Ukraine, and by the end of 2022 it also owned one company in Belarus and one with a minority stake in Russia.

The management of Eurohold, as far as possible, provides assistance and support to the personnel in Ukraine and their relatives. At the end of 2022, the management of Eurohold Bulgaria and the subsidiary Euroins Insurance Group decided to release the insurance group from its participation in the companies in Belarus (100%) and Russia (associated participation 48.61%).

On 30 December 2022, Euroins Insurance Group (EIG) signed an agreement for the sale of the two companies. These participations added insignificant values to the consolidated results against the background of the assets of the insurance subholding and the assets of Eurohold Bulgaria AD. EIG's business in the two countries accounted for less than 1% of the insurance group's 2022 revenue.

Macroeconomic forecast

According to the latest Economic Bulletin of the ECB, № 2/2024 - Economic activity remains weak as consumers continue to refrain from spending, investment declines, exports also decline due to a slowdown in external demand and some loss of competitiveness. Nevertheless, according to the ECB, with inflation falling and wages continuing to rise, real incomes will recover, supporting growth in 2024. Unemployment is also falling, reaching its lowest level in the last quarter of 2023, and employment increased by 0.3%. In the medium term, the recovery is also expected to be supported by the gradual fading of the impact of the ECB's monetary policy tightening. Overall, average annual growth in real GDP is expected to be 0.6% in 2024 and to accelerate to 1.5% in 2025 and to 1.6% in 2026. Risks to economic growth still lean towards its lowering. Growth may be weaker if the effect of monetary policy turns out to be stronger than expected. Weaker global economic activity or a further slowdown in world trade could also dampen growth in the eurozone. Hostilities between Russia and Ukraine and the conflict in the Middle East are major sources of geopolitical risk. As a result, the confidence of economic entities and households about future developments is likely to decline and global trade may be disrupted.

Source: www.ecb.europa.eu

According to the BNB's macroeconomic forecast of March 2024, Bulgaria's real GDP growth is expected to reach 2.2% in 2024 (compared to 1.8% in 2023), which will be determined by the positive contribution of domestic demand, while net exports are expected to make a negative contribution. Real GDP growth is projected to accelerate to 3.3% in 2025 and then decelerate to 2.6% in 2026, largely driven by the underlying public investment profile. Annual inflation, as measured by the Harmonised Index of Consumer Prices (HICP), is projected to slow to 2.3% at the end of 2024, and annual average inflation to 3.0%. In the short term, the growth rates of private consumption and unit labour costs are expected to continue to influence firms to pass on less of the declines in international prices of key energy and agricultural commodities, especially to food and services prices in Bulgaria.

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.

Among the political risks are the successful continuation of Bulgaria's integration into the European Union (EU). After the admission of our country to the EU at the beginning of 2007, economic reforms were imposed in the name of the integration of our country into the European Union. In the future, economic growth will depend on the political will to continue economic reforms, with the aim of introducing the best market practices of the EU in economic, political, social, legal, financial terms.

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. This also contributes to falling behind in Bulgaria's preparations for joining the Eurozone.

Despite the stable policy pursued so far, there is no certainty that factors will not appear in the country that will cause social and political tension, lead to a significant and abrupt change in the political and economic conditions, which may have a significant adverse effect on the business of The company and its group.

⇒ 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 first quarter of 2023 the following indicators are reported:

The unemployment rate is 5.0%, or 0.6 percentage points higher than in the first quarter of 2023.

The employment rate for the population aged 15-64 years decreased by 0.2 percentage points compared to the same quarter in 2023 to 70.2%.

The economic activity rate for the population aged 15-64 years is 74.0%, increasing by 0.3 percentage points compared to the first quarter of 2023.

Discouraged persons aged 15-64 years are 30.8 thousand, or 3.0% 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 25.05.2024, S&P Global Ratings affirmed Bulgaria's 'BBB/A-2' long-term and short-term foreign and local currency credit ratings. The rating outlook remains positive.

S&P Global Ratings notes that if a stable government is formed quickly after the June elections and a prolonged period of instability, as experienced in 2021-2023, is avoided, there is not expected to be a significant delay in the country's euro area accession. Bulgaria does not yet meet the price stability criterion of the convergence criteria, which all countries have to fulfil before joining. The rating agency believes that even if Bulgaria does not join the euro area in 2025, this will probably only be delayed until 1 January 2026.

Despite an ageing and declining working-age population, S&P Global Ratings assumes that Bulgaria's economy has strong growth prospects over the next few years. They forecast real GDP growth of just under 3% on average over 2025-2027, underpinned primarily by increased domestic demand.

Bulgaria has one of the best fiscal records of the CEE countries and the rating agency estimates that current fiscal plans will lead to deficits below 3% of GDP by 2027, keeping debt, net of liquid government assets, around 20% of GDP by 2027.

Source: www.minfin.bg

On 27.04.2024, 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 economic 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.

The positive outlook reflects the country's prospects for euro area membership, which would lead to further improvements in the country's external position indicators. Despite a slowdown in the euro adoption process after January 2025 and renewed political uncertainty, Fitch Ratings reports that there is broad political commitment locally and at the EU level to adopt the euro. All legislative measures reflecting post-entry commitments to the Exchange Rate Mechanism II have been adopted. The Central Bank Law was adopted in February 2024.

Factors that could lead to positive rating actions are: further progress in joining the euro area, as confirmation that Bulgaria has met the membership criteria and greater certainty about the likely timing of euro adoption; increasing growth potential by implementing structural and governance reforms to improve the business environment and/or effective 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 failure to meet the convergence criteria; weaker economic growth prospects as a result of unfavourable political developments that complicate the implementation of reforms.

Source: www.minfin.bg

The adoption of a consistent and long-term economic policy in Bulgaria would be a valid reason for the potential increase in the country's credit rating, which in turn would have a favorable impact on the economic group of Eurohold expressed in the Group's financing opportunities. In the event of a downgrading of Bulgaria's credit rating, as a result of the unstable governance of the country, there may be a negative impact on the Group and on the cost of financing, except in the event that its loan agreements are not with fixed interest rates.

⇒ 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 NSI data for April 2024, monthly inflation is -0.3% and annual inflation is 2.4%. Inflation is measured by CPI, with monthly inflation for April 2024 compared to the previous month and annual inflation for April 2024 compared to the same month of the previous year.

According to the Harmonised Index of Consumer Prices (HICP), April 2024 monthly inflation is -0.1% and annual inflation for April 2024 compared to April 2023 is 2.5%. Year-to-date inflation (April 2024 versus December 2023) is 0.6%, and annual average inflation for May 2023-April 2024 versus May 2022-April 2023 is 5.5%.

According to the Small Basket Price Index (SMPI), April 2024 recorded a 0.2% month-on-month decrease and a 0.9% year-to-date increase.

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.

Significant changes in the various exchange rates of subsidiaries outside Bulgaria, namely in North Macedonia, Ukraine, Georgia and Romania, respectively - Macedonian denar (MKD), Ukrainian hryvnia (UAH), Georgian lari (GEL) and Romanian leu (RON), whose exchange rate is determined almost freely in the local currency market would have a corresponding reflection in Eurohold's group results. The consolidated revenues of "Eurohold Bulgaria" AD will be exposed to currency risk depending on the movement of these currencies against the euro.

⇒ **Interest rate risk**

Interest rate risk is related to the possibility of 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**

Regulatory risk is related to the impact of the existing regulatory framework or its change on the Company's activities. This regulatory framework includes the legislation in Bulgaria, the EU and the countries where the Eurohold group companies operate.

The regulatory risk will be affected by the changes in the regulations regulating the activities of public companies in Bulgaria and the EU, which will impose additional requirements and restrictions on public companies. It may also concern sectoral legislation relating to subsidiaries.

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 applying the legislation, as well as in divergence in the legislation and regulations in Bulgaria and in the countries in which

the Group operates, may have an adverse effect on the activity as a whole, the operational results, and her financial status.

Regulatory risk may be related to potential fines and penalties resulting from violations of the regulatory framework, as well as impact on the Company's reputation, which may impact the share price.

⇒ **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 31.12.2023

Sofia,
30 May 2024

Assen Minchev,
Executive Director

Milena Guancheva,
Prosecutor

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Internal information
31 December 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&unqid=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 31 December 2023

ADDITIONAL INFORMATION

**to the interim condensed individual activity report
for the period 1 January - 31 December 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 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 29.05.2023, Euroins Insurance Group (EIG) acquired a subsidiary in Georgia. EIG is the 100% owner of the trading company "Shardeni 2017" Ltd., Georgia.
- 2.1.** 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: Consulting in the field of business and management.
- 2.2.** From December 29, 2023, Euroins Insurance Group AD transferred the effective control of Insurance Company EIG Re EAD, regardless of when the actual and legal actions for transferring the shares to the buyers are carried out.

Euroins Insurance Group AD holds the shares for the account of the buyers, until the effective transfer of the shares. From the effective date of the contracts, the purchasers have all the rights to exercise effective control over the company.

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.	22 482 578	8.63%
4.	SLS Holding AD	22 606 273	8.68%
5.	PIC Future, through the following funds managed by it: - UPF Future - PPF Future - DPF Future	13 179 398	5.06%

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 December 31, 2023. The conditions under which the transactions were carried out do not deviate from the market conditions for such type of transactions.

30.05.2024

Assen Minchev,
Executive Director of Eurohold Bulgaria AD

Milena Guencheva,
Prokurist of Eurohold Bulgaria AD

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Appendix 4

31 December 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 - 31 December 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 December 31, 2023, as well as in the Interim Condensed Individual Activity Report as of December 31, 2023 and the Interim Condensed Consolidated Activity Report as of December 31, 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 31.12.2023, as well

as in the Interim Condensed Individual Activity Report and Interim Condensed Consolidated Activity Report as of December 31, 2023.

30.05.2024

Assen 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 interim consolidated financial statements for the fourth quarter 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 31.12.2023 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