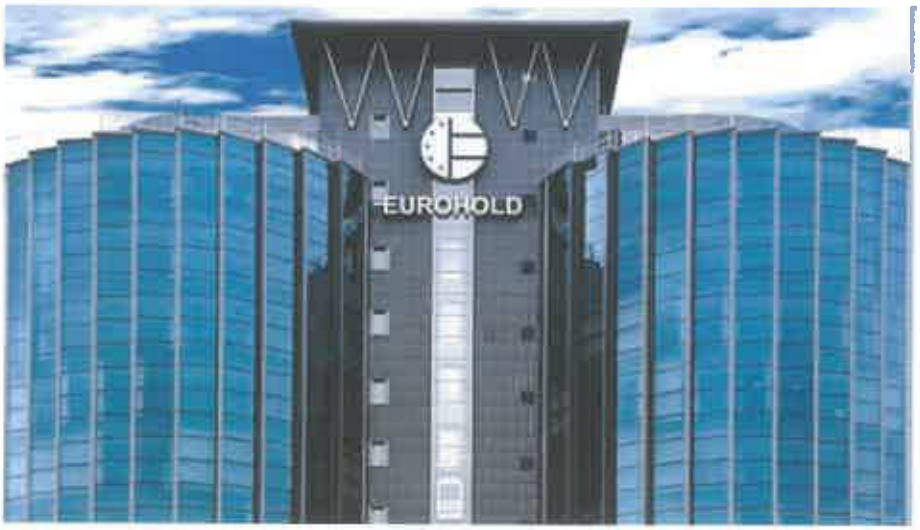

Everybody has a story,
we have a vision

Annual Report 2018

Eurohold Bulgaria AD also prepares an Annual Consolidated Statement, including the results of the Parent Company, its subsidiaries and associates entities. Readers of this unconsolidated annual report shall to read it together with the consolidated annual report of the Eurohold Group for 2018 so that they can obtain a complete picture of the Group's financial position as a whole.

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

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SECTION A

AUDITOR'S REPORT

HLB BULGARIA

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF

EUROHOLD BULGARIA AD

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of EUROHOLD BULGARIA AD (the Company), which comprise the separate statement of financial position as at 31 December 2018, and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

Basis for Opinion

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

Key Audit Matters

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

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Key Audit Matter	How this key audit matter was addressed in our audit
1. Valuation of investments in subsidiaries and receivables from subsidiaries Investments in subsidiaries as at 31 December 2018: BGN 567,465 thousand (31 December 2017: BGN 539,520 thousand) Note 16.1 to the separate financial statements Receivables from subsidiaries (including subgroups) as at 31 December 2018: BGN 1,018 thousand (31 December 2017: BGN 6,722 thousand) Notes 14 and 17 to the separate financial statements The Company has investments in subsidiaries operating in different business segments with some of them in regulated industries (insurance and investment agency), and others in sectors strongly dependent on the population purchase ability (sales and lease of new cars). In addition the Company through its subsidiaries operates in countries from Central and South-East Europe (Romania, Macedonia, Ukraine, Georgia, Greece, Russia), where specific economic and regulation environment is inherent. As at 31 December 2018 the investments in subsidiaries and receivables from them form 98% of the assets' total value at that date (31 December 2017: 98%). Above stated circumstances assume existence of certain risk from overstatement of investments in subsidiaries and receivables from them.	In this area, our audit procedures carried out with the support of independent valuation specialists, where applicable, hired by us, along with other similar, include: • Review and assessment of the forecast analysis of FCF /future cash flows/ from subsidiaries for the previous year made by the Company and their respective actual realization in the current year as well as of updated forecasts and business plans for the current year; • Analysis and judgment of the feasibility of the main assessments and assumptions used by the management of the Company and particularly of the discount rate, when applying the Discounted Cash Flow Model as well as comparison to historical data; • Mathematical precision test of the models for assessment and juxtaposition of key input data with main assumptions made by the Company; • Assessment of qualification and competence of the external appraisers, hired by the Company; • Analytical procedures referring to indicators to receivables from these companies for previous and current years as well as after the date of the balance sheet; • Documents review from the factsheet related to the collection of the receivables and ROI – financial status of the Companies, their contractors and feasibility of cash flows generation;

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Key Audit Matter	How this key audit matter was addressed in our audit
When reviewing for existence of impairment indications of investments in subsidiaries and receivables from them, material estimation is applied to assess the recoverable amount and future collection of the amounts by analyzing and assessing the return of Company entire exposition to these parties. The impairment review assumes use of material estimation, different judgements and approximated valuation by the management side about future return of the investments as well as for the purposes of investments recoverable amount assessment, the Discounted Future Cash Flows Method is applied, that is concretely defined for each subsidiary as separate unit generating cash (CGU) and taking into account factors such as: activity specific, business environment and risks, past experience, expected future economic benefits, that will be received, discount rate used, as well as position on Bulgarian and foreign markets and others, as well as the net asset value method. Because of this an uncertainty is inherent for these valuations. Calculations are carried out by the management with the help of independent licensed appraisers, hired by the Company. Because of the fact that: • determining the impairment losses by the Company exposition in its subsidiaries involves many estimations, higher level of speculation in forecast assumptions and specific calculations about impairment amount made by the management and	• Re-calculation of material expositions based on the model applied by the Company; • Assessment and review of the completeness, appropriateness and adequacy of the disclosures in separate financial statements regarding the valuation of investments and receivables in and from subsidiaries.

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Key Audit Matter	How this key audit matter was addressed in our audit
• the materiality of the recognized item to the Company separate financial statements as stated above we determine this matter as key audit matter.	
2. Loans and issued bonds – presentation and disclosure; requirements for adherence with debt financial covenants Issued bonds as at 31 December 2018: BGN 129,584 thousand (31 December 2017: BGN 142,489 thousand) Loans as at 31 December 2018: BGN 65,007 thousand (31 December 2017: BGN 73,362 thousand) Notes 21 and 22 to the separate financial statements Based on our understanding of the Company's business activity, we have identified the debt securities issued (bonds) and loans, and the adherence to debt financial covenants related to them as key audit matter. The loans and issued bonds are considered a key matter for our audit since they form 81% of the total value of the Company's liabilities as at 31 December 2018 (31 December 2017: 98%). In addition, according to the contractual commitments under certain of the loan agreements, the Company must abide by a number of financial indexes and rates for debt serving (EBITDA, Total Equity Volume, Gearing, LtV, Interest Coverage Ratio).	In this field, our audit procedures, along with other similar, include: • Review of internal rules and supporting documents related to the acquisition of the liabilities; • Recalculation of the initial recognition and the subsequent measurement of debt at amortized cost, using the effective interest rate; • We reviewed the prospectuses and loan agreements and paid particular attention to the conditions of the covenants and the cases of default; • Assessment of accounting policy and accounting treatment in the definition of financial expenses and adequate calculation of the covenants in accordance with the terms of the prospectuses; • Given the significance of the earnings before interest, taxes and depreciation (EBITDA), in our calculations of covenants, we paid particular attention to the correct classification of the items of earnings before interest, taxes and depreciation, as well as to specific and extraordinary items included in the adjusted earnings before interest, taxes and depreciation (EBITDA);

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Key Audit Matter	How this key audit matter was addressed in our audit
	• We reviewed for completeness and adequacy of disclosures in the Company's separate financial statements regarding the presentation of the loans and debt.

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

Based on the procedures performed, our opinion is that:

a) The information included in the management report referring to the financial year for which the separate financial statements have been prepared is consistent with those separate financial statements.
b) The management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and of Art. 100(m), paragraph 7 of the Public Offering of Securities Act.
c) The corporate governance statement referring to the financial year for which the separate financial statements have been prepared presents the information required under Chapter Seven of the Accountancy Act and Art. 100(m), paragraph 8 of the Public Offering of Securities Act.

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

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

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

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

The information about related party transactions is disclosed in Note 30 "Transactions and balances with related parties" to the separate financial statements. Based on the audit procedures performed by us on related party transactions as part of our audit of the separate financial statements as a whole, no facts, circumstances or other information have come to our attention based on which to conclude that the related party transactions have not been disclosed in the accompanying separate financial statements for the year ended 31 December 2018, in all material respects, in accordance with the requirements of IAS 24 *Related Party Disclosures*. The results of our audit procedures on related party transactions were addressed by us in the context of forming our opinion on the separate financial statements as a whole and not for the purpose of expressing a separate opinion on related party transactions.

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

Our responsibilities for the audit of the separate financial statements as a whole, described in the "Auditor's Responsibilities for the Audit of the Separate Financial Statements" section of our report include an evaluation as to whether the separate financial statements present the significant transactions and events in a manner that achieves fair presentation. Based on the audit procedures performed by us on the significant transactions underlying the separate financial statements for the year ended 31 December 2018, no facts, circumstances or other information have come to our attention based on which to conclude that there are material misrepresentations and disclosures in accordance with the relevant requirements of IFRSs as adopted by the European Union. The results of our audit procedures on Company's transactions and events significant for the separate financial statements were addressed by us in the context of forming our opinion on the separate financial statements as a whole and not for the purpose of expressing a separate opinion on those significant transactions.

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HLB BULGARIA

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

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

- Audit firm HLB BULGARIA OOD was appointed as a statutory auditor of the separate financial statements of EUROHOLD BULGARIA AD for the year ended 31 December 2018 by the general meeting of shareholders held on 29 June 2018 for a period of one year.
- The audit of the separate financial statements of the Company for the year ended 31 December 2018 represents second total uninterrupted statutory audit engagement for that entity carried out by us.
- We hereby confirm that the audit opinion expressed by us is consistent with the additional report, provided to Company's audit committee, in compliance with the requirements of Art. 60 of the Independent Financial Audit Act.
- We hereby confirm that we have not provided the prohibited non-audit services referred to in Art. 64 of the Independent Financial Audit Act.
- We hereby confirm that in conducting the audit we have remained independent of the Company.

Audit Firm

HLB Bulgaria OOD

Manager:

Veronika Revalska

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 017
ЕйЧ Ел Би България ООД

Registered auditor, responsible for the audit:

Vaska Gelina

29 March 2019

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SECTION B
SEPARATE FINANCIAL STATEMENTS 2018

EUROHOLD

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

	Notes	2018 BGN '000	2017* BGN '000
Revenue from operating activities			
Dividend income	3	209	265
Gains from sale of investments and subsequent revaluation	4	21 652	1 325
Interest income	5	1 544	2 437
Other financial revenue	6	647	18
		24 052	**4 045**
Expenses on operating activities			
Interest expenses	7	(19 239)	(17 460)
Losses on sale of investments and subsequent revaluation	8	(661)	(859)
Other financial expenses	9	(50)	(1 379)
Hired services expenses	10	(2 336)	(1 350)
Salaries and related expenses		(444)	(369)
Depreciation		(27)	(7)
Revenue / (Expenses) from impairment of financial assets, net	11	(13)	-
		(22 770)	(21 424)
Profit / (Loss) from operating activities		**1 282**	**(17 379)**
Other revenue/(expenses),net	12	378	73
Net Profit /(Loss)		**1 660**	**(17 306)**
Total comprehensive income for the year		**1 660**	**(17 306)**
Earning / (loss) per share, BGN	20.3	*0.008*	*(0.112)*

* The Company has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the transition method chosen, comparative information is not restated.

Prepared by: /Ivan Hristov/

Signed on behalf of BoD: /Asen Minchev/

Procurator: /Hristo Stoev/

22.3.2019

Audit firm HLB Bulgaria OOD

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 017 Ейч Ел Би България ООД

Финансов отчет, върху който сме издали одиторски доклад с дата: 29. 03. 2019 „Ейч Ел Би България" ООД HLB Bulgaria Ltd. Управител:..... Регистриран одитор:.....

These separate financial statements have been approved from the Board of Directors of Eurohold Bulgaria AD on 22.3.2019. The notes from page 17 to page 51 are an integral part of the annual separate financial statements for the year ended December 31, 2018

Eurohold Bulgaria AD
Separate Statement of financial position
As at 31 December

	Notes	31.12.2018 BGN '000	31.12.2017* BGN '000
ASSETS			
Non-current assets			
Machinery and equipment	13	82	16
Long-term receivables from related parties	14	-	5 129
Loans granted to third parties	15	-	9 779
		82	**14 924**
Investments			
Investments in subsidiaries and other companies	16	**567 465**	**539 529**
Current assets			
Loans granted to third parties	15	9 877	-
Receivables from related parties	17	1 408	1 593
Other receivables	18	328	1 670
Cash and cash equivalents	19	282	206
		11 895	**3 469**
TOTAL ASSETS		**579 442**	**557 922**

These separate financial statements have been approved from the Board of Directors of Eurohold Bulgaria AD on 22.3.2019. The notes from page 17 to page 51 are an integral part of the annual separate financial statements for the year ended December 31, 2018

EUROHOLD

Eurohold Bulgaria AD
Separate Statement of financial position (continued)
As at 31 December

	Notes	31.12.2018 BGN '000	31.12.2017* BGN '000
EQUITY AND LIABILITIES			
Equity			
Share capital	20.1	197 526	197 526
Share premium	20.2	49 568	49 568
General reserves	20.2	7 641	7 641
Retained earnings		81 393	100 605
Profit / (Loss) for the year		1 660	(17 306)
Total equity		**337 788**	**338 034**
Non-current liabilities			
Interest-bearing loans and borrowings	21	35 549	21 123
Bond liabilities	22	128 832	141 542
Non-current related parties liabilities	23	1 717	2 576
Other non-current liabilities	24	6	40
		166 104	**165 281**
Current liabilities			
Interest-bearing loans and borrowings	21	29 458	52 239
Bond liabilities	22	752	947
Trade payables	25	384	589
Related parties liabilities	26	44 214	232
Other current liabilities	27	742	600
		75 550	**54 607**
Total liabilities		**241 654**	**219 888**
TOTAL EQUITY AND LIABILITIES		**579 442**	**557 922**

* The Company has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the transition method chosen, comparative information is not restated.

Prepared by: Signed on behalf of BoD: Procurator:

/Ivan Hristov/ /Asen Minchev/ /Hristo Stoev/

22.3.2019

Audit firm HLB Bulgaria OOD

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 017 Ейч Ел Би България ООД

EUROHOLD BULGARIA AD

Финансов отчет, върху който сме издали одиторски доклад с дата: 29. 03. 2019 „Ейч Ел Би България" ООД HLB Bulgaria Ltd. Управители: ..... Регистриран одитор: .....

These separate financial statements have been approved from the Board of Directors of Eurohold Bulgaria AD on 22.3.2019. The notes from page 17 to page 51 are an integral part of the annual separate financial statements for the year ended December 31, 2018

EUROHOLD

Eurohold Bulgaria AD
Separate Statement of cash flows
for the year ended 31 December

	Notes	2018 BGN '000	2017 BGN '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before tax		**1 660**	**(17 306)**
Adjusted for:			
Depreciation		27	7
Interest income	5	(1 544)	(2 437)
Interest expenses	7	19 239	17 460
Dividend income	3	(209)	(265)
(Gains)/ Losses on sale of investments, net	4,8	(19 838)	(352)
(Gains)/ Losses on revaluation of investments, net	4,8	(1 153)	-
Foreign exchange differences		(636)	1 173
(Expenses for)/reintegration of impairment of financial assets, net		13	-
Adjustments in working capital:			
Decrease/(Increase) in trade and other receivables		1 527	(1 056)
(Decrease)/Increase in trade and other payables, other adjustments		(1 683)	(1 038)
Net cash flows from operating activities		**(2 597)**	**(3 814)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for machinery and equipment		(4)	-
Payments for investments		(27 945)	(54 000)
Borrowings granted		(42 558)	(11 800)
Proceeds from borrowings		40 592	43 946
Proceeds from interests		1 109	1 722
Dividends received		209	265
Other cash receipts/(payments) from investment activities, net		-	(124)
Net cash used by investing activities		**(28 597)**	**(19 991)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		-	81 035
Proceeds from loans		99 377	335 648
Repayments of loans		(49 201)	(384 142)
Interest and commissions paid		(17 180)	(7 339)
Payment of finance lease liabilities		(25)	-
Dividends paid		(1 700)	(1 472)
Other cash receipts/(payments) from financing activities, net		(2)	-
Net cash generated/(used) by financing activities		**31 269**	23 730
Net change in cash and cash equivalents		**75**	**(75)**
Impact on IFRS 9		*1*	-
Cash and cash equivalents at the beginning of the year	12	206	281
Cash and cash equivalents at the end of the year	12	**282**	**206**

Prepared by: /Ivan Hristov/

Signed on behalf of BoD: /Asen Minchev/

Procurator: /Hristo Stoev/

22.3.2019

Audit firm HLB Bulgaria OOD

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 017 Ейч Ел Би България ООД

EUROHOLD BULGARIA AD

Финансов отчет, към който сме издали одиторски доклад с дата: 29. 03. 2019 „Ейч Ел Би България" ООД HLB Bulgaria Ltd. Управител..... Регистриран одитор.....

These separate financial statements have been approved from the Board of Directors of Eurohold Bulgaria AD on 22.3.2019. The notes from page 17 to page 51 are an integral part of the annual separate financial statements for the year ended December 31, 2018

Eurohold Bulgaria AD
Separate Statement of changes in equity
For the year ended December 31

	Share capital BGN '000	General reserves BGN '000	Share premium BGN '000	Retained earnings / (uncovered loss)* BGN '000	Total Equity BGN '000
Balance as at 1 January 2017	**127 345**	**7 641**	**38 714**	**102 218**	**275 918**
Issue of share capital	70 181	-	10 854	-	**81 035**
Loss for the year	-	-	-	(17 306)	**(17 306)**
Dividends	-	-	-	(1 613)	**(1 613)**
Balance as at 31 December 2017 *	**197 526**	**7 641**	**49 568**	**83 299**	**338 034**
Adjustment on initial application of IFRS 9, Note 2.26	-	-	-	*(106)*	***(106)***
Balance as at 1 January 2018 (restated)	**197 526**	**7 641**	**49 568**	**83 193**	**337 928**
Profit for the year	-	-	-	1 660	**1 660**
Dividends	-	-	-	(1 800)	**(1 800)**
Balance as at 31 December 2018	**197 526**	**7 641**	**49 568**	**83 053**	**337 788**

* The Company has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the transition method chosen, comparative information is not restated.

Prepared by: Signed on behalf of BoD: Procurator:

/Ivan Hristov/ /Asen Minchev/ /Hristo Stoev/

22.3.2019

Audit firm HLB Bulgaria OOD

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 017 Ейч Ел Би България ООД

Финансов отчет, върху който сме издали одиторски доклад с дата: 29. 03. 2019 „Ейч Ел Би България" ООД HLB Bulgaria Ltd. Управители: ..... Регистриран одитор: .....

These separate financial statements have been approved from the Board of Directors of Eurohold Bulgaria AD on 22.3.2019. The notes from page 17 to page 51 are an integral part of the annual separate financial statements for the year ended December 31, 2018

EUROHOLD

SECTION C
NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR 2018

Notes to the Separate Financial Statements for 2018

Founded in 1996, Eurohold Bulgaria AD operates in Bulgaria, Romania and Macedonia. The Company is owner of a large number of subsidiaries within the sectors of insurance, financial services and car sales.

1. INFORMATION ABOUT THE COMPANY

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

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

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

The governing bodies of the Company are: the general meeting of shareholders, the supervisory board /two-tier system/ and the management board comprising the following members as at 31.12.2018:

Supervisory board:
Asen Milkov Christov – Chairman;
Dimitar Stoyanov Dimitrov – Deputy Chairman;
Radi Georgiev Georgiev – Member;
Kustaa Lauri Ayma – Independent Member;
Lyubomir Stoev – Independent Member;
Louis Gabriel Roman – Independent Member.

Management board:
Kiril Ivanov Boshov - Chairman, Executive Member;
Asen Mintchev Mintchev – Executive Member;
Velislav Milkov Hristov – Member;
Assen Emanouilov Assenov – Member;
Dimitar Kirilov Dimitrov – Member;
Razvan Stefan Lefter – Member.

As at 31.12.2018, the Company is represented and managed by Kiril Ivanov Boshov and Assen Mintchev Mintchev – Executive Members of the Management Board, and Hristo Stoev – Procurator, jointly by the one of the executive members and the Procurator of the Company only.

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

As at 31.12.2018, the Audit Committee of the Company comprises the following members:
Ivan Georgiev Mankov– Chairman;
Dimitar Stoyanov Dimitrov – Member;
Rositsa Mihaylova Pencheva – Member.

As at 31.12.2018, the Company has ten employees (31.12.2017: seven employees).

1.1 Scope of Activities

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

1.2. Types of Activities

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

The companies within the issuer's portfolio operate on the following markets: insurance, leasing, finance and automobile.

Insurance and Health Insurance line:
- Insurance services
- Health insurance services
- Life insurance services

Leasing line:
- Leasing services
- Car rentals

- **Financial line:**
  - Investment intermediation

Automobile line:
- Sales of new cars
- Car repairs

2. SUMMARY OF THE COMPANY'S ACCOUNTING POLICY

2.1 Basis for Preparation of the Separate Financial Statement

The separate financial statements of Eurohold Bulgaria AD are prepared in compliance with the Accounting Act and all International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations of the Standing Interpretation Committee (SIC), interpretations of the IFRS interpretation committee (IFRIC), which are effectively in force since 01 January 2018 and are adopted by the Commission of the European Union.

The Company has complied with all standards and interpretations that are applicable to its operations at the date of preparation of these unconsolidated financial statements. The adoption of these standards and / or interpretations that are effective for annual periods beginning on or after January 1, 2018 has resulted in changes in the Company's accounting policy regarding the principles, rules and criteria for accounting for the following reportable items, and the disclosure of financial information about them: trade receivables, related party receivables, loans granted, cash and cash equivalents, court and other receivables, income from contracts with customers.

The separate financial statements have been prepared in accordance with the historical cost convention, except for those financial instruments and financial liabilities that are measured at fair value. The report is prepared in accordance with the going concern principle, which implies that the Company will continue to operate in the near future.

As a holding company, Eurohold Bulgaria does not carry out regular business activity.

From 2015 to the end of 2018 Eurohold has invested considerable funds to support its subsidiaries, which report better and better results. The Company expects that during the next reporting year it will start having return from the investments it has made during the recent years by distributing dividends from its subsidiaries.

The management of Eurohold has committed itself to working towards reducing the Company's indebtedness as well as refinancing high-interest debt.

As at the date of these separate financial statements, the management has reviewed the Company's business for 2018. With the continuous support of the capital by the majority shareholder and taking in consideration the expected return from the subsidiaries, the Management board expects that the Company will have enough financial resources to continue operating in future while applying the principle of going concern for the preparation of these separate financial statements.

2.2 Comparative Data

Eurohold Bulgaria AD presents comparative information for a single previous period.

Whenever needed, comparative data are reclassified in order to achieve comparability between the changes in the presentation for the current year.

New standards, amendments and interpretations effective as of 1 January 2018

The Company applies IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments" for the first time.

For the first time in 2018 some other amendments and clarifications are being applied, but they have no impact on the Company's separate financial statements. The Company has not adopted standards, clarifications or amendments that have been published but have not yet entered into force.

The Company applies the following new standards, amendments and interpretations to IFRSs developed and published by the International Accounting Standards Board, which are mandatory for the period beginning on 1 January 2018:

IFRS 15 "Revenue from contracts with customers"

IFRS 15 replaces IAS 11 "Construction Contracts", IAS 18 "Revenue" and Related Explanations and, with some limited exceptions, applies to all revenue arising from contracts with clients. IFRS 15 introduces a new, five-step model for reporting revenue arising from contracts with customers and requires revenue to be recognized at an amount that reflects the remuneration the Company expects to be entitled to in exchange for the goods or services transferred to the customer.

IFRS 15 requires the companies to exercise judgment, taking into account all relevant facts and circumstances when applying each step of the model to the contracts with their clients. In addition, the Standard also sets out the accounting treatment of the differential costs of acquiring a contract and the costs directly related to the performance of the contract. Moreover, the standard requires advanced disclosures.

The Company has adopted IFRS 15 using a modified retrospective application, with the date of initial application being adopted as 1 January 2018. According to this method, the Standard may be applied either to all contracts at the date of initial application or only to contracts, which were not met by that date. The Company preferred to apply the standard only to contracts that were not met on 1 January 2018.

The cumulative effect of initial application of IFRS 15 is recognized at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information is not restated and continues to be accounted under IAS 11, IAS 18 and Related Interpretations.

The Company has assessed the effects of applying the new standard on the annual separate financial statements and has not identified areas to be affected that affect the amounts of operating income and / or receivables and equity components, as long as no material change is expected in the business model, or in the time horizon of transferring control to customers from the services provided by the Company or the reporting of sales of goods.

IFRS 9 "Financial Instruments"

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, combining all three aspects of the accounting for financial instruments: classification and measurement, impairment and accounting for the hedge.

The Company applies IFRS 9 for future periods beginning on or after 1 January 2018. The Company has not restated comparative information that continues to be reported under IAS 39. The differences arising from the adoption of IFRS 9 are recognized directly in retained earnings and other components of equity.

Note 2.26 Changes in Significant Accounting Policies summarizes the effect of the adoption of IFRS 9 on 1 January 2018.

As a result of the adoption of IFRS 9, the Company has adopted the related amendments to IAS 1 Presentation of Financial Statements that require the impairment loss on financial assets to be presented in a separate line in the profit or loss and other comprehensive income statement.

Additionally, the Company has adopted the related amendments to IFRS 7 "Financial Instruments: Disclosures" that are applicable to the disclosures for the year 2018 but are not fully applied to comparative information.

The Company has adopted the following new and revised standards and interpretations that are mandatory for application from 1 January 2018 that do not affect the financial position and results of its operations.

Amendments to IFRS 4: Application of IFRS 9 „Financial Instruments" to IFRS 4 „Insurance Contracts" (issued on September 12, 2016), effective January 1, 2018, adopted by the EU on 3 November 2017 , published on 9 November 2017;

Annual Improvements to IFRS 2014-2016 (issued December 8, 2016), effective January 1, 2018 / January 1, 2017, adopted by the EU on February 7, 2018, published on 8 February 2018;

Amendments to IFRS 2 "Classification and measurement of share-based payment transactions" (issued on 20 June 2016), in force since 1 January 2018, adopted by the EU on 26 February 2018, published on February 26, 2018;

Amendments to IAS 40 "Transfer of Investment Property" (issued December 8, 2016), effective January 1, 2018, adopted by the EU on March 14, 2018, published in the Official Journal on March 15, 2018;

IFRIC 22 "Foreign currency transactions and prepayments" (issued December 8, 2016), effective January 1, 2018, adopted by the EU on 28 March 2018, published in the Official Journal on 3 April 2018

Standards, interpretations and amendments in standards that are issued by IASB and endorsed by EU but not yet effective

At the date of preparation of these separate financial statements, the following standards and amendments to existing standards and interpretations have been issued by the International Accounting Standards Board (IASB) but are not yet effective for annual periods beginning on or after 1 January 2018, that have not been accepted for earlier application by the Company.

The management of the Company has judged that the following would have a potential effect in the future for changes in accounting policies and the classification and amounts of reportable items in the subsequent periods, and beneath it is stated how disclosures may be affected, the financial position and results when the Company adopts these standards for the first time.

IFRS 16 Leases (issued on 13 January 2016), effective 1 January 2019, endorsed by the EU on 31 October 2017, published in the Official Journal on 9 November 2017

IFRS 16 establishes principles for recognition, measurement, presentation and disclosure of leases and requires the lessees to account all lease contracts in accordance with a single balance sheet model similar to the accounting of financial leases as per IAS 17. At the commencement date of the lease contract, the lessee will recognize a liability to make lease payments (i.e. lease liability) and an asset being the right to use the principal asset in the course of the lease period (i.e. right to use the asset). Lessees will have to recognise the lease interest expenses and the amortisation cost of the right to use the asset separately. Furthermore, the lessees will be required to re-measure the value of the lease liability upon occurrence of specific events (for example, change in the lease period, change in the future lease payments as a result of change of any index or percentage used for defining those payments). In principle, the lessee will recognise the amount of repeated measurement of the lease payable as an adjustment of the right to use the asset.

Inherently, the accounting reporting in compliance with IFRS 16 in terms of lessors will not change significantly in comparison to the current accounting reporting as per IAS 17. Lessors will

continue classify all lease contracts by applying the same classification principle as the one under IAS 17 and to differentiate two types of leases: operating and finance.

Furthermore, IFRS 16 requires lessees and lessors to make more detailed disclosures than those under IAS 17.

Transition to IFRS 16
The Company plans to adopt IFRS 16 by applying a modified retrospective approach and the cumulative effect of applying it is recognized on the date of initial application in the opening balance of the capital and no comparative information is restated. The Company will choose to apply the

Standard to contracts that were previously identified as a lease under IAS 17 and IFRIC 4.Therefore, the Company will not apply the Standard to contracts that were previously not identified as leases under IAS 17 and IFRIC 4.

The Company will choose to use the exceptions proposed by the Standard for leases for which the lease term ends within 12 months and lease agreements for which the underlying asset is of low value.

The management of the Company is in the process of assessing the effect of the application of the Standard and can not yet provide quantitative information.

Amendments to IFRS 9 "Prepayments with Negative Compensation" (issued 12 October 2017), in force since January 1, 2019, adopted by the EU on March 22, 2018, published in the OJ on March 26, 2018;

IFRIC 23 "Uncertainty in Determination of Income Tax" (issued on 7 June 2017), in force since 1 January 2019, adopted by the EU on 23 October 2018, published in the OJ on 24 October 2018.

Amendments to IAS 28 "Investments in Associates and Joint Ventures" (issued on October 12, 2017), effective January 1, 2019, adopted by the EU on February 8, 2019, published in the Official Journal on 11 February 2019;

Annual Improvements to IFRS 2015-2017 (issued December 12, 2017), effective January 1, 2019, adopted by the EU on 14 March 2019, published in the OJ on 15 March 2019;

Amendments to IAS 19 Employee Benefits - Amendment, curtailment or settlement of the plan (issued on 7 February 2018), in force since 1 January 2019, adopted by the EU on 13 March 2019, published in OJ on 14 March 2019.

Standards and interpretations issued by the IASB / IFRIC not yet endorsed by the EU

These new or revised standards, new interpretations and amendments to existing standards that at the reporting date have not yet been endorsed by the EU and therefore are not taken into account by the Company in preparing these financial statements.

IFRS 17 Insurance Contracts (issued on 18 May 2017), effective 1 January 2021;

Changes in the Conceptual Financial Reporting Framework - (issued on 29 March 2018), effective from 1 January 2020;

Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (issued on 31 October 2018) effective from 1 January 2020.

2.3 Functional and Reporting Currency

The Bulgarian Lev (BGN) is the functional and reporting currency of the group. Data presented in the statement and the attachments thereto are in thousand BGN (000'BGN). Since 1 January 1999, the Bulgarian Lev is pegged to the EURO at the exchange rate: BGN 1, 95583 for EUR 1.

Upon initial recognition, a foreign currency transaction is recorded in the functional currency by applying to the amount in foreign currency the exchange rate at the time of the transaction or operation. Cash, receivables and payables

denominated in foreign currency are reported in the BGN equivalent on the basis of the exchange rate as at the date of the operation and are revaluated on annual basis using the official exchange rate of the Bulgarian National Bank on the last working day of the year.

Non-monetary reporting items of the separate statement of financial position that have been initially denominated in foreign currency are stated in the functional currency by applying the historical exchange rate as at the date of the operation and are not subsequently revaluated at the closing exchange rate.

The effect of foreign exchange losses and gains related to the settlement of business transactions in foreign currency or the reporting of business transactions at exchange rates different from those that have been initially recognised is stated in the separate statement of profit or loss and other comprehensive income at the time of occurrence thereof under Other financial revenue/(expenses)

2.4 Accounting Assumptions and Accounting Estimates

The presentation of the non-consolidated financial statements in accordance with International Financial Reporting Standards requires management to make the best estimates, accruals
and reasonable assumptions that affect the reported amounts of assets and liabilities, income and expense, and the disclosure of contingent receivables and payables at the reporting date.
These estimates, accruals and assumptions are based on the information available at the date of the unconsolidated financial statements, so that the future factual results could be different from them (as in the financial crisis, uncertainties are more significant).

The units that suggest higher degree of subjective estimate or complexity or where assumptions and estimates are material for the separate financial statements are disclosed in 2.20 Judgements that are crucial for the application of the Company's accounting policy. Key estimates and assumptions with high uncertainty.

2.5 Income

Accounting policy applied until 31.12.2017

The Company's income is recognized on the accrual basis and to the extent economic benefits are obtained by the Company and as far as the incomes may be reliably measured.

Upon provision of services, incomes are recognized considering the stage of completion of the transaction as at the date of the balance sheet, if such stage may be reliably measured, as well as the costs incurred for the transaction.

Accounting policy applied from 01.01.2018

Revenue in the Company is recognized at an amount that reflects the remuneration the Company expects to be entitled to in exchange for the goods or services transferred to the customer.

To determine whether and how to recognize revenue, the Company uses the following 5 steps:

1. Identify the contract with a client;
2. Identify performance obligations;
3. Determining the transaction price;
4. Distribution of the transaction price to the execution obligations;
5. Recognition of revenue upon satisfaction of performance obligations.

The Company recognizes as contract liabilities remuneration received in respect of unmet performance obligations and presents them as other liabilities in the separate statement of financial position.
Similarly, if the Company meets a performance obligation before receiving the remuneration, it recognizes in the separate statement of financial position either as asset under the contract or receivable, depending on whether or not something other than a specified time is required to receive the remuneration.

Dividend incomes are recognized upon certifying the right to obtain them.

Eurohold Bulgaria AD generates financial income mainly from the following activities:

- Income from operations with investments;
- Gains from financial operations;
- Income from dividends;
- Income from loan interest granted to subsidiaries and third parties;
- Income from Services granted to subsidiaries.

2.6 Expenses

Expenses are recognized at the time of occurrence thereof and on the accrual and comparability basis.

Deferred expenses (prepaid expenses) are carried forward for recognition as current expenses for the period in which the contracts they pertain to are performed.

Financial expenses include: expenses incurred in relation to investment operations, negative differences from financial instruments operations and currency operations, expenses on interest under granted bank loans and obligatory issues, as well as commissions.

Other operating income and expenses include items of secondary character in relation to the main activity of the Company.

2.7 Interest

Interest income and expenses are recognized in the separate statement of profit or loss and other comprehensive income using the effective interest rate method. The effective interest rate is the rate for discounting the expected cash payments and proceeds during the term of the financial asset or liability up to the net book value of the respective asset or liability. The effective interest rate is calculated upon the initial recognition of the financial asset or liability and is not adjusted subsequently.

The calculation of the effective interest rate includes all received or paid commissions, transaction costs, as well as discounts or premiums, which are an integral part of the effective interest rate. Transaction costs are the inherent costs directly attributable to the financial asset or liability acquisition, issue or derecognition.

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

2.8 Fees and Commissions

Fees and commissions costs, which are an integral part of the effective interest rate for a financial asset or liability, are included in the calculation of the effective interest rate.

Other fees and commissions incomes, including logistic services fees, insurance and other intermediation fees, are recognized upon providing the respective services.

The other fees and commissions costs relevant mainly to banking services are recognized upon receipt of the respective services.

2.9 Taxes

Income Tax
The current tax includes the tax amount, which should be paid over the expected taxable profit for the period on the basis of the effective tax rate or the tax rate applicable on the day of preparation of the balance sheet and all adjustments of due tax for previous years.

The Company calculates the income tax in compliance with the applicable legislation.

The income tax is calculated on the basis of taxable profit after adjustments of the financial result in accordance with the Corporate Income Tax Act.

Current income taxes are defined in compliance with the Bulgarian tax legislation – the Corporate Income Taxation Act. The nominal tax rate for 2018 is 10% of the taxable profit (2017: 10%).

Deferred Tax
Deferred tax is calculated using the balance sheet method for all temporary differences between the net book value as per the financial statements and the amounts used for taxation purposes.

The deferred tax is calculated on the basis of the tax rate that is expected to be effective upon the realization of the asset or the settlement of the liability.

The effect from changes in the tax rates on the deferred tax is reported in the income statement, except in cases when it concerns amounts, which are earlier accrued or reported directly in equity.

Based on IAS 12, Income Taxes, the Company recognizes only the portion of a current tax asset or liability from the acquisition or sale of financial instruments for which the Company expects to realize a reverse benefit in the foreseeable future, or does not control the timing of the reverse benefit. The Company's policy applies equally to each class of financial instruments.

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

Withholding tax
Pursuant to the Corporate Income Tax Act, payment of incomes to foreign individuals or legal entities is subject to withholding tax within the territory of the Republic of Bulgaria.

Withholding tax is not due provided the foreign legal entity has proved grounds for application of the Agreements for Avoidance of Double Taxation before tax rate or applicable tax rate on the day of expiration of the tax payment term.

In 2018, in connection with a contract for the renting of a real estate (office) located in London, UK, the Company is in the process of VAT registration in that country.

2.10 Fixed Assets

2.10.1 Machinery and Fixed Tangible Assets

Machinery and equipment are measured at acquisition cost, less the amount of accrued amortization and possible impairment losses.

The company has fixed the value capitalization threshold to BGN 700, under which acquired assets, regardless if they have the characteristics of fixed assets, are reported as current expenses at the time of acquisition thereof.

Initial Acquisition
Fixed tangible assets are initially measured:

- at acquisition cost, which includes: purchase price (including duties and nonrefundable taxes), all direct costs for bringing the asset into working condition according to its purpose:
– for assets acquired from external sources;
- at fair value: for assets obtained as a result of a charitable transaction;
- at evaluation: approved by the court and all direct costs for bringing the asset into working condition according to its purpose
– for assets acquired as a contribution of physical assets.

Borrowing costs directly related to acquisition, construction or production of eligible assets are included in the acquisition cost (cost) of this asset. All other borrowing costs are reported on current basis in the profit or loss for the period.

Further Measurement
The Company's approach to post evaluation of machinery and equipment is the cost model under IAS 16, the historical cost of acquisition, less accumulated depreciation and accumulated impairment losses.

Subsequent expenses
Subsequent expenses for repairs and maintenance are stated in the separate statement of financial position where the same criteria as at the initial acquisition exist.

Sales profits and loss
Upon sales of fixed assets, the difference between the net book value and the sales price of the asset is reported as profit or loss in the separate statement of profit or loss and other comprehensive income, in "Other Revenues/(Expenses), net" item.

Fixed tangible assets are derecognized from the balance sheet upon sale or when the asset is finally decommissioned and no further economic benefits are expected after derecognition.

2.10.2 Depreciation Methods

The Company applies the straight-line method of depreciation. Depreciation of assets begins from the month following the month of acquisition thereof. Land and assets in process of construction are not depreciated.

The useful life by groups of assets depends on: the usual wear and tear, equipment specificity, future intentions for use and the probable moral aging.

The estimated useful lives by groups of assets are as follows:

Buildings	25 years
Machinery and equipment	3–10 years
Vehicles	4–6 years
Fixtures and fittings	3–8 years
Computers	2–3 years

2.10.3 Impairment

Net book values of fixed tangible assets are subject to review for impairment, when events or changes in circumstances have occurred, which evidence that the net book value might permanently differ from their recoverable amount. If there are indicators that the estimated recoverable value is less than their net book value, the latter is adjusted up to the recoverable value of assets. Impairment losses are recognized as expense in the separate statement of profit or loss and other comprehensive income during the year of occurrence thereof.

2.11 Employment Benefits

Other long-term employee benefits

Defined contribution plans
Defined contribution plan is a plan for post-employment benefits in accordance with which the Company pays contributions to another person and does not have any legal or constructive obligations to make further payments. The Bulgarian government is responsible for providing pensions under the defined contribution plans. The Company's engagement costs for transferring contributions under defined contribution plans are recognised currently in profit and loss.

Defined benefit plans
These are post-employment benefit plans other than defined contribution plans.

The net payable of the Company with regard to defined benefit plans is calculated by estimating the amount of future benefits the employees are entitled to in return for their services during the current and previous years; and these benefits are discounted in order to define their present value.

The Company has the obligation to pay retirement benefits to those of its employees who retire in compliance with the requirements of article 222, § 3 of the Labour Code (LC) in Bulgaria. In accordance with these provisions of the LC, upon termination of the employment agreement of an employee who is entitled to pension, the employer pays them compensation in the amount of two monthly gross salaries. Provided the worker or employee has 10 or more years' length of service as at the date of retirement, such compensation is in the amount of six monthly gross salaries. As at the date of the separate statement of financial position, the Company measures the approximate amount of potential expenses for all employees by using the estimate credit units.

Retirement benefits
Retirement benefits are recognised as an expense when the Company has clear engagements, without actual opportunity to withdraw, with an official detailed plan either for termination of employment relations before the normal retirement date, or for payment of compensation upon termination as a result of proposal for voluntary retirement.

Benefits upon voluntary retirement are recognised as an expense if the Company has made an official proposal for voluntary termination and the offer would be probably accepted, and the number of employees who has accepted the offer may be reliably measured. If compensations are payable for more than 12 months after the end of the reporting period, they are discounted up to their present value.

Short-term employee benefits
Payables for short-term employee benefits are measured on non-discounted basis and are stated as an expense when the related services are provided. Liability is recognised for the amount that is expected to be paid as a short-term bonus in cash or profit distribution plans, provided the Company has legal or constructive obligation to pay such amount as a result of previous services rendered by an employee, and such obligation may be reliably measured.

The Company recognises as payable the non-discounted amount of measured paid annual leave expenses that are expected to be paid to the employees in return of their services for the past reporting period.

2.12 Financial Assets

2.12.1 Investments in subsidiaries, associates and joint ventures

A subsidiary is a company that is subject to the control of the Company as an investor. Having control means that the investor is exposed to or has rights to the variable return of its shareholding in the investee and is able to influence this return by means of its powers over the investee.

Long-term investments, being shares in subsidiaries, are stated in the separate financial statements at acquisition price (cost), which is the fair value of paid consideration, including the direct expenses for acquisition of the investment.

These investments are not traded at stock exchanges.

The investments in subsidiaries held by the Company are subject to review for impairment. Upon finding conditions for impairment, it is recognised in the separate statement for profit or loss and other comprehensive income as financial expense.

Upon purchase and sale of investments in subsidiaries, the "date of entering into" the transaction applies.

Investments are derecognised upon transferring the pertaining rights to other entities upon occurrence of legal grounds to this effect thus losing the control over the economic benefits from the investments. The revenue from their sales is stated in "financial revenue" or "financial expenses", respectively, in the separate financial statement for profit or loss and other comprehensive income.

The companies in which the Company holds between 20% and 50% of the voting rights and may significantly affect, but not perform control functions, are considered associated companies.

Investments in associated companies are reported by using the equity method. By using the equity method, the investment in the associated company is carried in the separate statement of financial position at acquisition cost, plus the changes in the share in the net assets of the associated entity after the acquisition. The goodwill related to the associated entity is included in the net book value of the investment and is not amortized.

Investments that are not classified as subsidiaries and associates are carried at fair value through profit or loss. In case of investments in equity instruments that do not have quoted market price on active market and whose fair value may not be reliably measured, they are stated at acquisition price/ cost.

The investments in associates and other companies held by the Company are subject to review for impairment.

Upon finding conditions for impairment, it is recognised in the separate statement for profit or loss and other comprehensive income.

Investments in associates and other companies are derecognised upon transferring the pertaining rights to other entities upon occurrence of legal grounds to this effect thus losing the joint control over the economic benefits from the investments.

The revenue from their sale is stated under the item Gains from financial operations, or under the item Losses from financial operations, respectively, in the separate financial statement for profit or loss and other comprehensive income.

2.12.2 Financial Instruments

Accounting policy until 31.12.2017

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, such as loans and receivables such as held-to-maturity investments, available-for-sale financial assets or as derivatives designated as hedging instruments in effective hedge, where appropriate.

The Company determines the classification of its financial instruments upon initial recognition. Financial assets include cash and short-term deposits, trade and other receivables, quoted and unlisted financial instruments.

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss include financial assets held for trading and those that are initially recognized as financial assets at fair value. Financial assets that are typically acquired with intent to be sold in the near future are classified as held for trading.

Investments held to maturity

Held-to-maturity investments are financial assets that are not derivatives and have fixed or determinable payments and fixed maturities and for which the Company has a positive intent and ability to hold to maturity.

These investments are initially recognized at cost, which represents the cost of the consideration paid to acquire the investment. All transaction costs that are directly related to the acquisition are also included in the acquisition cost. After initial assessment, held-to-maturity investments are measured at amortized cost using the effective interest method.

Gains and losses on held-to-maturity investments are recognized in the non-consolidated profit or loss account and other comprehensive income when the investment is derecognised or impaired.

Loans and other receivables

Borrowings and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

These financial assets are initially recognized at cost, which is the fair value paid for the acquisition of the financial assets. All transaction costs that are directly related to the acquisition are also included in the acquisition cost. After an initial assessment, loans and receivables are measured at amortized cost using the effective interest method. Gains and losses on loans and receivables are recognized in the non-consolidated profit or loss account and other comprehensive income when they are derecognised or impaired.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as such and are not classified in any of the above three categories. These investments are initially measured at fair value. After initial recognition, available-for-sale financial assets are measured at fair value. Unrealized gains and losses on fair value are reported in a separate component of the other comprehensive income until financial assets are derecognised or impaired. On derecognition or impairment, cumulative gains or losses previously recognized in equity are recognized in the non-consolidated profit or loss account and other comprehensive income.

Derivative financial instruments
Derivative financial instruments are classified as held for trading unless they are effective hedging instruments. All derivatives are reported as assets when the fair values are positive and as liabilities when the fair values are negative.

Accounting policy from 01.01.2018

(a) Classification and measurement

Under IFRS 9, after initial recognition, debt instruments are measured at fair value through profit or loss or amortized cost or at fair value in other comprehensive income. The classification is based on two criteria:
the business asset management model of the asset management Company and whether the contractual cash flows of the instrument represent 'only principal and interest payments' on the outstanding amount of the principal.

The business model of the Company is assessed at the date of the initial application, ie. 1 January 2018. The assessment of whether the contractual cash flows of the debt instruments consist solely of principal and interest is based on the facts and circumstances of the initial recognition of assets.

The requirements for the classification and measurement of IFRS 9 do not materially affect the Company and it continues to recognize at fair value all financial assets previously reported at fair value in accordance with IAS 39. The following are the changes in the classification of the Company's financial assets:

Loans receivables from related parties classified as non-current receivables from related parties at 31 December 2017 include loans for which the Company receives the contractual cash flows relating to principal and interest payments. As of 1 January 2018, they are classified and measured at amortized cost as Debt instruments.

Loans granted to third parties (ie credit claims) classified as non-current receivables at 31 December 2017 are held for the purpose of obtaining the contractual cash flows and result in cash flows representing only principal and interest payments. As of 1 January 2018, they are classified and measured at amortized cost as Debt instruments.

Equity investments in unquoted companies classified as Investments in other entities as at 31 December 2017 are classified and measured as equity instruments at fair value through profit or loss as of 1 January 2018.

Short-term receivables from related parties and Other short-term receivables classified as current receivables at 31 December 2017 are classified and measured at amortized cost as Debt instruments as of January 1, 2018.

The following table presents the classification of each type of financial assets of the Company under IAS 39 and its subsequent classification and measurement under IFRS 9 on 1 January 2018.

	Type of financial asset	Category by IAS 39	Category by IFRS 9	Carrying amount under IAS 39 (BGN thousand)	Carrying amount under IFRS 9 (BGN thousand)
1	Non-current receivables from related parties	Credits and receivables	Amortizable value	5 129	5 118
2	Loans granted to third parties	Credits and receivables	Amortizable value	9 779	9 759
3	Investments in other enterprises	Available for sale	Fair value in profit or loss	9	-
4	Receivables from related parties	Credits and receivables	Amortizable value	1 593	1 579
5	Other receivables	Credits and receivables	Amortizable value	1 670	1 621
6	Cash and cash equivalents	Credits and receivables	Amortizable value	206	203
Total financial assets				**18 386**	**18 280**

There are no changes in the classification and measurement of the financial liabilities of the Company.

(b) Impairment

The adoption of IFRS 9 substantially changed the Company's accounting for impairment losses for financial assets by replacing the accrued losses approach of IAS 39 with the more forward-looking model of expected credit losses (expected credit losses). IFRS 9 requires the Company to recognize a provision for expected credit losses for all debt instruments that are not carried at fair value through profit or loss and for contract assets.

Instruments that fall under the new requirements include loans and other financial assets measured at amortized cost / fair value through other comprehensive income, trade receivables, contract assets recognized and measured under IFRS 15, and credit commitments and some financial guarantee contracts (with the issuer) that are not reported at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the occurrence of a credit loss event. Instead, the Company considers a wider range of information in assessing credit risk and assessing expected credit losses, including past events, current conditions, reasonable and supportive forecasts that affect the expected future cash flow of the instrument.

In implementing this forward-looking approach, a distinction is made between:

- financial instruments whose credit quality has not significantly deteriorated since the initial recognition or have low credit risk (Phase 1), and
- financial instruments whose credit quality has deteriorated significantly since the time of initial recognition or where the credit risk is not low (Phase 2)
- "Phase 3" covers financial assets that have objective evidence of impairment at the reporting date. None of the Company's financial assets fall into this category. 12-month expected credit losses are recognized for the first category, while the expected losses over the life of the financial instruments are recognized for the second category. Expected credit losses are determined as the difference between all contractual cash flows attributable to the Company and the cash flows it is actually expected to receive ("cash deficit"). This difference is discounted at the original effective interest rate (or the effective interest rate corrected to the credit).

The calculation of expected credit losses is determined on the basis of the probability-weighted estimate of credit losses over the expected period of the financial instruments.

Trade and other receivables, contracted assets and receivables under leasing contracts

The Company uses a simplified approach to accounting for trade and other receivables as well as contract assets and recognizes impairment losses as expected credit losses over the entire period. They represent the expected shortfall in contractual cash flows, given the possibility of default at any time during the term of the financial instrument. The Company uses its accumulated experience, external indicators and long-term information to calculate the expected credit losses through customer allocation by industry and time structure of receivables and using a maturity of provisions.

The Company has determined that the application of the impairment requirements of IFRS 9, effective from 1 January 2018, leads to the recognition of an impairment loss amounting to BGN 106 thousand. (Note 2.26 Changes in Significant Accounting Policies).

2.13 Short-Term Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. Impairment is estimated for the purposes of meeting the expected loss on the basis of separate measurement of individual arrangements, on the basis of a model developed by the management of expected credit losses.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current accounts and short-term deposits, including repos at banks whose original maturity is up to 3 months. For the purposes of the separate statement of cash flows, bank deposits are analysed and presented in compliance with the Company's purposes and intentions for earning therefrom, as well as the actual maintained duration of investing in such type of deposits.

2.15 Liability Provisions

Liability provisions include expected costs related to obligations under guarantees, restructuring, etc., as well as deferred tax assets.

2.16 Tax and Deferred Tax Liabilities

Current tax liabilities and current tax receivables are recognized in the separate statement of financial position as tax calculated on taxable income for the year adjusted for the tax on taxable income for previous years and paid taxes.

2.17 Equity and Reserves

Equity is presented at its nominal value pursuant to the court decisions for its registration.

In accordance with the requirements of the Commerce Act and the Articles of Association, the Company is obliged to establish a Reserve Fund and the sources of such fund may be as follows:

- At least one tenth of the profit being allocated until the fund amount reaches one tenth or bigger part of the capital as set out in the Articles of Association;
- The received funds exceeding the nominal value of shares upon issue thereof (premium reserve);
- Other sources as set out by resolution of the general meeting.

The funds may be used for covering annual losses or losses from previous years only. When the fund reaches the minimum amount as set out in the Articles of Association, the excess may be used for capital increase.

2.18 Liabilities

Financial liabilities include loans (loans), liabilities to suppliers and other counterparties.

Financial liabilities are recognized during the loan period with the amount of gained proceeds, principal, less the transaction expenses.

During subsequent periods financial liabilities are measured at amortized cost, equal to the capitalized value, when applying the effective interest rate method. In the separate statement of profit or loss and other comprehensive income, loan expenses are recognized during the loan term period.

Current liabilities, such as payables to suppliers, group and associated companies and other payables, are measured at amortized cost, which is usually equal to the nominal value.

2.19 Earning per share

The basic earnings per share are calculated by dividing the net profit or loss for the period that is subject to distribution among shareholders – holders of ordinary shares, by the average weighted number of ordinary shares held during the period.

The average weighted number of shares is the number of ordinary shares held at the beginning of the period adjusted with the number of redeemed ordinary shares and the number of newly issued shares multiplied by the average time factor. Such factor expresses the number of days in which the respective shares have been held towards the total number of days during the period.

Upon capitalisation, bonus issue or fractioning, the number of outstanding ordinary shares until the date of such event is adjusted to reflect the proportionate change in the number of outstanding ordinary shares as if the event has occurred at the beginning of the earliest period presented.

Earnings per shares with decreased value are not calculated as no potential shares with decreased value are issued.

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

Deferred tax assets
Tax loss
The assessment of probability for future taxable income for the utilisation of deferred tax assets is based on the last approved budget forecast adjusted with regard to material untaxable income and expenses and specific restrictions for carrying forward unused tax losses or credits. If a reliable estimate for taxable income suggests the probable use of deferred tax asset, in particular in case the asset may be used without time limit, then the deferred tax asset is recognised in full. The recognition of deferred tax assets that are subject to specific legal or economic restrictions or uncertainty should be judged by the management on case by case basis on the grounds of specific facts and circumstances. On the basis of this approach and applying high level of conservatism, the management has judged not to recognise deferred tax asset for tax losses to be carried forward to the separate financial statement for 2018/2017.

Impairment of investments in subsidiaries
The amount with which the book value of an asset or a cash flow generating unit exceeds their replacement cost, which is the higher of the fair value less the sale cost of an asset, and its value in use, is recognised as impairment loss. For the purposes of defining the value in use, the Company's management calculates the expected future cash flows per cash flow generating unit and defines an appropriate discount factor for the purposes of calculating the present value of these cash flows. Upon calculating the expected future cash flows, the management makes assumptions about the future gross profits. These assumptions are related with future events and facts. The actual results may differ and require significant adjustments in the Company's assets during the next reporting year.

In most cases, when defining the applicable discount factor, an assessment of appropriate adjustments with regard to the market risk and the risk factors inherent to different assets should be made.

In 2018 and 2017 the Company has not reported impairment losses of investments in subsidiaries.

Impairment of loans and receivables
Accounting policy applicable until 31 December 2017

The Company has developed a model of expected credit losses and assesses the adequacy of impairment based on age analysis of receivables, historical experience of the level of write-off of irrecoverable receivables, as well as solvency analysis of the respective counterparty, changes in the agreed payment conditions. If the financial position and performance of counterparties deteriorate beyond what is expected, the value of the receivables to be derecognised in subsequent reporting periods may be greater than expected at the reporting date. The Company did not report impairment losses on loans and receivables in 2017.

Accounting policy applicable from 1 January 2018

Detailed information about the Company's accounting policy and the applied depreciation models for financial assets as of 1 January 2018 are set out in Notes 2.2 Comparative Data, 2.12.2 Financial Instruments and 2.26 Changes in Significant Accounting Policies.

As at 31 December 2018, management's best estimate of the expected credit losses of related party receivables, loan receivables and trade and other receivables amounted to BGN 119 thousand (January 1, 2018: BGN 106 thousand) (Note 2.26 Changes in Significant Accounting Policies).

The Company recorded impairment losses on loans and receivables in 2018 - BGN 13 thousand. (Note 11 (Accrued) / Recoverable impairment loss on financial assets).

Fair value of financial instruments
The management uses techniques to measure the fair value of financial instruments if here are no quoted prices at active market. Detailed information about the assumptions used are presented in the explanatory notes to the financial assets and liabilities. When applying assessment techniques, to the maximum extent, the management uses market data and assumptions that market stakeholders would assumed upon assessing a financial instrument. In case there are no applicable market data, the management uses its best estimate of assumptions that the market stakeholders would make. These assessments may differ from the actual prices that would be defined in an arm's length transaction between informed and willing parties at the end of the reporting period.

2.21 Consolidated financial statements of the Company

The Company has started the process of preparation of its consolidated financial statements for 2018 in accordance with IFRS effective for 2018, which statements also comprise these separate financial statements. In accordance with the scheduled dates, the Company expects that its consolidated statements will be approved by the Company's management board for publication not later than 30.4.2019 and then the statements will be made available to third persons.

2.22 Financial Risk Management

2.22.1 Factors Determining Financial Risk

In the implementation of its activity, the Company is exposed to diverse financial risks: market risk (including currency risk, risk from change of financial instruments fair value under the impact of market interest rates and price risk), credit risk, liquidity risk and risk from change of future cash flows due to a change in market interest rates. The overall risk management program emphasizes the unpredictability of financial markets and is aimed at mitigating the possible adverse effects on the Company's financial result.

Currency risk
The Company is exposed to currency risk as a results of the settlements in foreign currency and through its assets and liabilities denominated in foreign currency.

The Company has borrowings in foreign currencies – EURO and Polish zloty. As the BGN/ EUR exchange rate is fixed at 1.95583, the currency risk caused by the euro expositions of the Company is minimum.

The Company makes payments under a bond loan in Polish zloty. There is a significant risk of change in the exchange rates under this borrowing. Therefore, the Company's exposition to changes in the Polish zloty exchange rate is possible, although the Company could hedge its exposition through derivatives, such as swaps, in case of occurrence of future excessive fluctuations. The effect on EBT for 2018 in case of +1% change in the Polish zloty exchange rate is currency operations loss of BGN 212 thousand, and in case of -1% change of the Polish zloty exchange rate is currency operations gain of BGN 212 thousand, respectively.

Interest Risk

The Company's policy is aimed at minimising the interest risk with regard to long-term funding. Therefore, the long-term borrowings are with fixed interest rates. All investments in Company's bonds are paid on the basis of fixed interest rates.

Credit Risk

Credit risk is mainly related to trade and financial receivables. The amounts stated in the separate statement of financial position are on net basis, excluding the provisions for doubtful receivables determined as such by the management on the basis of previous experience and current economic conditions.

Expected credit losses are calculated on the date of each reporting period. They are calculated as at 1 January 2018 on initial application of IFRS 9 and thereafter as of 31 December 2018.

Credit risk related to money and cash equivalents, money market derivative financial instruments is considered immaterial as counterparties are banks with good reputation and a high external credit rating.

Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulties in servicing its financial obligations when they become payable. Policy in this field is aimed at ensuring that there will be enough cash available to service its maturing obligations, including in exceptional and unforeseen conditions.

The management's objective is to maintain continuous balance between continuity and flexibility of financial resources by using adequate forms of funding. The Company's management is responsible for managing the liquidity risk and involves maintaining enough cashavailable, arranging adequate credit lines, preparation of analysis and update of cash flows estimates.

The table below analyses liabilities of Eurohold Bulgaria AD, grouped into relevant maturity periods and based on the residual value as at separate statement of Financial Position date to the contractual maturity date:

31.12.2018 *In BGN'000*	Note	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
LIABILITIES by residual maturity							
Loans and Borrowings	*21*	3 516	763	25 179	35 549	-	65 007
Bond liabilities	*22*	737	-	26	128 821	-	129 584
Related parties liabilities	*23,26*	-	-	44 214	1 717	-	45 931
Trade payables	*25*	384	-	-	-	-	384
Other current liabilities	*24,27*	43	-	699	-	6	748
	TOTAL	4 680	763	70 118	166 087	6	241 654

31.12.2017 In BGN'000	Note	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
LIABILITIES by residual maturity							
Loans and Borrowings	21	427	18 160	33 652	21 123	-	73 362
Bond liabilities	22	-	-	947	141 542	-	142 489
Related parties liabilities	23,26	-	-	232	2 576	-	2 808
Trade payables	25	589	-	-	-	-	589
Other current liabilities	24,27	50	-	550	36	4	640
	TOTAL	1 066	18 160	35 381	165 277	4	219 888

2.23 Capital risk management

By managing its capital, the Company is aimed at creating and maintaining opportunities to continue operating as going concern and to ensure the respective return of invested funds for the shareholders and economic benefits for the other stakeholders and participants in its business, as well as at maintaining optimal capital structure.

The Company continuously monitors the availability and the structure of the capital based on the debt ratio, and namely the net debt capital to the total amount of capital.

2.24 Measuring Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability,

or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

External valuers are involved for valuation of significant assets, such as investments in subsidiaries.

Fair value measurement	Closing balance	Fair value measurement			
	31.12.2018	Level 1	Level 2	Level 3	31.12.2018
Investments in subsidiaries	567 465	-	-	567 465	567 465
Total	567 465	-	-	567 465	567 465

The Company's management believe that under the existing circumstances, the estimates of financial assets and liabilities as stated in the separate statement of financial position are as reliable, adequate and fair as possible for the purposes of the financial reporting.

2.25 Cash Flows

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

The operating cash flows are calculated as result for the year adjusted with the non-cash operating positions, changes in net turnover capital and corporate tax.

Investment activity cash flows include payments in relation to 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 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.

2.26 Changes in significant accounting policies

The Company has initially adopted IFRS 9 on 1 January 2018. The Company benefits from the exception in paragraph 7.2.15 of IFRS 9 from the restatement of prior periods in respect of the classification and measurement requirements of IFRS 9 (including impairment). Therefore, the comparative information was not recalculated.

The following table summarises the impact, net of tax, of the transition to IFRS 9 on the opening balances of the separate statement of financial position. Deferred tax assets for impairment losses recognized on 1 January 2018 are not recognized as the Company has determined that there will be no future taxable profit against which these deductible temporary differences will be used.

In BGN'000	31.12.2017	*Recognition of expected credit losses of financial assets under IFRS 9*	1.1.2018
ASSETS			
Non-current receivables from related parties	5 129	*(11)*	5 118
Loans granted to third parties, non-current	9 779	*(20)*	9 759
Investments in other companies	9	*(9)*	-
Receivables from related parties	1 593	*(14)*	1 579
Other receivables	1 670	*(49)*	1 621
Cash and cash equivalents	206	*(3)*	203
	18 386	*(106)*	18 280
EQUITY			
Adjustment to undistributed profit / uncovered (loss)	83 299	*(106)*	83 193

The adoption of IFRS 9 substantially changed the Company's accounting for impairment losses for financial assets by replacing the accrued losses approach of IAS 39 with the more forward-looking model of expected credit losses (expected credit losses). IFRS 9 requires the Company to recognize a provision for expected credit losses for all debt instruments that are not carried at fair value through profit or loss and for contract assets.

The Company applies a simplified depreciation model for financial assets falling within the scope of IFRS 9 (Portfolio Approach) based on Moody's statistics on the probability of execution, the default losses and the expected credit losses. The statistical databases in question have the following temporal and geographical dimensions:

• External world-wide statistics for the period since 1990;
• Local country statistics (adapting the external to the local environment) for the period from 2011 to 2017

The set of impairment guidelines adopted by the Company includes information on the main types of financial assets (segregated in individual portfolios) within the scope of IFRS 9, which are described in detail in the classification policy of the Company and the Eurohold Bulgaria Group ("the Group") but includes mainly the following types of assets:

◦ Cash and deposits - including cash held by the Company in banks, as well as deposits with a repayment term more than 3 months from the date of the statement; The Company categorizes the banks in which it holds cash on the basis of the rating given by rating agencies (Moody's, Fitch, S & P, BCRA) and, depending on it, applies a different percentage of expected credit losses;

◦ Loan receivables - loan receivables that are categorized depending on whether the Borrowing Company has a rating and whether the receivables from such loans are overdue.
◦ Trade and other receivables - a large group of receivables arising from the normal business activity of the Company and related to general transactions in the normal course of business.

The Company divides the portfolio of the aforementioned assets into four major portfolios according to their specific characteristics, namely:

• (A) Corporate customers - includes all receivables arising from commercial (non-financial) transactions that are further subdivided according to their geographic features; (1) Sub Portfolios A - International clients (including all international, non-local clients) and (2) Sub Portfolio B - local clients (including all local clients at the respective place of operation);
• (B) Individual clients - the portfolio includes all receivables and other receivables (non-financial) from individuals;
• (C) Related parties - includes all trade and other receivables from related parties of the Company as well as within the Group in accordance with the general requirements of IAS 24 Related Party Disclosures;
• (D) Surveillance Receivables - the latest portfolio includes all other receivables that are overdue for more than 120 days but are not yet considered as being individually reviewed due to the specific nature of the counterparty relationship;
• (E) Other individually assessed receivables - all other assets (trade and other receivables) that are overdue for more than 150 days and must be individually assessed for impairment.

Following the adoption of IFRS 9, the Company has recognized a further impairment that results in a decrease in retained earnings / (accumulated loss) as follows:

Cumulative impairment as at 31 December 2017 under IAS 39	In BGN'000
Additional impairment recognized at 1 January 2018 by:	-
Non-current receivables from related parties	(11)
Loans granted to third parties, non-current	(20)
Investments in other enterprises	(9)
Receivables from related parties	(14)
Other receivables	(49)
Financial assets	(3)
Cumulative impairment at 1 January 2018 under IFRS 9	**(106)**

3. Dividend income

	2018 BGN'000	2017 BGN'000
Euro-Finance AD	209	265
	209	**265**

4. Gains from sale of investments and revaluations

	2018 BGN'000	2017 BGN'000
Gains from sale of investments	20 278	1 325
Revenue from revaluation of debt instruments measured at fair value	1 374	-
	21 652	**1 325**

5. Interest income

	2018 BGN'000	2017 BGN'000
Interest income – from related parties loans	838	1 584
Interest income – from third parties loans	706	853
	1 544	**2 437**

5.1 Interest income from related parties

	2018 BGN'000	2017 BGN'000
Avto Union AD	340	674
Euroins Insurance Group AD	92	910
Starcom Holding AD	405	-
Eurolease Group EAD	1	-
	838	**1 584**

6. Other financial revenue

	2018 BGN'000	2017 BGN'000
Foreign exchange gains	647	18
	647	**18**

7. Interest expense

	2018 BGN'000	2017 BGN'000
Interest expense – loans and borrowings	7 860	5 401
Interest expense – bonds, EMTN programme	11 088	10 809
Interest expense – from related parties loans	276	1 064
Interest expense – from third parties loans	15	186
	19 239	17 460

7.1 Interest expense - from related parties loans

	2018 BGN'000	2017 BGN'000
Starcom Holding AD	5	877
Eurolease Group EAD	1	1
Eurolease Auto EAD	251	186
Motobul EAD	19	-
	276	1 064

8. Losses on sale of investments and revaluations

	2018 BGN'000	2017 BGN'000
Losses on sale of investments	355	859
Losses on sale of investments to related parties	85	-
Expenditure on revaluation of debt instruments measured at fair value	221	-
	661	859

8.1. Losses on sale of investments to related parties

	2018 BGN'000	2017 BGN'000
Euro-Finance AD	85	-
	85	-

9. Other financial expenses

	2018	2017
	BGN'000	*BGN'000*
Foreign exchange losses	11	1 191
Other financial expenses – related parties	17	114
Other financial expenses	22	74
	50	**1 379**

9.1 Other financial expenses – related parties

	2018	2017
	BGN'000	*BGN'000*
Euro-Finance AD	17	114
	17	**114**

10. Hired services expenses

	2018	2017
	BGN'000	*BGN'000*
Hired services expenses	2 335	1 347
Hired services expenses – related parties	1	3
	2 336	**1 350**

Hired services expenses comprise expenses for office, advertising, consultancy and other services.

The amounts for services charged for the year are for services provided by statutory registered auditor for independent financial audit of the Company's financial statements for 2018 and are in the amount of BGN 45 thousand. No other services have been provided by the statutory registered auditor during the period.

10.1 Hired services expenses – related parties

	2018	2017
	BGN'000	*BGN'000*
Eurolease Auto EAD	-	1
Bulvaria Holding EAD	1	2
	1	**3**

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

	2018	2017
	BGN'000	*BGN'000*
Recoverable loss from impairment of financial assets	21	-
Accrued loss from impairment of financial assets	(34)	-
	(13)	**-**

12. Other revenue/(expenses), net

	2018	2017
	BGN'000	*BGN'000*
Other revenue	362	-
Other revenue from related parties	240	241
Other expenses	(219)	(165)
Other expenses from related parties	(5)	(3)
	378	**73**

12.1 Other revenue – related parties

	2018	2017
	BGN'000	BGN'000
IC Euroins AD	43	24
Star Motors EOOD	5	5
IC Euroins Romania	135	158
Bulvaria Varna EOOD	5	5
Avto Union Service EOOD	26	22
Daru Car AD	21	22
Auto Italy EAD	5	5
	240	**241**

12.2 Other expenses – related parties

	2018	2017
	BGN'000	BGN'000
IC Euroins AD	(2)	(2)
Motobul EAD	(3)	(1)
	(5)	(3)

13. Machinery and equipment

	Vehicles	Fixtures and fittings	Total
	BGN'000	BGN'000	BGN'000
Book value:			
At 1 January 2017	20	63	83
Additions	-	2	2
At 31 December 2017	20	65	85
Additions	90	3	93
At 31 December 2018	110	68	178
Depreciation:			
At 1 January 2017	2	60	62
Depreciation	4	3	7
At 31 December 2017	6	63	69
Depreciation	24	3	27
At 31 December 2018	30	66	96
Carrying value:			
At 1 January 2017	18	3	21
At 31 December 2017	14	2	16
At 31 December 2018	80	2	82

14. Long-term receivables from related parties

	31.12.2018	31.12.2017
Loan principal	*BGN'000*	*BGN'000*
Avto Union AD	-	5 129
	-	5 129

15. Loans granted to third parties

Loans granted to third parties, long-term

	31.12.2018	31.12.2017
	BGN'000	BGN'000
Loans granted	-	9 779
	-	9 779

Loans granted to third parties, short-term

	31.12.2018	31.12.2017
	BGN'000	BGN'000
Loans granted	9 897	-
Impairment	(20)	-
	9 877	-

Loans are not secured and are payable until October 2019 with annual interest rate of 7%

16. Investments in subsidiaries and other companies

16.1 Investments in subsidiaries

	Value as at 31.12.2017	Increase	Decrease	Value as at 31.12.2018	Share capital of the subsidiary	% control in the subsidiary
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	%
Euroins Insurance Group AD	420 732	27 945	-	448 677	543 446	91.84%
Avto Union AD	66 775	-	-	66 775	40 004	99.99%
Euro-Finance AD	24 645	-	-	24 645	40 000	99.99%
Eurolease Group EAD	27 368	-	-	27 368	27 241	100.0%
	539 520	27 945	-	567 465	-	-

Eurohold Bulgaria AD exercises direct control over the aforementioned companies.

In 2018 Eurohold Bulgaria AD signed an agreement for the acquisition of the residual minority share of 10.64% of its subsidiary insurance holding company - Euroins Insurance Group AD. The Company has agreed to buy shares from South Eastern Europe Fund L.P. (SEEF), managed by the Greek investment company Global Finance. After finalizing the deal, Eurohold will own 100% of the capital of Euroins Insurance Group AD.

The objects of the subsidiaries are as follows:

- Euroins Insurance Group AD - acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies. The company is active in Bulgaria, Romania, Macedonia, Ukraine and Georgia. Business Line - Insurance Market.
- Auto Union AD - import, sale and service of automobiles. Business line - automotive market.
- Euro-Finance AD - Providing and carrying out investment services and activities in the country and abroad. Business Line - Investment Intermediation and Asset Management.
- Eurolease Group EAD - participatory management, financial leasing. The company operates in Bulgaria, Romania, Macedonia. Business Line - Leasing Market.

Impairment of investments in subsidiaries

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

Calculations are made by the management with the assistance of external independent licensed valuators who have appropriate qualification and experience. As a basis to forecast the cash flows before tax, the management has used financial forecasts made by the respective subsidiaries for a five-year period, as well as other medium- and long-term plans and intentions for their development. The key assumptions used for the calculations are defined particularly for each subsidiary and in accordance with its specific business, business environment and risks, expected future economic benefits, as well as the positions on Bulgarian and foreign markets, etc.

16.2 Investments in other companies

	Value as at 31.12.2017	Increase	Decrease/ (impairment) 1.1.2018	Value as at 31.12.2018
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*
Sevko AD	9	-	(9)	-
	9	-	(9)	-

17. Receivables from related parties

17.1 Interest receivables	31.12.2018 *BGN'000*	31.12.2017 *BGN'000*
Avto Union AD	-	686
Bulvaria Holding EAD	-	1
Euroins Insurance Group AD	743	659
Eurolease Group EAD	1	-
	744	**1 346**
Impairment	(1)	-
	743	**1 346**

17.2 Other receivables

	31.12.2018 BGN'000	31.12.2017 BGN'000
Starcom Holding AD	219	-
Auto Italia EAD	1	2
Avto Union Service EOOD	-	33
Bulvaria Varna EOOD	1	12
Daru Car AD	16	38
IC Euroins AD	7	153
IC Euroins Romania	19	1
Eurolease Auto EAD	1	5
Star Motors EOOD	-	3
Autoplaza EAD	1	-
IC Euroins Macedonia	2	-
Motobul EAD	10	-
	277	**247**
Impairment	(2)	-
	275	**247**

17.3 Loans granted to related parties

	31.12.2018 BGN'000	31.12.2017 BGN'000
Euroins Insurance Group AD	316	-
Eurolease Group EAD	76	-
	392	-
Impairment	(2)	-
	390	-

18. Other receivables

	31.12.2018 BGN'000	31.12.2017 BGN'000
Interest receivables	-	296
Tax receivables	16	10
Other receivables	395	1 364
	411	**1 670**
Impairment	(83)	-
	328	**1 670**

19. Cash and cash equivalents

	31.12.2018 *BGN'000*	31.12.2017 *BGN'000*
Cash at banks	156	179
Cash in hand	32	17
Short-term deposits	96	10
	284	**206**
Impairment	(2)	-
	282	**206**

20. Share capital and reserves

20.1 Share capital

	31.12.2018 *BGN*	31.12.2017 *BGN*
Issued shares	197 525 600	197 525 600

The share capital is distributed as follows:

Share holders	%	Number of shares	Par value
Starcom Holding AD	52.88%	104 448 874	104 448 874
KJK Fund II Sicav-Sif Balkan Discovery	14.23%	28 116 873	28 116 873
Other companies	30.54%	60 320 875	60 320 875
Other individuals	2.35%	4 638 978	4 638 978
Total	**100.00%**	**197 525 600**	**197 525 600**

As at 31.12.2018 77 387 shares of the Company are held by subsidiaries within Eurohold Group (as at 31.12.2017 – 77 387 shares).

20.2 Reserves

	31.12.2018 *BGN'000*	31.12.2017 *BGN'000*
Share premium	49 568	49 568
General reserves	7 641	7 641
	57 209	**57 209**

20.3 Earnings per share

	31.12.2018	31.12.2017
Average shares, (number)	197 525 600	154 325 290
Net Profit/(Loss) as of the end of reporting year (thousand BGN)	1 660	(17 306)
Earnings / (loss) per share, BGN	0,008	(0,112)

21. Interest-bearing loans and borrowings

Non-current interest-bearing loans and borrowings

	31.12.2018	31.12.2017
	BGN'000	*BGN'000*
International Investment Bank	35 549	21 123
	35 549	21 123

Current interest-bearing loans and borrowings

	31.12.2018	31.12.2017
	BGN'000	*BGN'000*
Accession Mezzanine	-	7 032
International Investment Bank	9 253	5 940
Other entities	20 205	39 267
	29 458	52 239

Analysis of interest-bearing loans and borrowings

Bank	Type	Currency	Size contracted	Principal as of 31.12.2018	Principal as of 31.12.2017	Interest rate	Maturity date	Securit
Accession Mezzanine	Loan - Principal	EUR	15,000,000 €	- €	3,510,000 €	8.70%	4.2018	Pledge o subsidiar share
International Invest-ment Bank	Loan - Principal	EUR	15,000,000 €	12,600,000 €	13,800,000 €	6.0%+ EURIBOR	12.2021	Pledge o subsidiar share
International Invest-ment Bank	Loan - Principal	EUR	10,000,000 €	10,000,000 €	- €	6.0%+ EURIBOR	3.2025	Pledge o subsidiar share

The long-term bank loan agreements contain clauses that require to maintain specific financial ratios. The Company's management controls the performance of these financial ratios on current basis through communication with the respective bank – creditor.

The maturity of other current borrowings is 03.2019-05.2019 and the interest rate is within the range 1,25%-4,0%.

22. Bond liabilities

Non-current bond liabilities

	31.12.2018	31.12.2017
	BGN'000	*BGN'000*
EMTN Programme in EUR	108 530	120 700
EMTN Programme in PLN	20 302	20 842
	128 832	141 542

Current bond liabilities

	31.12.2018 *BGN'000*	31.12.2017 *BGN'000*
EMTN Programme in EUR, interest	15	147
EMTN Programme in PLN, interest	737	800
	752	**947**

Bond liabilities are recognised at amortized cost net of redeemed own bonds (maesured at fair value through profit / (loss) based on information from Bloomberg and other sources) As of December 31, 2018, the Company holds 13 418 repurchased own shares of the EMTN Program in EUR and as of 31.12.2017 – 7 010 from the EMTN Program in EUR.

Detailed information about the bonds issued by Eurohold Bulgaria AD is available on the website of the Irish Stock Exchange, Debt section.

23. Non-current liabilities to related parties

Loans principal	31.12.2018 *BGN'000*	31.12.2017 *BGN'000*
Eurolease Auto EAD – loan granted	1 662	2 576
Eurolease Auto EAD – financial lease	55	-
	1 717	2 576

The loans are unsecured and are due until 01.2021. at an annual rate of 7%.

Future Minimum Lease Payments as of December 31, 2018

BGN '000	**Up to 1 year**	1 to 5 years	**Total**
Lease payments	15	59	74
Discounting	(2)	(4)	(6)
Net present value	13	55	68

24. Other non-current liabilities

	31.12.2018 *BGN'000*	31.12.2017 *BGN'000*
Non-current loans from third parties	-	36
Retirement benefit obligations	6	4
	6	40

25. Trade payables

	31.12.2018 *BGN'000*	31.12.2017 *BGN'000*
Trade payables	384	589
	384	589

26. Current liabilities to related parties

26.1 Interest payables

	31.12.2018	31.12.2017
	BGN'000	*BGN'000*
Starcom Holding AD	5	-
Eurolease Auto EAD	84	157
Eurolease Group EAD	-	8
Motobul EAD	19	-
	108	**165**

26.2. Principal payables

	31.12.2018	31.12.2017
	BGN'000	*BGN'000*
Starcom Holding AD	937	18
Eurolease Auto EAD	11 963	-
Eurolease Group EAD	-	16
Motobul EAD	5 323	-
	18 223	**34**

26.3 Other payables

	31.12.2018	31.12.2017
	BGN'000	*BGN'000*
Starcom Holding AD	20 536	-
Eurolease Auto EAD	414	17
IC Euroins	1	-
Sofia Motors EOOD	-	9
Bulvaria Holding EAD	-	7
Avto Union AD	3 620	-
Avto Union Service EOOD	362	-
Star Motors EOOD	950	-
	25 883	**33**

27. Other current liabilities

	31.12.2018	31.12.2017
	BGN'000	*BGN'000*
Payables for acquisition of investments	18	18
Interest payables	8	14
Tax payables	293	272
Payables to employees and social security institutions	46	49
Dividends payables	211	184
Dividends payables – related parties – Starcom Holding AD	101	34
Other liabilities	65	29
	742	**600**

28. Changes in liabilities arising from financing activities

In thousand BGN	Note	1 January 2018	Changes from financing cash flows: Proceeds	Changes from financing cash flows: Payments	Non-cash adjustments: effect of changes in foreign exchange rates	Non-cash adjustments: Other changes	31 December 2018
Retained earnings		83 299	-	(1 700)	-	(206)	81 393
Interest bearing loans and borrowings	21	73 362	68 689	(46 465)	-	(30 579)	65 007
Bond liabilities	22	142 489	26 636	(18 010)	(673)	(20 858)	129 584
Related parties' liabilities, principal and interest	23, 26.1, 26.2	2 775	4 052	(1 864)	-	15 085	20 048
Non-current loans from third parties principal and interests	24,27	50	-	(42)	-	-	8
	Total	301 975	99 377	(68 081)	(673)	(36 558)	296 040

29. Contingent liabilities and commitments

Litigations

As at 31.12.2018 the Company is not a party to significant litigations.

Warranties and provided guarantees

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

Business division	Amount in EUR'000 as at 31.12.2018	Amount in BGN'000 as at 31.12.2018	EUR'000 2019	2020	2021	2022	2023	After 2023
Lease sub-holding								
For funding of lease operations	20 201	39 509	7 259	4 475	4 364	2 925	1 016	162
Automotive sub-holding								
Working capital loans	2 744	5 367	2 744	-	-	-	-	-
TOTAL:	22 945	44 876	10 003	4 475	4 364	2 925	1 016	162

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

Company from:	Contracted limit in EUR'000 as at 31.12.2018	Contracted limit in BGN'000 as at 31.12.2018	EUR'000 2019	2020	2021
Automotive sub-holding	10 250	20 047	10 250	-	-
Automotive sub-holding	750	1 467	750	-	-
Automotive sub-holding	512	1 001	512	-	-
Automotive sub-holding	1 950	3 814	1 950	-	-
Lease sub-holding	19	36	36	-	-
TOTAL:	13 481	26 365	13 481	-	-

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

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

Non-cash transactions
During the reporting period, the Company has carried out investment and financial transactions in which no cash or cash equivalents have been used and which are not reflected in the separate cash flows statement as follows:

- repayment of a receivable is granted to Avto Union AD against a liability of Eurohold Bulgaria AD amounting to BGN 6,704 thousand.

Operating lease
The Company uses assets under operating lease. In accordance with the contracts, the future minimum lease payments under these contracts are as follows:

Future minimum lease payments to unrelated parties, BGN'000	Up to 1 year	1 to 5 years	Over 5 years	Total
Lease payments	800	1 720	-	2 520
	800	1 720	-	2 520

Future minimum lease receipts from unrelated parties, BGN'000	Up to 1 year	1 to 5 years	Over 5 years	Total
Lease receipts	220	545	-	765
	220	545	-	765

30. Transactions and balances with related parties

The Company's related parties are as follows:
Starcom Holding AD – major shareholder

Euroins Insurance Group AD (EIG) – subsidiary of Eurohold Bulgaria AD
Euroins Insurance AD – subsidiary of EIG
Euroins Romania Asiguarare AD – subsidiary of EIG
Euroins Osigurovanje AD Macedonia – subsidiary of EIG
Insurance Company Euroins Life EAD – subsidiary of EIG
Insurance Company EIG Re AD – subsidiary of EIG
Euroins Ukraine AD – subsidiary of EIG
Euroins Claims I.K.E. Greece - subsidiary of EIG
IC Euroins Georgia JSC - subsidiary of EIG
European Travel Insurance - subsidiary of EIG

Avto Union AD (AU) – subsidiary of Eurohold Bulgaria AD
Bulvaria Varna EOOD – subsidiary of AU
N Auto Sofia EAD – subsidiary of AU
Espace Auto OOD – subsidiary of N Auto Sofia EAD
EA Properties OOD – subsidiary of AU
Daru Car AD – subsidiary of AU
Auto Italia EAD – subsidiary of AU
Bulvaria Holding EAD – subsidiary of AU
Bulvaria Sofia EAD - subsidiary of Bulvaria Holding EAD
Motohub OOD - subsidiary of AU

Star Motors EOOD – subsidiary of AU
Star Motors DOOEL – subsidiary of Star Motors EOOD
Star Motors SH.P.K. – subsidiary of Star Motors EOOD
Avto Union Service EOOD – subsidiary of AU
Motobul EAD – subsidiary of AU
Bopar Pro S.R.L Romania – subsidiary of Motobul EAD
Benzin Finance EAD - subsidiary of Motobul EAD

Eurolease Group EAD (ELG) – subsidiary of Eurohold Bulgaria AD
Eurolease Auto EAD – subsidiary of ELG
Eurolease Auto Romania AD – subsidiary of ELG
Eurolease Auto Skopje AD – subsidiary of ELG
Eurolease Rent-a-Car EOOD – subsidiary of ELG
AutoPlaza EAD – subsidiary of ELG
Sofia Motors EOOD – subsidiary of ELG
Amigo Leasing EAD – subsidiary of ELG

Euro-Finance AD – subsidiary of Eurohold Bulgaria AD

The related parties transactions for 2018 and 2017 are disclosed in Annexes 3, 5.1, 7.1, 8.1, 9.1, 10.1, 12.1 and 12.2. The conditions under which these transactions have been made are not different from those of the arm's length transactions.

The related parties accounts are disclosed in Annexes 14, 17, 23, 26, 27.

The members of the key management staff are disclosed in Note 1. Remunerations and other short-term benefits of the key management staff for 2018 are current and are in the amount of BGN 163 100, comprising current remunerations (2017: BGN 108 960).

31. Events after the end of the reporting period

No adjustment and non-adjustment events that require additional disclosure have occurred after the end of the reporting period until the date of approval of the separate financial statements for publication.

32. Approval of the separate financial statements

The separate financial statements as at 31.12.2018 (including the comparative information) were approved and adopted by the Management Board by resolution under item 1 of Minutes № 1/ 22.03.2019.

SECTION D

A SHORT OVERVIEW 2018

D1. KEY INDICATORS

Total revenue	**2018**	**Net profit**	**2018**
Thousand BGN		**Thousand BGN**	
24 052		**1 660**	
495%	**| see page.11**	**- 110%**	**| see page 11**
Total assets	**2018**	**Investments**	**2018**
Thousand BGN		**Thousand BGN**	
579 442		**567 465**	
+4%	**| see 12**	**+ 5%**	**| see page.12**
Net assets	**2018**	**Borrowed capital**	**2018**
Thousand BGN		**Thousand BGN**	
337 788		**241 654**	
+ 0	**| see page 13**	**-4%**	**| see page 13**
Eurobond issued Million BGN	**2018**	**Rating Fitch**	**2018**
128 832		**B** *Issuer Default Rating*	
- 9%	**| see page. 13**		**| see page.54**
Share price as of 31.12.2018		**Earnings per share**	**2018**
1,61		**лева** **0.008**	
+ 10%	**| see page.118**	+ 110	**| see page.11 and 44**

* *The change of the indicators for 2018 has been calculated against the previous reporting period - 2017*

D2. SIGNIFICANT EVENTS IN 2018

2018 was filled with many important events for the development of the current activity for Eurohold Bulgaria and the future strategic plans of the company. Below is information about the most important of them

IMPORTANT EVENTS FOR THE EUROHOLD GROUP THAT OCCURRED IN THE PERIOD 1 JANUARY - 31 DECEMBER 2018

During the reporting period, the following important events took place, affecting the results in the financial statements of Eurohold Bulgaria AD as of 31.12.2018:

1. DIVIDEND PAYMENT

At a regular meeting of the General Meeting of Shareholders of Eurohold Bulgaria AD, held on 29.06.2018, a decision was taken to allocate a net profit of BGN 1 800 000 (one million eight hundred thousand BGN) as a gross dividend among the shareholders. The gross dividend per share is BGN 0.009.

2. EUROHOLD ACQUIRES THE RESIDUAL MINORITY SHARE IN THE EUROINS INSURANCE GROUP

In June 2018, Eurohold Bulgaria AD agreed with South Eastern Europe Fund L.P. (SEEF), managed by the Greek investment company Global Finance, for the acquisition of the residual minority share of 10.64% of its subsidiary insurance holding company Euroins Insurance Group (EIG).

After the transaction is finalized, Eurohold will own 100% of the capital of Euroins Insurance Group AD and thus consolidate its ownership in all of its subsidiaries - EIG, Avto Union AD, EuroLease Group EAD and Euro-Finance AD, which operate in the respective sectors : insurance, car sales, leasing and financial investment intermediation. Currently Eurohold holds 100% of the shares of Avto Union AD, Eurolease Group EAD and Euro-Finance AD.

3. FINANCING

At the end of May 2018 Eurohold Bulgaria signed a loan agreement with International Investment Bank. The loan amounts to EUR 10 million, with a repayment term of 18 March 2025 and an annual interest rate of 6% + Euribor.

4. REPAYMENT OF A MEZZANINE LOAN

On 31st of May, 2018, Eurohold Bulgaria fully repaid a mezzanine loan - interest and principal.

The 15-million-euro mezzanine credit agreement was signed in 2008 with Accession Mezzanine Capital II.

The loan was used for the regional expansion of EIG.

The repayment of the loan will result in a reduction in the interest costs of Eurohold.

5. FITCH RATINGS CONFIRMED THE CREDIT RATINGS OF EUROINS ROMANIA AND EUROHOLD BULGARIA

On August 1, 2018, the international rating agency Fitch Ratings for the first time awarded a rating "BB-" to Euroins Bulgaria, the Bulgarian insurance company of Eurohold. As well as, Fitch Ratings confirmed Euroins Romania's rating for financial stability (Insurer Financial Strength Rating - IFSR) "BB-". The outlook for the rating was assessed as stable.

The long-term credit rating of Eurohold Bulgaria AD was also confirmed (Long-Term Issuer Default Rating – IDR) "B". The outlook for the rating was assessed as stable. Fitch Ratings also confirmed the

credit rating of Eurohold's medium-term Eurobond program (EMTN programme) in the amount of up to EUR 200 million and the EUR 70 million medium-term Eurobonds issued under the programme as B'/'RR4'.

Fitch's rating analysis reported the following key factors in the development of Eurohold:

- Improved leverage, capitalization and debt servicing capabilities;
- Eurohold's consolidated Fitch-calculated financial leverage ratio improved to 63% at the end of 2017 from 84% in 2016 due to equity increases and debt reduction in 2017;
- Eurohold's fixed coverage ratio improved to 2.1 at the end of 2017 compared 0.9 as of the end of 2016 supported by improved profitability. Fitch expects that debt reduction in 4Q17, and more favourable rates on newly issued Euro medium-term notes (EMTN) could lead to further improvement in Eurohold's FCC ratio in 2018;
- Fitch considers Eurohold's business profile as good. EIG holds strong market positions in its core Romanian and Bulgarian non-life insurance markets, especially in the MTPL segment;
- The S2 ratio of Eurohold's insurance activities grouped under the interim holding company Euroins Insurance Group (EIG) improved to 177% at end-2017 (2016:123%) due to fresh equity injections, investment portfolio de-risking, and lower catastrophe risk retention.

6. CAPITAL INCREASE OF EUROINS INSURANCE GROUP

At a meeting of the GMS of Euroins Insurance Group AD on 4.10.2018 a decision was taken for a subsequent increase of the company's capital. At 25.10.2018 the Commercial Register recorded the increase of the capital of Euroins Insurance Group from BGN 483 445 791 to BGN 543 445 791 through the issuance of new 60 000 000 ordinary, registered, available, non-preference shares with nominal value and issue value BGN 1 each one, entitled to 1 (one) vote in the general meeting of shareholders, right to dividend and liquidation share.

The newly issued shares are fully subscribed by Eurohold Bulgaria. Upon registration, was paid 25% of the nominal value of the newly issued shares amounted to BGN 15 000 000, and the rest of the amount should be paid within 2 years of entering the increase in the Commercial Register.

7. EUROINS INSURANCE GROUP ACQUIRED AN INSURANCE COMPANY IN UKRAINE

In July 2018 the financial regulator in Ukraine gave nod to EIG to acquire ERV Ukraine, the travel insurance business of Germany-based ERGO, part of Munich-Re, one of the major reinsurance groups on the global market. The purchase agreement was signed in April this year. The shares were transferred on 1st of October 2018.

8. EUROINS INSURANCE GROUP ACQUIRED THE GEORGIAN INSURER IC GROUP

In September EIG acquired one of the leading insurers in Georgia - IC Group.

IC Group has been operating since 2005 and is among the leading Georgian insurance companies, providing almost all types of insurance products. In addition to that, it is one of the largest players on the health insurance market.

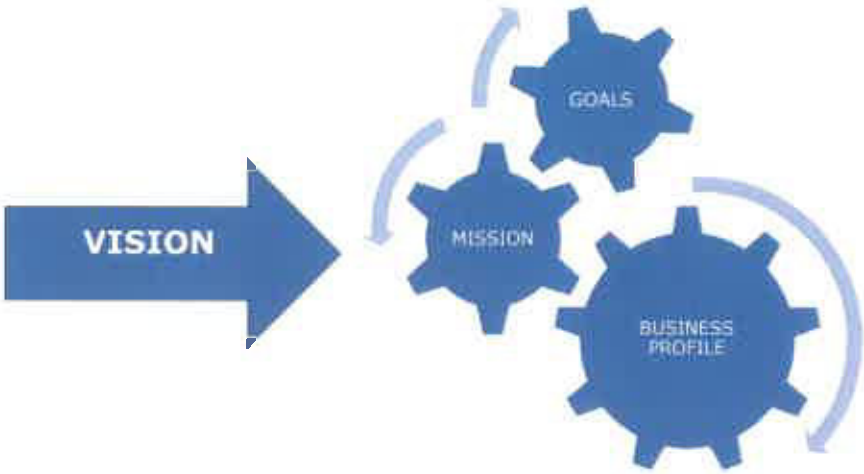
On 23 October 2018 the transaction was finalized by transferring 1,370,352 shares corresponding to 50.00002% of the capital of the Georgian company JSC Insurance Company IC GROUP.

SECTION E
ACTIVITY REPORT

This Activity Report has been prepared in accordance with the provisions of article 100n, para. 7 and 8 of the Public Offering of Securities Act (POSA), art. 247 of the Commercial Act and art. 39-41 from the Accountancy Act and art. 32, paragraph 1, item 2 of Ordinance No. 2 dated 17.09.2003 for the prospects at public offering and access to trade on a regulated securities market and for disclosure of information by public companies and other issuers of securities.

The Annual Activity Report of the Eurohold Bulgaria AD presents a commentary and an analysis of the financial statements and other substantial information regarding the financial position and the results achieved from the operations of the parent company and its subsidiaries. The Report reflects the position and the development perspectives of the company and the major risks it is facing.

E1. VISION, BUSINESS RPOFILE, MISSION, GOALS



Our VISION is a reflection of our BUSINESS PROFILE, MISSION, and GOALS

BUSINESS PROFILE

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

МИСИЯ

Eurohold's mission *is to maintain high financial stability and provide adequate return to its shareholders; to support the growth of its subsidi-aries; to stimulate innovation and increase customer satisfaction; to en-sure the required conditions for a continuous improvement in the syner-gy between its subsidiaries; to maintain high confidence in its relations with its customers, employees and shareholders..*

GOALS

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

E2. KEY GROWTH FACTORS

Business model Strongly integrated structure in the "insurance" - "car" - leasing "direction to create sustainable value. Focus on a number of European countries for expansion. Established business culture and values

Corporate Governance In managing the Company, the members of the Board of Directors apply the best world practices in corporate management and strive to be among the leaders in imposing transparent corporative practices in Bulgaria. The business model the company follows is built on basic principles such as guaranteeing the rights of all shareholders and their equal treatment.

Equity capital Eurohold Bulgaria has a share capital of BGN 197 525 600

Human capital Many highly qualified managers and employees work in the organization of Eurohold Bulgaria. Members of the management and supervisory bodies are Bulgarian and foreign persons, who have many years of experience in the business sectors in which the company operates

Social responsibility Throughout the Eurohold Group has a policy of implementing social responsibility for staff, environmental protection, stakeholders and society as a whole

E3. INFORMATION ABOUT THE COMPANY

EUROHOLD BULGARIA is a leading Bulgarian company operating in central andSoutheast Europe focused on business, insurance, leasing, car sales, investment inter-mediation and asset management.

successful integration of these mutually complementary activities supports the creation of sustainable and cost-effective sales channels and leads to significant financial and operational synergies being realized.

EUROHOLD BULGARIA IS ONE OF THE LARGEST INDEPENDENT FI-NANCIAL GROUPS IN THE REGION OF CENTRAL AND SOUTH-EASTERN EUROPE. THE EUROHOLD GROUP IS A FAST-GROWING HOLDING COM-PANY THAT EXTENDS BOTH ORGANICALLY AND THROUGH ACQUISI-TIONS.

ESTABLISHED IN 2006, EUROHOLD BULGARIA OPERATES IN IN THE FIELDS OF INSURANCE, LEASING, CAR SALES AND INVESTMENT SERVICES

HEADQUARTERED IN BULGARIA, IN BULGARIA, EUROHOLD OPERATES IN ROMANIA, NORTH MACEDONIA, UKRAINE, RUSSIA, GREECE, GEORGIA, POLAND AND OTHER EU MARKETS

MAIN SCOPE OF ACTIVITY FINANCIAL ACTIVITY RELATED TO THE CREATION, ACQUISITION AND MANAGEMENT OF PARTICIPATIONS AND FINANCING OF RELATED ENTERPRISES.

EUROHOLD BULGARIA AD IS A PUBLIC JOINT-STOCK COMPANY UNDER THE PROVISIONS OF POSA. THE COMPANY'S SHARES ARE REGIS-TERED FOR TRADE ON THE MAIN MARKETS OF THE BULGARIAN STOCK EXCHANGE SOFIA AD, STOCK INDEX 4EH. THE COMPANY'S SHARES ARE REGISTERED FOR TRADE ON 15 DECEMBER 2011 ALSO ON THE WARSAW STOCK EXCHAGE (WSE) - POLAND WITH STOCK INDEX EHG

History and business information

Incorporated on 12 December 2006 in the Republic of Bulgaria, which operates in compliance with the Bulgarian legislation. The company is the successor of the privatization fund Agroinvest" AD, incorporated in 1996, which in 1998 was transformed into holding company Eurohold AD.

According to art. 2, paragraph 3 of the Statutes, the trade name of the company is written with Latin letters, as follows: EUROHOLD BULGARIA S.A.

On 10.03.2008 Eurohold Bulgaria AD was reregistered in the Commercial Registry of the Registry Agency, according to the requirements of the Commercial Registry Act with a unique identification code (UIC) 175187337.

Eurohold Bulgaria AD has been incorporated for an indefinite period of time, i.e. the Company is not limited by a specific term or other preclusive condition.

The merger reinforces the position of the newly established holding company Eurohold Bulgaria AD as one of the largest groups in Bulgaria with significant potential for future development, significant own capital and financial resources.

Headqurrters and management address

The headquarters and the registered address of Eurohold Bulgaria AD is the following: Republic of Bulgaria, Sofia 1592, 43 Hristofor Kolumb blvd. where is located the head office of the Company. This is also the official mailing address of the Company.

Business address:	**43 Christopher Columbus Blvd.**
Telephone	02/ 9651 653; 02/ 9651 651
Fax	02/ 9651 652
E-mail	investors@eurohold.bg; office@eurohold.bg
Web site	www.eurohold.bg

Scope of business activity

The scope of business activities of the Company includes acquisition, management, assessment and sale of shares in Bulgarian and foreign companies; acquisition, management and sale of bonds; acquisition, assessment and sale of patents, concession of licenses for patent use to companies in which the company holds a share; funding companies, in which the company holds a share.

Registration and capital

The Company was registered with an initial capital of BGN 50,002,586 divided into 50,002,586 ordinary registered non-preferred dematerialized shares, each with the right to one vote, right to a dividend and right to a liquidation quota, with a nominal value to 1 BGN per share. Since the incorporation of the Eurohold Bulgaria AD, up until now, there have been several increases of the Company capital by cash contributions; and as of the date of this report, the share capital of the Company amounts to BGN 197,525,600, divided into 197,525,600 shares each with the right to one vote, right to a dividend and right to a liquidation quota, with a nominal value to 1 BGN per share.

Since the registration of EUROHOLD BULGARIA AD as a business entity up until now there has been no change in the name of the Company. The scope of activity of the Company has not been changed.

The Company can participate in Bulgarian and foreign companies and organizations, regardless of their scope of business activity, under the conditions stipulated in the legislation and in the Company Statutes.

Eurohold Bulgaria AD has no registered branches in the country and abroad.

At its incorporation, Eurohold Bulgaria AD owned several subsidiaries, which operated in the field of insurance, leasing, real estate and tourist property management, industry, etc.

In 2010, the company began restructuring its investments.

The management of Eurohold Bulgaria defined as nonstrategic the companies operating in the field of real estate, management of tourism and the industry, as a result of which they are sold.

The Management of Eurohold Bulgaria AD defines as strategic its investments in the companies operating in the field of insurance, leasing, automobiles, as well as Investment Intermediation and Asset Management. In order to optimize costs and achieve high synergy between its strategic subsidiaries, it has been decided to incorporate sub-holding structures operating in the insurance sector, the leasing sector, the sale of motor vehicle and Investment Intermediation and Asset Management.

LEGAL FRAMEWORK

The company operates in compliance with the Bulgarian and European regulatory legislation, the main normative acts that govern its activity are as follows:
Regulatory legislation such as:

- Commercial act;
- International Financial Reporting Standards (IFRS);
- Public offering of securities act;
- Law on the financial supervision commission;
- Law on measures against market abuse with financial instruments;
- Law for personal data protection;
- Measures against money laundering act

Sub-statutory legislation such as:

- Ordinance no. 2 of September 17, 2003 on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on dis-closure of information by the public companies (title amended - sg, issue 63 of 12.08.2016)

- Ordinance no. 39 of 21 November 2007 on disclosure of a holding in a public company

- Ordinance on the minimum contents of the letter of attorney granting rights to represent a shareholder at a general meeting of a company, which shares are subject to a public offering

Regulations such as:

- Regulation (EU) no 596/2014 of the European parliament and of the council of 16 April 2014 on market abuse (market abuse regulation)

- Regulation (EU) 2016/679 of the European parliament and of the council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing directive 95/46/EC (general data protection regulation)

- And others

E4. MANAGEMENT BODIES. CONTROL AUTORITIES

As of 31st of December 2018 Eurohold Bulgaria AD has a two-tier management system: a Management Board which consists of six natural persons, and a Supervisory Board – consisting of six natural persons as follows:

Supervisory Board	Management Board	Procuracy
•**Assen Milkov Hriatov** Chairman	•**Kiril Ivanov Boshov** Chairman	•**Hristo Lyubomirov Stoev** Procurator
•**Dimitar Stoyanov Dimitrov** Deputy Chairman	•**Asen Minchev Minchev** Executive member	
•**Kustaa Lauri Ayma** Independent member	•**Dimitar Kirilov Dimitrov** Member	
•**Radi Georgiev Georgiev** Member	•**Velislav Milkov Hristov** Member	
•**Lyubomir Stoev** Independent member	•**Asen Emanuilov Asenov** Member	
•**Luise Gabrielle Roman** Member	•**Razvan Stefan Lefter** Independent member	

Detailed information on the qualifications, professional experience and other significant participations of the members of the Supervisory and Management Board and Procurator of the Company can be found in "ADDITIONAL INFORMATION, LEGAL REQUIREMENTS FOR THE COMPANY" on page 110

Eurohold Bulgaria AD is represented by Chairman of the Management Board Kiril Ivanov Boshov and Executive Member of the MB Asen Minchev Minchev.

Since of March 1, 2016 the company should be represented only together by an execu-tive member of the Managing Board and the procurator of the company Hristo Lyubomirov Stoev.

The activity of the Issuer does not depend on the individual professional experience or qualifications of other employees.

Eurohold Bulgaria AD, in accordance with the Company's Articles of Association, are elected with a term of office of five years. In the event that the contracts of the members of the Management and the Supervisory Board are not terminated explicitly before the expiration of their term of office, they shall automatically be deemed to be re-newed for a further five-year term.

The members of the Management and Supervisory Boards have been appointed under contracts for management and control. The ongoing contracts of the members of the Management Board and the Supervisory Board shall have effect until the termination of the implementation of the position.

The management agreements concluded with Eurohold Holding AD or with one of its subsidiaries do not provide for compensations or remunerations which the persons would receive upon their early termination.

	Date of contract for management/control	Until date
SUPERVISORY BOARD		
Assen Hristov	27.11.2006	Until termination
Dimitar Stoyanov Dimitrov	27.11.2006	Until termination
Radi Georgiev	17.04.2015	Until termination
Kustaa Lauri Imä	27.07.2017	Until termination
Lyubomir Stoev	27.11.2018	Until termination
Luise Gabrielle Roman	27.07.2017	Until termination
MANAGEMENT BOARD		
Кирил Бошов	27.11.2006	Until termination
Асен Минчев	27.11.2006	Until termination
Асен Асенов	31.08.2009	Until termination
Велислав Христов	22.10.2012	Until termination
Димитър Кирилов Димитров	01.07.2012	Until termination
Разван Лефтер	22.08.2017	Until termination

A new member of the Supervisory Board of the company, namely Mrs.Luis Gabriel Roman, a US citizen, was elected on 29.10.2018 at an extraordinary general meeting of the shareholders.

As of May 2009, an audit committee has been created in the company.on 30.06.2017 in accordance with Art. 107 of the Independent Financial Audit Act (IFAA) (prom. SG issue No. 95 of 29.11.2016) a new Audit Committee has been elected for a term of service of three years.

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

The objective of the Audit Committee is to support the management of the company in fulfilling its obligations for the integrity of the unconsolidated and consolidated finan-cial statements, assessing the effective-ness of the internal financial control sys-tems and monitoring the effectiveness and objectivity of internal and external auditors.

Members of the Audit Commitee:

Audit Commitee
•Ivan Georgiev Mankov - Independent Member and Chairman of the Audit Committee
•Dimitar Stoyanov Dimitrov - Member of the Audit Committee
•Rositsa Mihaylova Pencheva - an independent member of the Audit Committee

E5. SHARE CAPITAL. CAPITAL STRUCTURE

Share capital

EUROHOLD BULGARIA AD was established with a capital in amount of BGN 50 002 586, divided into 50 002 586 ordinary, registered, non-privileged, dematerialized shares with one voting right at the General Meeting of the Shareholders, with dividend rights and liquidation quota, with a nominal value of BGN 1 each one. Since the Company's establishment several capital increases by cash contributions have been performed

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

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

The shares of Eurohold Bulgaria AD are listed for trading on the Main Market of Bul-garian Stock Exchange - Sofia, Share Seg-ment Standard, with stock index - 4EH and on the Warsaw Stock Exchange (Poland) with stock index EHG.

As at 31 December 2018 and as at the date of preparation of this activity report, the Company hasn't bought back and does not possess its own shares.

At the end of 2018, 77 387 shares of the capital of Eurohold Bulgaria are owned by subsidiaries. The shares have a nominal value of BGN 1 each.

All shares issued by Eurohold Bulgaria AD provide voting rights to their owners during the General Meeting of the Shareholders.

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

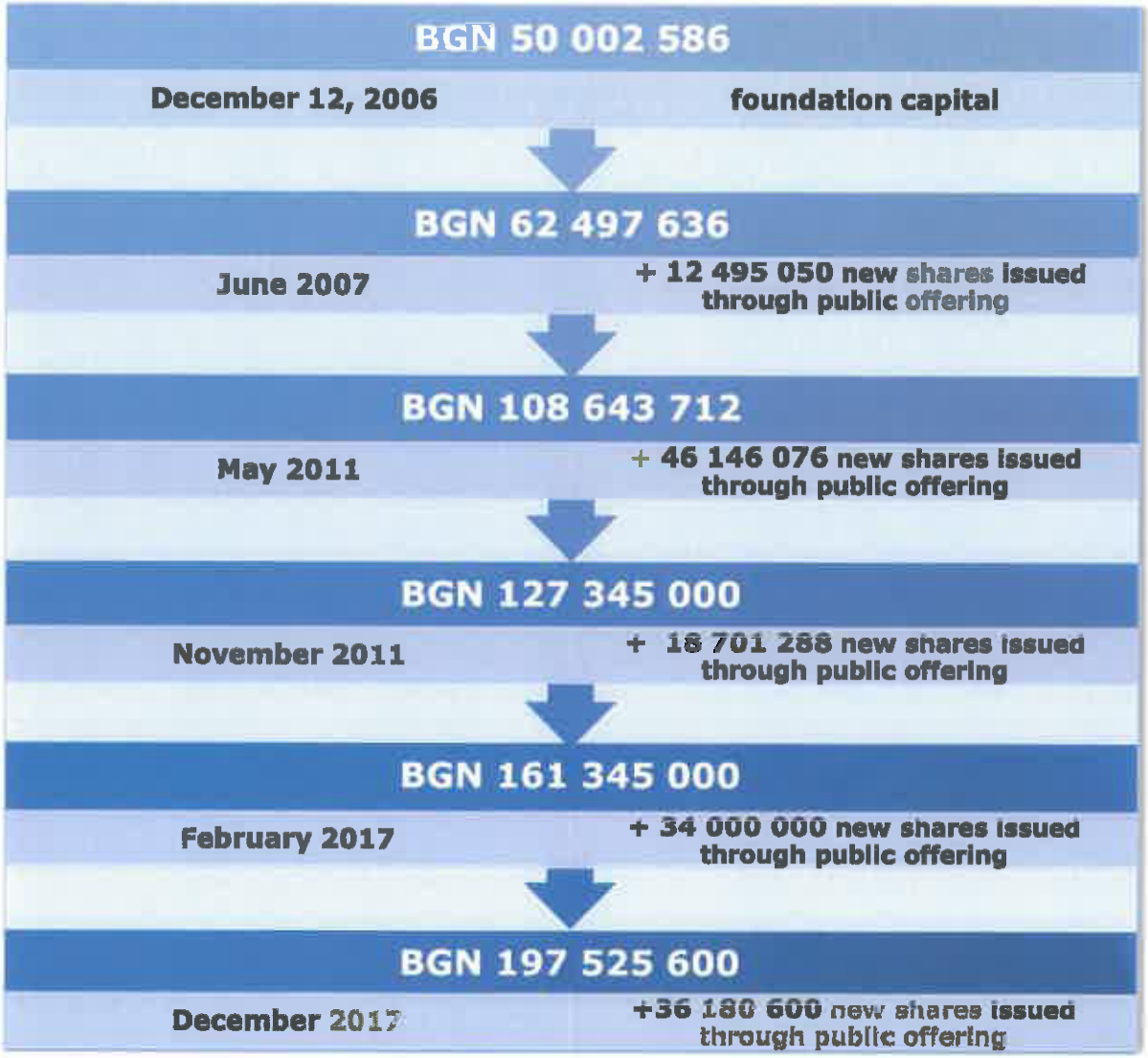
For the period since the incorporation of Eurohold Bulgaria AD until the date of the report, the company has successfully completed five subsequent increases in its share capital.

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

No increase in the share capital of the company was made within 2018.

The accumulated funds from all realized increases of Eurohold Bulgaria AD of the capital including the two completed increases during the reporting period were used to support the subsidiaries and to reduce the long-term indebtedness of the company.

Information on share capital increases by years



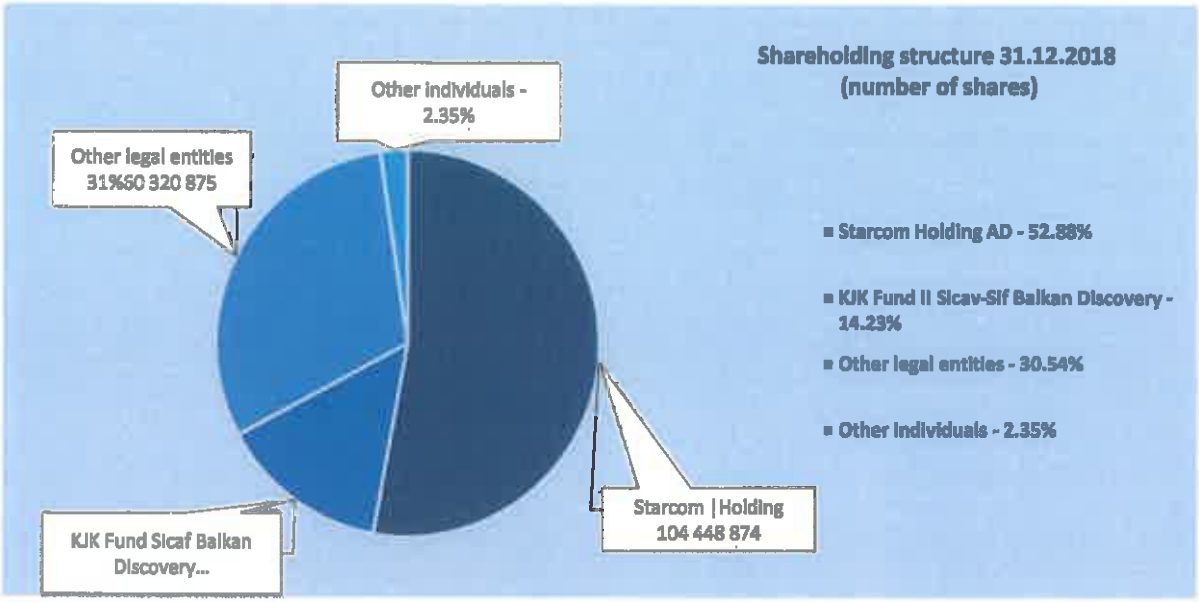
Eurohold Bulgaria AD as a public company carries out an increase of its share capital under the conditions of initial public offer-ing of securities by issuing a new issue of shares under the terms of a public offering under the Public Offering of Securities Act.

At the date of the current activity report, all issued shares of the company were admitted to trading on a regulated market of BSE-Sofia and Warsaw Stock Exchage (WSE) Poland.

Capital structure

As of the ending date of the fiscal 2018 year, there are two legal entities that hold nominally over 5 % of the voting shares.

There are no natural persons – shareholders, who hold directly more than 5 % of the voting shares.



The majority shareholder of Eurohold Bulgaria AD is Starcom Holding AD. The majority shareholder does not have different vot-ing rights. The company's seat and the reg-istered address is Etropole, 191 Ruski Blvd.

As of the date of this report (after the capital increase), Starcom Holding AD controls the voting rights of 54.20% of the issued shares (at 31.12.2016). Starcom Holding AD is the only entity which directly controls Eurohold Bulgaria AD.

The Chairman of the Supervisory Board of Eurohold Bulgaria AD, Assen Hristov, indirectly controls the Company. Assen Hristov is a majority shareholder and directly owns 51 % of the shares of Starcom Hold-ing AD. In this manner, Assen Hristov controls directly the majority shareholder and indirectly Eurohold Bulgaria AD.

KJK Fund II Sicav-Sif Balkan Discovery is the second major shareholder in Eurohold Bul-garia AD. As of the date of this report (after the last capital increase), KJK Fund II Sicav-Sif Balkan Discovery controls the voting rights of 12.46% of the issued shares.

KJK Fund II Sicav-Sif Balkan Discovery has no different voting rights.

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

In accordance with the provisions of Art. 114 et seq. of the POSA, any transaction between Eurohold Bulgaria AD and a share-holder with a direct or indirect controlling participation of 25 and more than 25 per cent of the votes in the general meeting of shareholders or, respectively, related to such shareholder, shall be approved by the shareholders in the general meeting of the Company if its value is 2% or more of the assets according the last prepared bal-ance sheet of the Issuer. The controlling shareholder having a personal interest in such transaction (recognized as "interested party" by the law) is not entitled to vote at the general meeting of share-holders on this matter.

E6. MAIN SCOPE OF ACTIVITY. BUSINESS OOPERATIONS

Main scope of activity

Eurohold Bulgaria AD is a holding company carrying out financial activity related to the acquisition, sale and management of participations and financing of related companies.
Eurohold manages and supports the business group's business through its strategy, risk, financing of associated enterprises, control, communication, legal advice, human re-sources, information systems and technologies and other functions.
The organizational structure of Eurohold is organized on three levels. Each of the three levels has its own specific functions, tasks and goals.
On the first level is the holding Eurohold Bulgaria.
At the second level, in order to optimize management, business processes and constant costs, Eurohold has created four subsidiaries - sub-holding structures in business lines.

Business lines are organized by type of business and market segments, namely: insurance, car sales, leasing and financial services (investment intermediation and investment banking).

Operating companies are grouped into the relevant sub-holding depending on the market on which they operate.
Eurohold Bulgaria AD together with its subsidiaries sub-holdings and operating companies form an economic group.

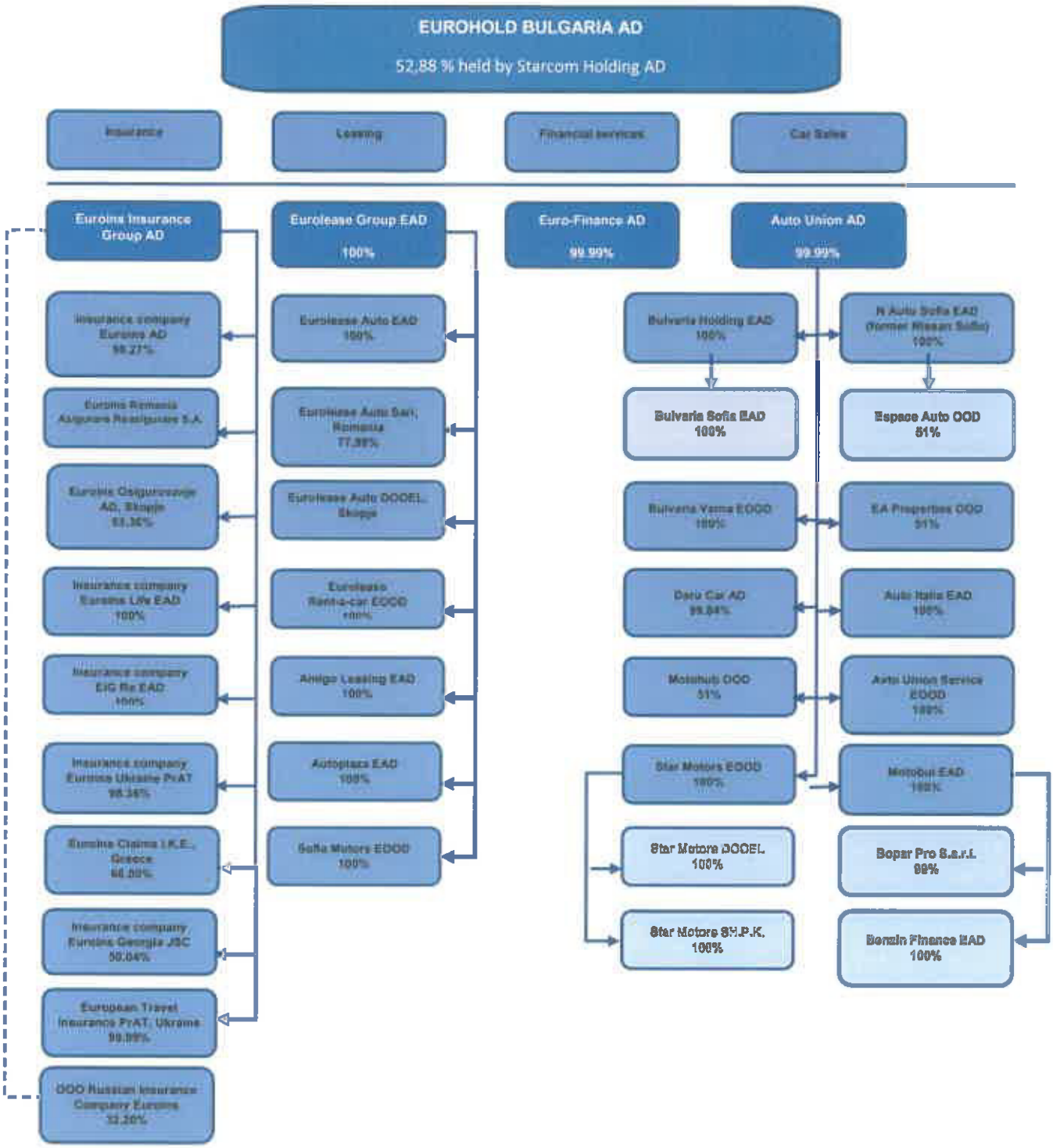
Economic group

Eurohold Bulgaria is a holding company and together with its subsidiaries form an economic group.

Eurohold Bulgaria AD is part of the Group of its majority shareholder, Starcom Holding AD.

At the date of this report, the most significant investment of Starcom Holding AD is Eurohold Bulgaria AD. At the end of 2018, Starcom Holding acquired a shareholding from the capital of First Investment Bank AD (formerly named Alma Bank AD), a banking institution registered in the Russian Federation. The deal was approved by the Central Bank of the Russian Federation on 29.11.2018. Starkom Holding AD owns 67.104% of the capital of FIB AD, Moscow

The structure of the Eurohold economic group as of 31.12.2018, together with all companies within it, is presented on the diagram bellow


EUROHOLD BULGARIA AD
52,88 % held by Starcom Holding AD
Insurance
Leasing
Financial services
Car Sales
Euroins Insurance Group AD
Euroins Romania Asigurare Reasigurare S.A.
Insurance company Euroins Life EAD 100%
Insurance company EIG Re EAD 100%
Insurance company Euroins Ukraine PrAT
Insurance company Euroins Georgia JSC
European Travel Insurance PrAT, Ukraine
OOO Russian Insurance Company Euroins
Eurolease Group EAD 100%
Eurolease Auto EAD 100%
Eurolease Auto Sari, Romania 77.99%
Eurolease Auto DOOEL, Skopje
Eurolease Rent-a-car EOOD 100%
Amigo Leasing EAD 100%
Autoplaza EAD 100%
Sofia Motors EOOD 100%
Euro-Finance AD 99.99%
Auto Union AD 99.99%
Bulvaria Holding EAD 100%
N Auto Sofia EAD (former Nissan Sofia) 100%
Bulvaria Sofia EAD 100%
Espace Auto OOD 51%
Bulvaria Varna EOOD 100%
EA Properties OOD 51%
Daru Car AD 99.94%
Auto Italia EAD 100%
Motohub OOD 51%
Auto Union Service EOOD 100%
Star Motors EOOD 100%
Motobul EAD 100%
Star Motors DOOEL 100%
Bopar Pro S.a.r.l. 99%
Star Motors S.H.P.K. 100%
Benzin Finance EAD 100%

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

Eurohold Bulgaria through its subsidiaries is positioned in the region of Central and Southeastern Europe.

The main markets of which the Group operates are **Bulgaria, Romania, North Macedonia, Ukraine and Greece;**

Italy, Spain, Poland - Insurance services offered on principle - free provision of services;

Russia - at the end of 2017 Euroins Insurance Group acquired a minority stake of 14% in a Russian insurance company. As of 13.02.2018, the percentage share in the capital of the company was increased to 32.20%.

Regional representation of the Eurohold Group's market positions, indicated by business lines

Insurance market:

- Insurance - **Bulgaria;**
- Insurance - **Romania;**
- Insurance – **North Macedonia;**
- Insurance – **Ukraine;**
- Voluntary health insurance - **Bulgaria;**
- Life Insurance – **Bulgaria.**

Leasing market:

- Leasing of motor vehicles - **Bulgaria;**
- Leasing of new motor vehicles – **North Macedonia.**

Automobile market:

- Sale of motor vehicles, mopeds, spare parts, servicing and lubricating oils - **Bulgaria;**
- Sale of motor vehicles, service activity – **North Macedonia**

Investment intermediation and Asset Management:

- Investment intermediation and Asset Management – **Bulgaria;**
- Investment intermediation – **Germany**, throwgh Euro-Finance as a member of the Stock Exchange in Frankfurt – Deutsche Börse Xetra;
- Euro-Finance owns 9.98% of the bank Varengold – **Germany.**

Business lines and sub-holdings (subsidiaries)
Eurohold Bulgaria AD owns a direct participation in four subsidiaries, which merging the business operations of the holding.

Subsidiaries companies represent a holding structures merging Eurohold Bulgaria's investments in the insurance, sales of motor vehi-cles, leasing and investment intermediation and Asset Management sectors.

EUROHOLD BULGARIA AD	INSURANCE	EUROINS ISURANCE GROUP AD (91.84%)
	SALES OF MOTOR VEHICLES	AVTO UNION AD (99.99%)
	LEASING	EUROLEASE GROUP EAD (100%)
	INVESTMENT INTERMEDIATION AND ASSET MANAGEMENT	EURO-FINANCE AD (99.99%)

Information about subsidiaries

Subsidiaries companies of Eurohold Bulgaria AD			
	Country of registration	Main activity	% of participation in the primary capital as of 31.12.2018
EUROINS INSURANCE GROUP AD	Bulgaria	acquisition, management, assessment and sale of interest in Bulgarian and foreign companies; The company active develops its business in Bulgaria, Romania, Macedonia and Ukraine	Eurohold Bulgaria AD – 91.84%
EUROLEASE GROUP AD	Bulgaria	participations management, financial leasing The company develops its business in Bulgaria, Romania, Macedonia	Eurohold Bulgaria AD - 100%
AVTO UNION AD	Bulgaria	import, sale and service of motor vehicles	Eurohold Bulgaria AD - 99.99%
EURO-FINANCE AD	Bulgaria	Providing and carrying out investment services and activities in the country and abroad	Eurohold Bulgaria AD - 99.99% Insurance Company Euroins Bulgaria AD – 0.01%

Euroins Insurance Group AD is a holding company that focuses on the Group's investment in the insurance sector. It is one of the largest private insurance groups from GWP operating in the Central and Southeast Europe region. Euroins Insurance Group works mainly in Bulgaria, Romania, North Macedonia, Greece, Ukraine, Georgia, Russia, Poland, Spain and Italy.

The insurance group offers a full range of insurance products in the field of general, health and life insurance. The long-term strategic goal of Euroins Insurance Group is to achieve a diversified, profitable and sustainable market share in the Central and Southeastern Europe.

Structure of the insurance line

Euroins Insurance Group ***Insurance and reinsurance***	**Bulgaria**	IC Euroins AD (98.27%)
		IC EIG Re EAD(100%)
		IC Euroins Life EAD(100%)
	Romania	Euroins Romania Asigurare ReasigurareCA (98.51%)
	North Macedonia	Euroins Osiguruvanje, Skopje AD (93.36%)
	Ukraine	IC Euroins Ukraine PrAT(98.36%)
		European Travel Insurance PrAT(99.99%)
	Georgia	IC Euroins Georgia JSC(50.04%)
	Greece	Euroins Claims M.K.E. (66.00%)
	Russia	OOO RIC Euroins (32.20%)

- Insurance and Health Insurance activity
- Insurance activity
- Health Insurance activity

As part of the Euroins Insurance Group's expansion strategy in Eastern Europe and CIS countries, which offer significant growth potential due to the low penetration of insurance services, the holding acquired new companies in 2018:

- In February 2018, the insurance sub-holding acquired a significant participation in a Russian insurance company amounting to 32.19% of the capital, which at the date of this report was named "RZD Euroins" OOD.
- April 2018 acquired Ukrainian travel company specialized in travel insurance ERV with the current name "European Travel Insurance" PrAt

- In September 2018, acquired IC Group, which has been operating since 2005 and is one of the leading insurance companies in Georgia, offering almost all products on the market. It is one of the largest in the country's health insurance.

In June 2018, Eurohold Bulgaria agreed to buy the minority stake in Euroins Insurance Group's equity from South Eastern Europe Fund L.P. (SEEF), managed by the Greek investment company Global Finance. After finalizing the transaction, Eurohold will own 100% of the capital of the insurance subholding and thus consolidate its ownership in all its subsidiaries - EIG, Avto Union AD, EuroLease Group EAD and Euro-Finance AD, which operate in the following sectors: insurance , car sales, leasing and financial-investment intermediation.

At the date of this report, Euroins Insurance Group has agreed to acquire four insurance companies in three European countries - Romania, the Czech Republic and Belarus in 2019. The companies to be acquired are subsidiaries of the German ERGO, one of the leading insurance groups in Europe and part of Munich Re, one of the largest reinsurers in the world. Euroins Insour Group will acquire three ERGO divisions in Romania and the Czech Republic, specializing in life and non-life insurance, as well as one non-life insurance company in Belarus. The two parties have already signed agreements and the deal will be finalized after approval by the relevant regulatory authorities.

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

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

Through its merger and acquisition activities, the Group benefits from:

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

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

The efforts and investments made over the last few years in the insurance field ensure the stabilization of the market positions of the operating companies in the group.

The main objective of Euroins Insurance Group is to gain 10% market share of the general insurance sector on the Balkans in the mid-term, as well as expanding the insurance business through offering a full range of insurance products - non-life insurance, life insurance and health insurance.

The operating companies of Euroins Insur

ance Group follow a marketing policy aimed at developing and offering innovative and diverse products and services. In order to offer flexible service and satisfy the needs of the clients from the appropriate insur-ance services, different product ranges and combined insurances have been developed.

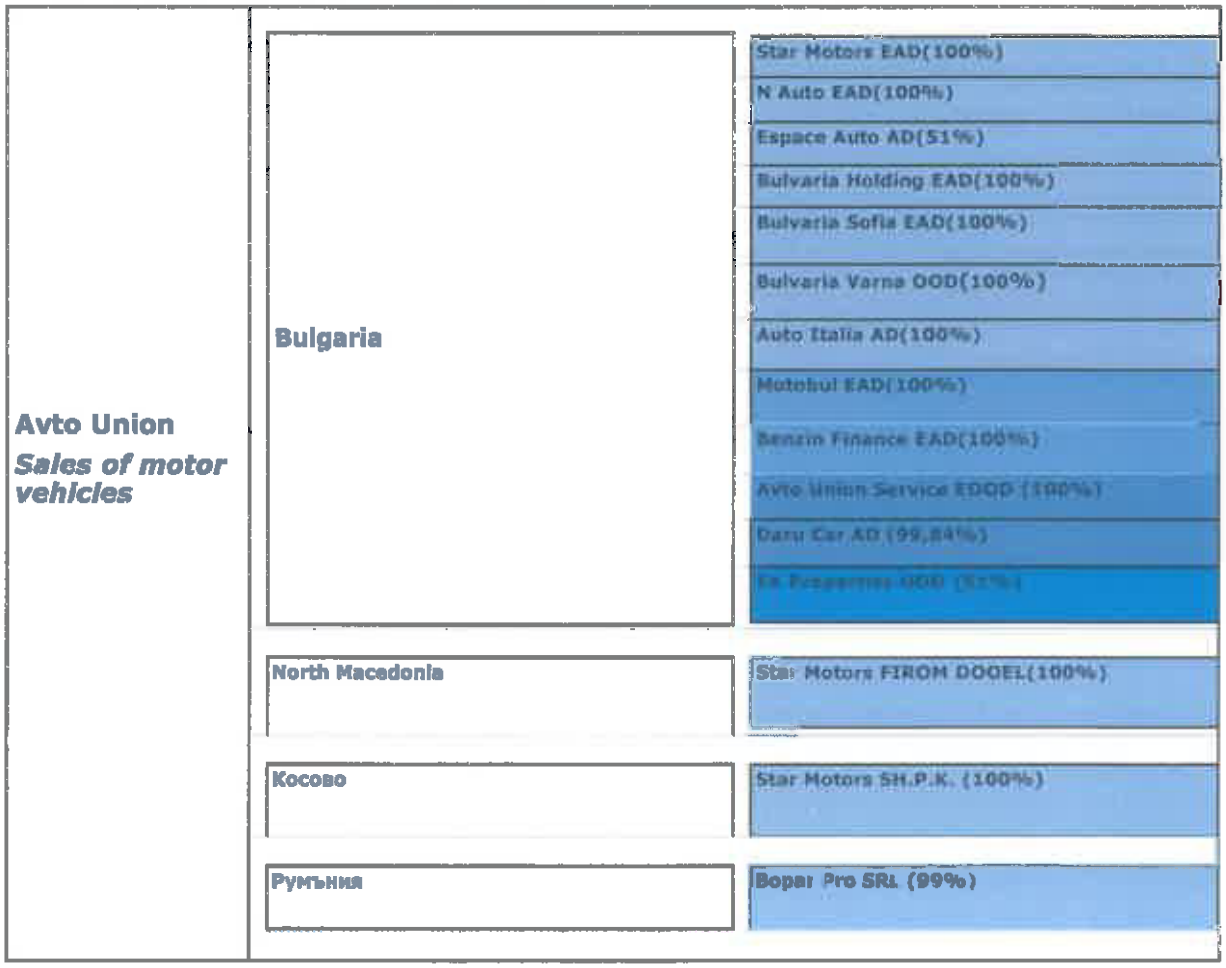
Companies in the insurance group carry out continuous monitoring of the the insurance needs of all groups of potential customers by seeking to develop and offer appropriate insurance products and services.

More information about the Euroins Insur-ance Group and its subsidiaries
can be found on the company's website www.eig.bg

Avto Union. Business review.

Avto Union AD is a holding company which consolidates Eurohold Bulgaria's investments in the motor vehicle sector. Auto Union is the leading importer and dealer of cars - its portfolio includes 8 brands and 3 brands of scooters, with the largest portfolio of motor vehicle brands in Bulgaria. Auto Union is a unique combination of motor vehicle brands and opportunities. The strat-egy, supported by the automotive group for a variety of brands is supplemented by continuous improvement in the quality of complementary products and after sales service, as well as by offering new product packages which combine leasing and insur-ance and comply with the client's needs.

Structure of the sale of motor vehicles



- import and service of motor vehicles
- import and sale of motor lubricants
- purchase and sale of real estate
- repair and service of motor vehicles/sales of spare parts

In the following chart, companies are represented by motor vehicle brands, lubricants and fuels sold by Avto Union subsidiaries.

The companies of the Avto Union Group operate as:

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

More information about the Avto Union subsidiary and its subsidiaries can be found on the company's website **www.avto-union.bg**

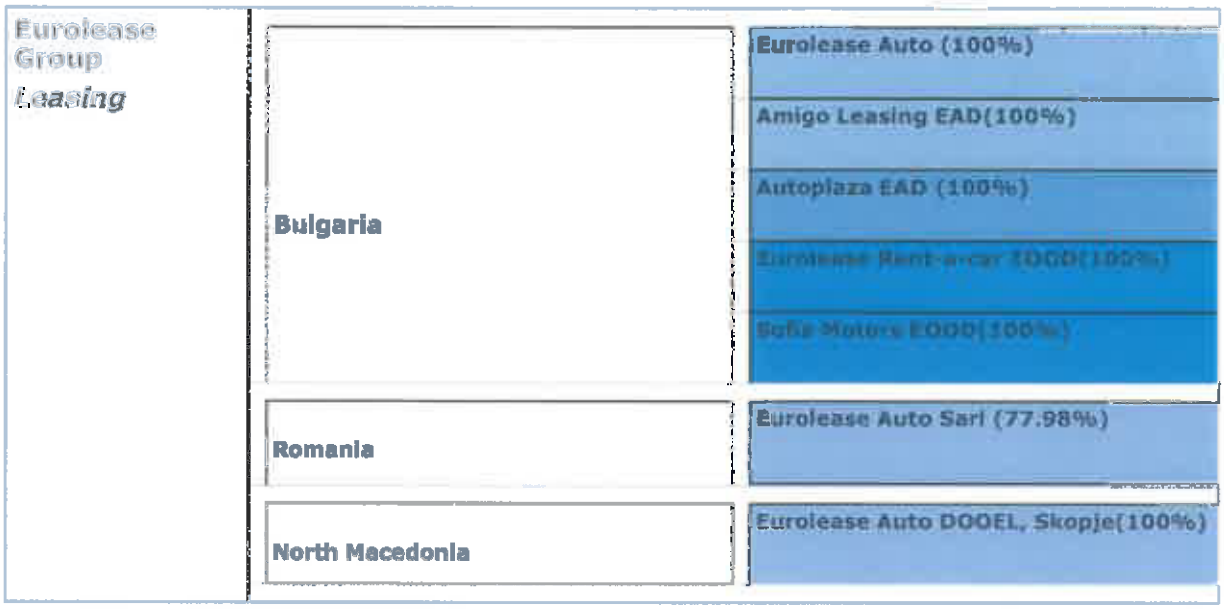
Eurolease Group EAD. Business review.

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

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

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

Companies from the leasing sub-holding offer financial and operational leasing services to legal entities, corporate clients and individu-als. In this way, EuroLease Group able to cover the whole spectrum of potential customers and to create competitive advantages



.	Financial leasing
..	Operating leasing
...	Sales of used motor vehicles

The leasing group provides a full range of financial and operational leasing services, motor vehicle rental and sale of used motor vehicles to individuals and legal entities.

The group offers:

- Financial leasing for certain motor vehicle brands, tailored to the specific characteristics of the vehicle and the customer;
- Eurolease Rent-A-Car offers operating leasing and short-term rental of cars under AVIS and Budget trademarks;
- The Group also carries out the sale of used vehicles of proven origin through its subsidiary Autoplaza EAD.

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

Euro-Finance AD. Business review.

Euro-Finance is the largest investment intermediary in Bulgaria in terms of share capital. The company has a full license from the Financial Supervision Commission to provide financial and

investment services within the European Union and third countries

Euro-Finance offers:

- Trade in over 260 instruments including currency trading (Forex), gold, silver, oil, stocks, indexes.
- Direct access to financial instruments listed on the Stock Exchange in Frankfurt (Deutsche Börse Xetra)
- M & A, investment consulting services as an internal consultant and a third party consultant.

- Member of the Deutsche Börse Group, with a 20-year history of successfully completed local and cross-border deals
- Euro-Finance owns 9.98% of Varengold Bank - Germany

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

Types of services and activities offered by operating companies

Insurance	Sale of motor vehicles	Leasing	Investment intermediation and Asset management
Insurance	Sale of new motor vehicles	Financial leasing	Investment intermediation
Health insurance	Auto services	Operating leasing	Investment banking
Life insurance	Sale of spare parts	Rent-a-acar	Asset Management
		Sale of used motor vehicles	

The complementary activities of Eurohold Group companies, respectively insurance, leasing and motor vehicle sales, allow the creation of integration synergies and the cross-selling of bundled services and products.

Integration synergies allow cost optimiza-tion across the three business lines and increased competitiveness, which in turn leads to increased profitability at all levels of the Eurohold Group

Integration synergies and cross sales to offer bundled services and products

Eurohold Bulgaria AD is an integrated hold-ing company focused on the insurance, leasing, sale and servicing of motor vehicles as well as investment asset management. One of the unique competitive advantages of the Group, which predetermines the sol-id future of the Issuer and the companies of its economic group, is characterized by the advantages of integration synergies and cross-selling of Eurohold's three main busi-ness - insurance, leasing and motor vehicle sales.

The Eurohold Group can offer its customers a unique mix of related batch purchase products at very attractive prices and flexi-ble conditions.

The natural connection between the busi-nesses of the Eurohold Group companies and their strong integration results in unique competitive advantages over the other market participants and a constantly growing loyal customer base.

Over the years, Eurohold Bulgaria has be-come more and more successful in inte-grating and optimizing its operations and complementing businesses. The holding and its companies with their clear and inte-grated business model are in a position to take full advantage of the strong growth prospects characterizing the region and the sectors in which the Group operates.

Group strategy

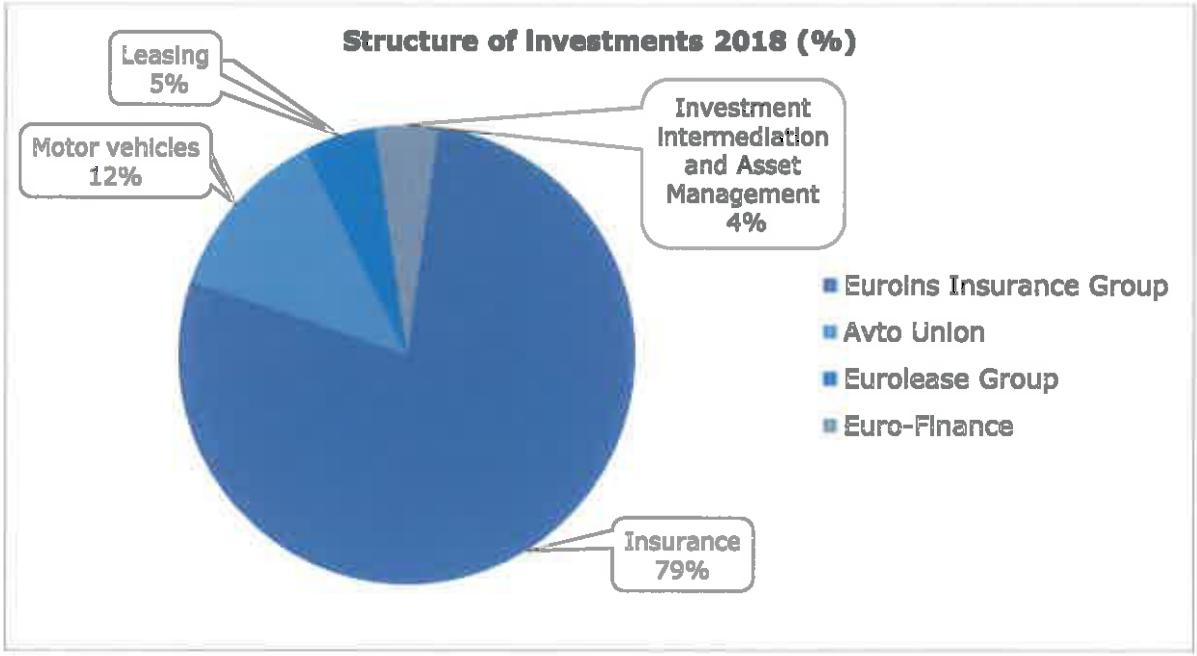
- Maintaining a leading position in the CEE region in the field of insurance, leasing, car sales and investment intermediation and Asset Management, as well as enhancing profitability through cross selling opportunities.
- Promoting customer satisfaction and diverse customer base by offering innovative and competitive products.
- Promoting synergy and cross-selling across business segments by centralizing and optimizing operations, marketing, and business processes.
- Optimizing profitability by increasing sales volume, combined with optimizing inventory management.
- Expanding the markets in which it operates and increase the market shares of each subsidiary.
- Develop and use highly qualified managers and employees by providing opportunities for professional development and the implementation of performancebased compensation schemes for key personnel.
- Establish common goals in each business segment on negotiating better supplier terms, advertising and participating in public tenderand participating in public tenders.

E7. CAPITAL INVESTMENTS

Since its incorporation, Eurohold Bulgaria has made many capital investments in its subsidiaries. As of 31.12.2018, the total value of Eurohold Bulgaria 's investments in subsidiaries amounted to BGN 567,465 thousand, namely:

- Euroins Insurance Group (Insurance) investments amounting to BGN 448 677 thousand
- Avto Union (Motor vehicles) - investments amounting to BGN 66 775 thousand
- Eurolease Group (Leasing) – investments amounting to BGN 27 368 thousand
- Euro-Finance (Investment Intermediation and Asset Management) - investments amounting to BGN 24 645 thousand.

Structure of Investments in Subsidiaries



The subsidiaries of Eurohold Bulgaria are also significant investments in the development of their operating companies. Since 2008 until the end of 2018 the total capital investments made by Eurohold Bulgaria and the companies of its economic group amount to BGN 973 802 thousand, respectively:

- Investments made by Eurohold Bulgaria at the amount of BGN 396 477 thousand.
- Investments made by subsidiaries amounting to BGN 577 325 thousand

Over the last three reporting years, the Eurohold Group has carried out total equity investments amounting to

- for 2016 - BGN 246 914 thousand;
- for 2017 - BGN 209 539 thousand;
- for 2018 - BGN 36 784 thousand

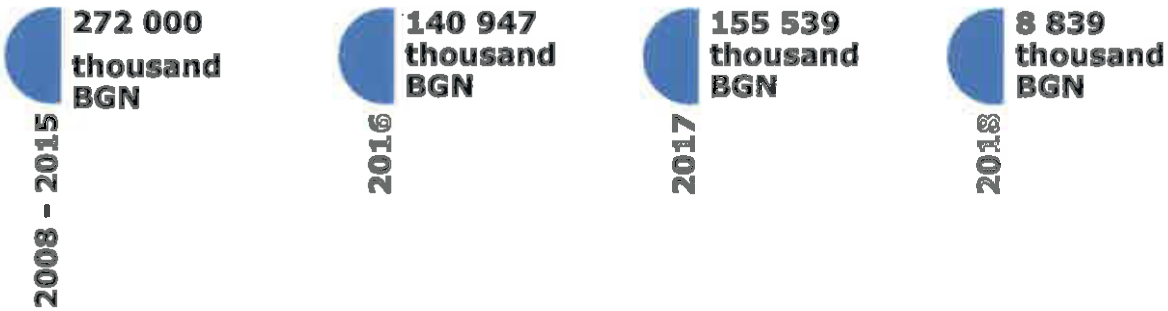
All investments made by Eurohold Bulgaria and its subsidiaries have been realized with the purpose of capital support of thecompanies, expansion of the activity through new acquisitions and increase of the market positions of the companies.

The following tables present a summary schedule for capital investment over the period 2008-2018 as well as detailed information on the investments made in the last three years.

Information on the amount of capital investments made by Eurohold Bulgaria and the sub-holding structures

Investments of Eurohold Bulgaria

Investments of subsidiaries



Capital investments made by Eurohold Bulgaria and the subsidiaries during the period 2016 -2018:

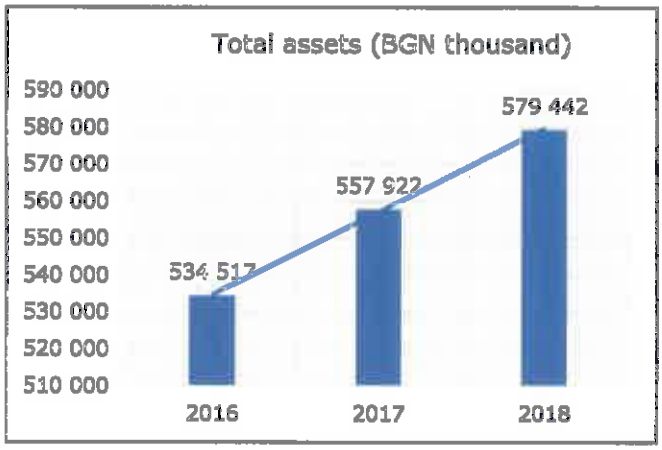
Investment description	Number of shares	Capital expenses (BGN	Metod of financing	Investor
Capital investments of Eurohold Bulgaria in 2016 г				
Euroins Insurance Group Capital increase	105 966 641	105 966 641	Own funds	Eurohold Bulgaria AD
Total		**105 966 641**		
Investments of subsidiaries in 2016				
Euroins Romania Capital increase	300 000 000	130 456 870	Own funds	EIG AD
EIG Re AD Share purchase	10 968	450 000	Own funds	EIG AD
EIG Re AD Capital increase	100 000	4 000 000	Own funds	EIG AD
IC Euroins Bulgaria AD Acquisition of participation	331 030	190 267	Own funds	EIG AD
PJSC "Euroins Ukraine IC Acquisition	410 000	2 346 996	Own funds	EIG AD
Euroins – Health Insurance Capital increase	2 500 000	2 500 000	Own funds	EIG AD
Bulvaria Holding Capital increase	250 000	250 000	Own funds	Avto Union AD
Star Motors DOEL Acquisition of participation		391 172	Own funds	Star Motors EOOD
Sofia Motors EOOD Acquisition of participation		10 000	Own funds	Eurolease Group EAD
Eurolease Auto North Macedonia Capital increase		352 049	Own funds	Eurolease Group EAD
Total		**140 947 354**		

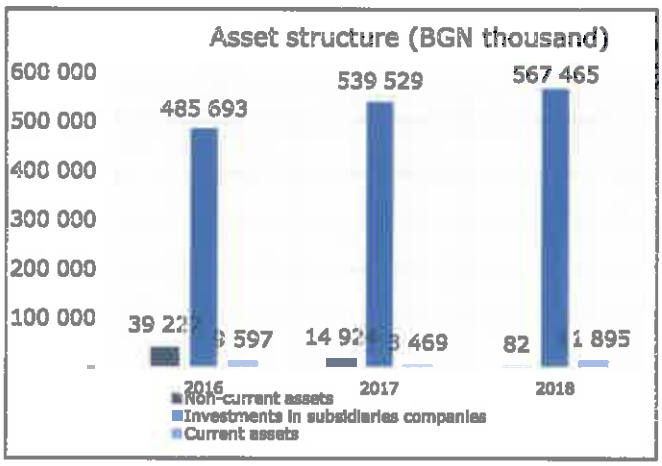
Investment description	Number of shares	Capital expenses (BGN	Metod of financing	Investor
Capital investments of Eurohold Bulgaria in 2017 г				
Euroins Insurance Group AD Capital Increase	47 500	47 500 000	Own funds	Eurohold Bulgaria AD
Euro-Finance AD Capital increase	6 500	6 500 000	Own funds	Eurohold Bulgaria AD
Total		**54 000 000**		

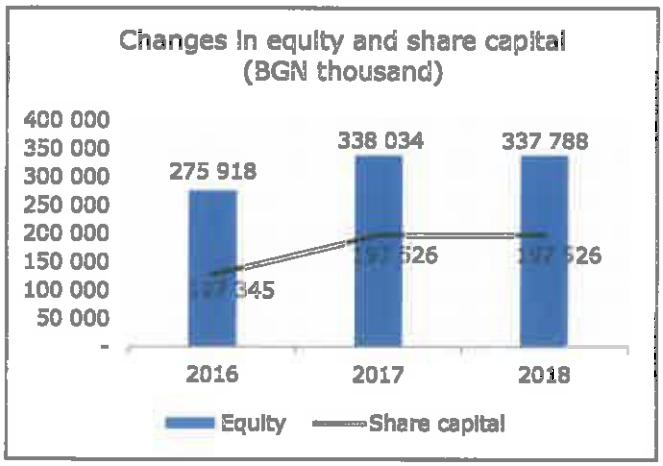
Investments of subsidiaries in 2017				
IC Euroins Bulgaria AD Capital increase	18 562 742	19 052 706	Own funds	EIG AD
Bulvaria Varna EOOD Capital increase	25 000	250 000	Own funds	Avto Union AD
Star Motors DOEL Capital increase		195 583	Own funds	Star Motors EOOD
EA Properties OOD Acquisition of participation		35 700	Own funds	Avto Union AD
Eurolease Auto Retail EAD Company incorporation	1 000 000	1 000 000	Own funds	Eurolease Group EAD
Eurolease Auto North Macedonia Capital increase		97 792	Own funds	Eurolease Group EAD
Total		**155 538 651**		

Investment description	Number of shares	Capital expenses (BGN	Method of financing	Investor
Capital investments of Eurohold Bulgaria in 2018 г				
Euroins Insurance Group AD Capital Increase	16 963 169	16 963 169	Own funds	Eurohold Bulgaria AD
Euroins Insurance Group AD purchased shares from Basildon Holding	12 305 771	10 981 985	Own funds	Eurohold Bulgaria AD
Total		**27 945 181**		
Investments of subsidiaries in 2018				
Auto Italia AD Capital Increase	8 000 000	8 000 000	Own funds	Авто Юнион АД
Bulvaria Sofia EAD Company incorporation	129 000	129 000	Own funds	Авто Юнион АД
Amigo Leasing EAD Capital Increase	200 000	200 000	Own funds	Евролийз Груп ЕАД
Sofia Motors EOOD Capital Increase	300 000	300 000	Own funds	Евролийз Груп ЕАД
Eurolease Rent-a-car EOOD Capital Increase	210 000	210 000	Own funds	Евролийз Груп ЕАД
Total		**8 839 000**		

E8. RESULTS FROM OPERATIONS







Analysis of the financial situation

- **Assets**

2018 ended with an increase in assets of 3.86% reaching BGN 557 922 thousand compared to 2017 when the total assets of the company amounted to BGN 557 992 thousand Over the last three years the company's assets have increased significantly from BGN 534 517 thousand in 2016 to BGN 579 442 thousand in 2018

The increase in assets is mainly due to the investment activity of Eurohold Bulgaria during the years 2016 and 2018 when investments in the capital of subsidiaries were made in order to develop, support and expand their operations.

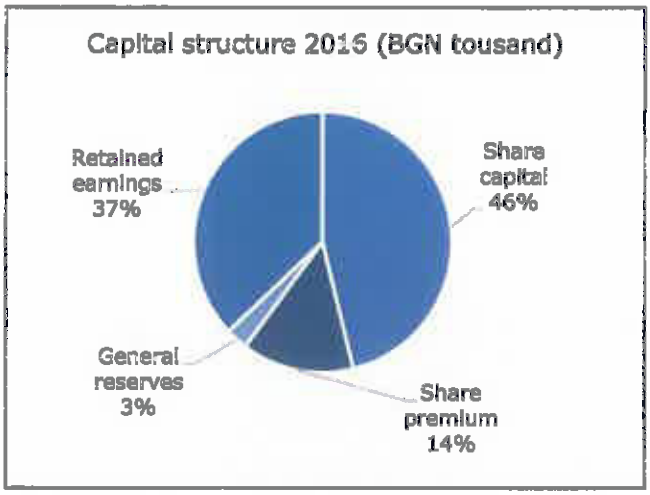
The amount of the investments as at 31.12.2018 increased by 16.84% compared to 2016, as a result of capital increases made in 2017 and 2018 as follows:

- Euroins Insurance Group AD 2017 - increase of share capital by BGN 47,500 thousand;

- ∘ 2018 - increase of the share capital by BGN 16,963 thousand and acquisition of a share of the capital in the amount of BGN 10,982 thousand (in connection with a signed share purchase agreement) or a total investment of 27,945 thousand BGN
- Euro-Finance AD2017 increase of share capital by BGN 6,500 thousand

Eurohold Bulgaria AD, as a holding compa-ny, carries out mainly investment activities (investing in long-term assets - subsidiaries operating in certain strategic business are-as) and financial activity (manages, controls and provides financial support to the sub-sidiaries). The main activity of Eurohold is decisive for the structure of the company's assets, where the investments in subsidiar-ies, associates and other enterprises occu-py 97.9% of all assets.

Non-current and current assets occupy a negligible part of the total assets, as of 31.12.2018 totaling BGN 11 977 thousand.

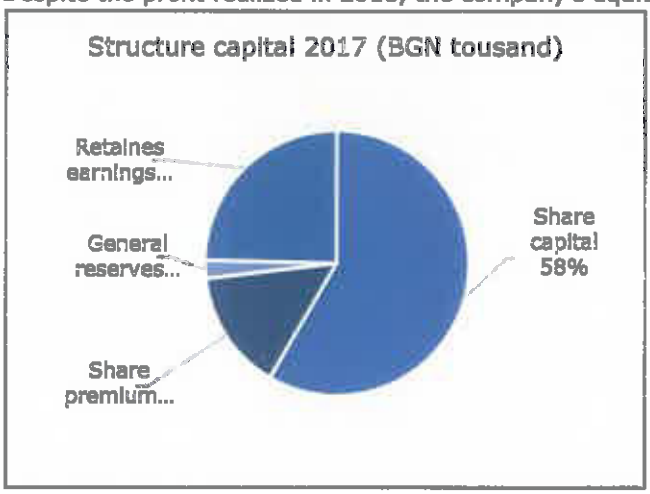


For comparison in 2017 the non-current and current assets amounted to BGN 48 824 thousand.

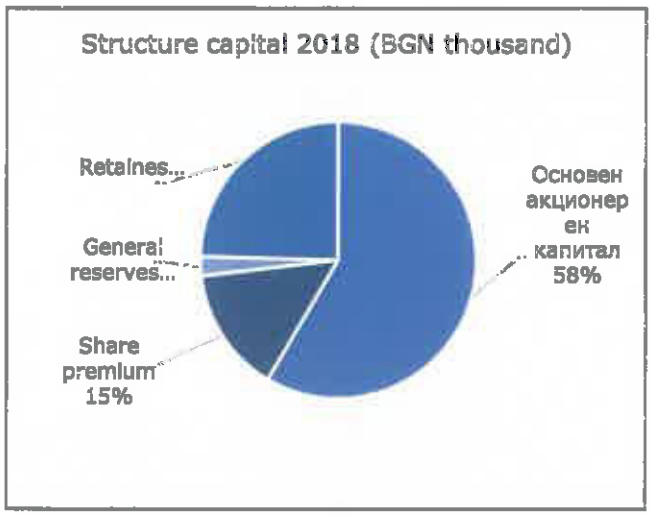
The receivables of the company are classi-fied as long-term and short-term receivables and are formed as a result of the policy of active management of the free resources of the group.
Eurohold Bulgaria owns tangible fixed assets in amount of BGN 82 thousand, representing one number of cars and office equipment.
Money funds at the end of the period amounted to BGN 282 thousand.

Equity and liabilities

Despite the profit realized in 2018, the company's equity amounted to BGN 337,768 thousand, marking a slight decrease from BGN 207 thousand to BGN 246 thousand. The decrease in equity was due to dividend distributed in the current reporting period amounting to BGN 1 800 thousand, related to the activity of the company for 2017, which is at the expense of the undistributed profits from previous years.



In the year 2017, two share capital increases were successfully carried out at a nominal value above the nominal value, with a corresponding increase of the share capital amounting to BGN 70 181 thousand from the issuance of 70 181 thousand new shares with nominal value 1 (one) BGN each and premium reserve of securities issuance amounting to BGN 10 854 thousand.



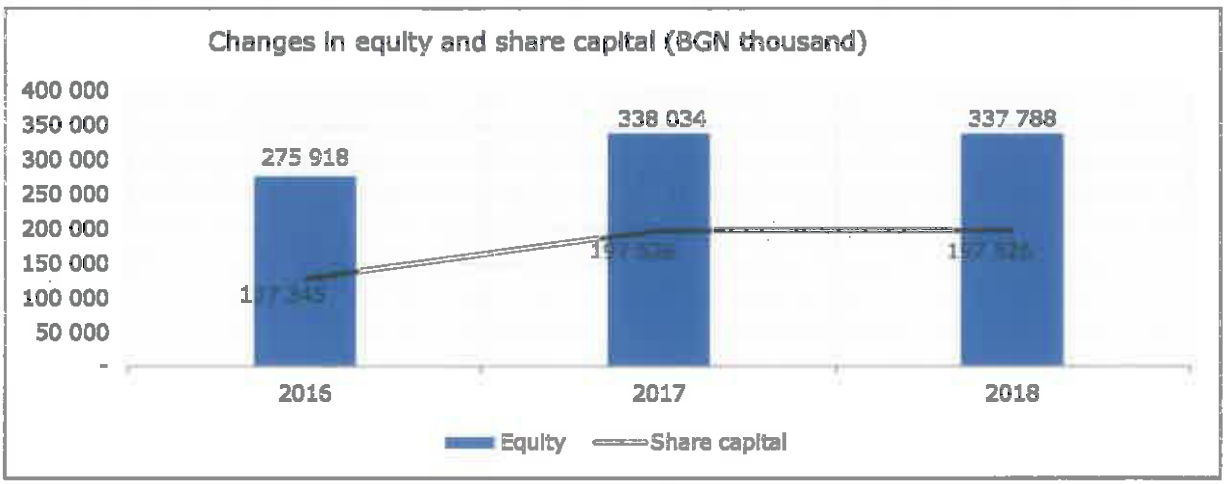
As a result of the successful two capital increases as of 31.12.2017, the share capital of the company amounted to BGN 197,526 thousand compared to BGN 127,345 thousand at the end of 2016.

In 2018 there was no increase in the share capital of the company.
The structure of equity capital remains at the end of 2018 compared to the previous reporting period. The main share capital of Eurohold Bulgaria occupies 58% of the company's equity, followed by 25% of retained profits from previous years, the premium for the issue of securities is 15%, the total reserves 2%

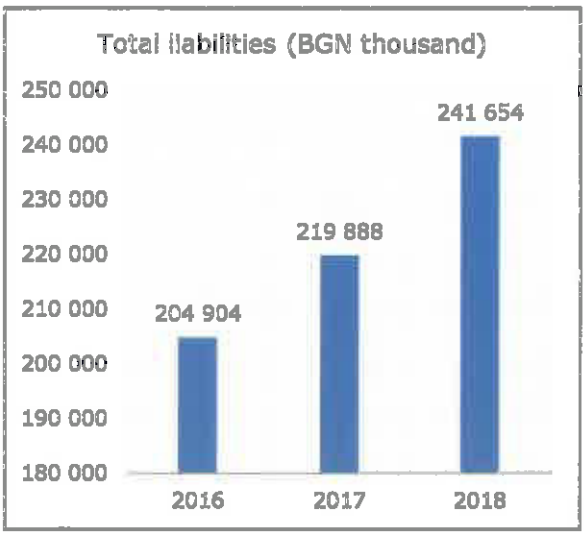
Eurohold Bulgaria maintains a dividend distribution policy from 2015 to 2018 including a dividend distributed from the profits of the company, as follows:

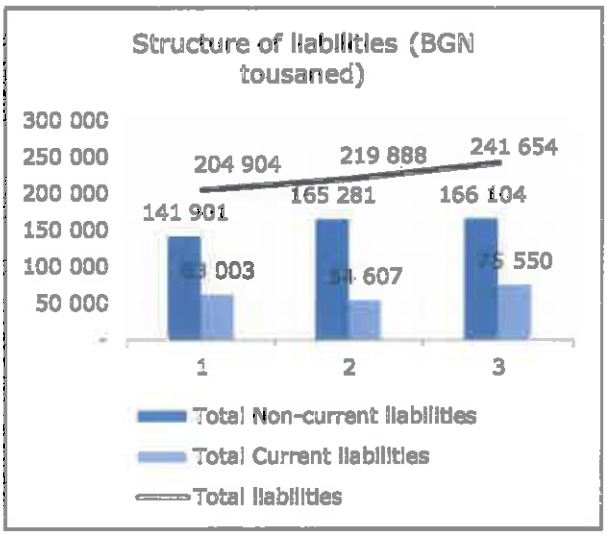
- In 2015 a dividend from the distributed profit of the company for 2014 is paid amounting to BGN 582,714 thousand;
- In 2016 a dividend from the distributed profit of the company for 2015 was paid to the amount of BGN 365,680;
- In 2017 a dividend paid out of the distributed profit of the company for 2016 is paid to the amount of BGN 1,613,450;
- In 2018 a dividend paid out of the company's retained earnings for 2017 (Eurohold Bulgaria has realized a loss in 2017) to the amount of BGN 1,800,000 was paid.

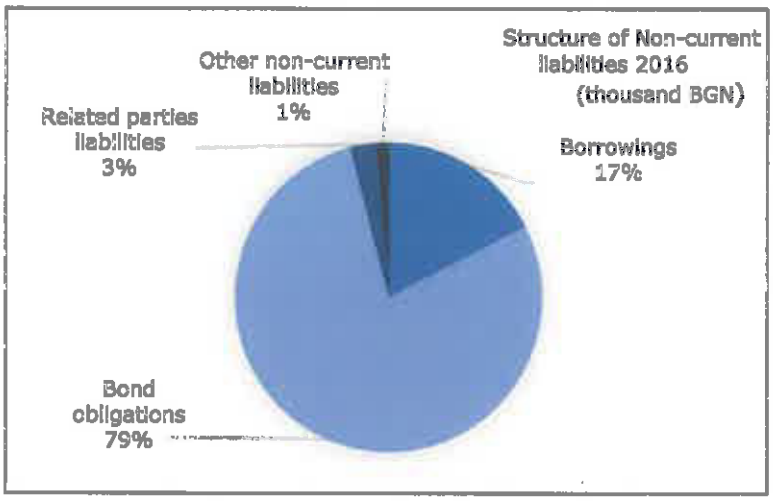
The equity of Eurohold Bulgaria AD represents 58.30% of the total liabilities and equity of the company as at the end of 2018, exceeding 16.60%. By comparison, at the end of 2017, equity equaled 60.59% of total liabilities and equity.

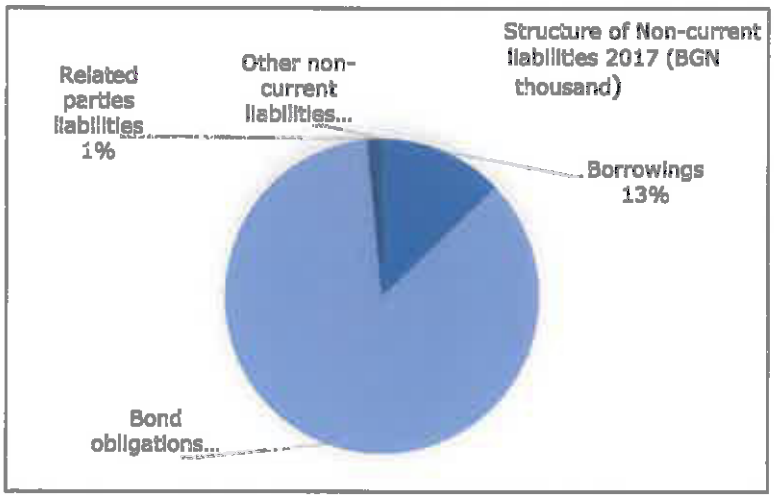


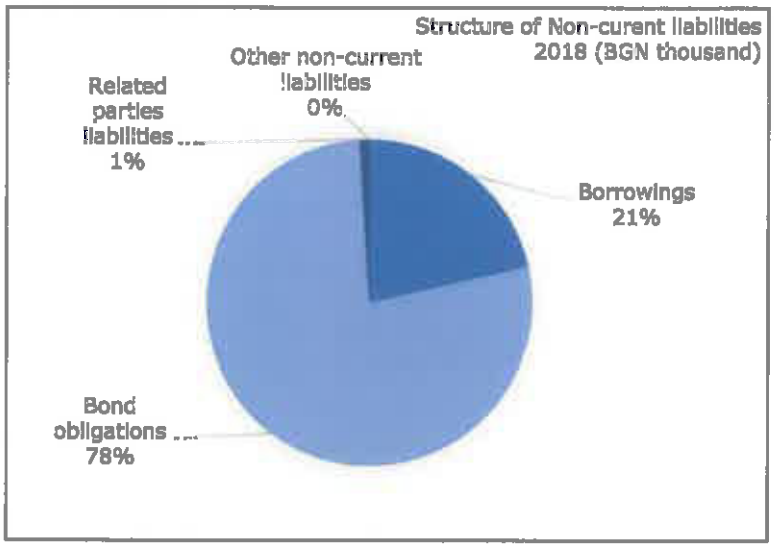
LIABILITIES











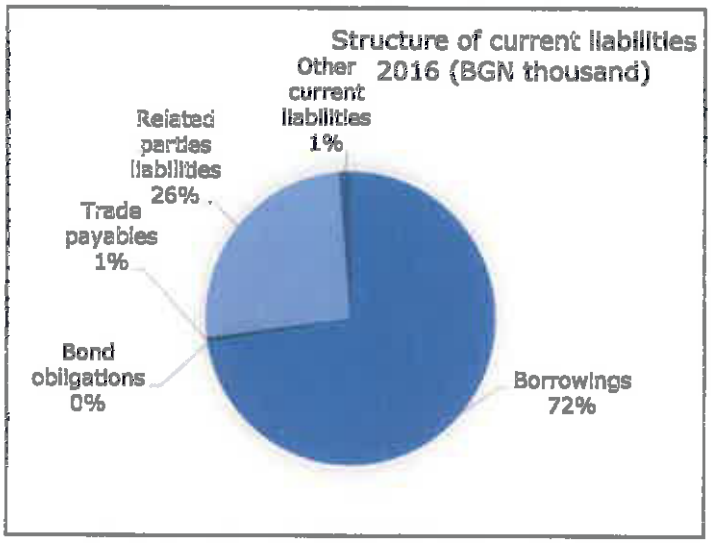
During the periods under review the company's liabilities gradually increased. As of the end of 2018 they increased by 9.90%, from BGN 219,888 thousand in 2017 to BGN 241,654 thousand. This is mainly due to a slight increase in long-term liabilities and more significant in the short-term liabilities of the company.

The liability structure has undergone a change during the current reporting period. Long-term liabilities at the end of 2018 represent 68.74% of the company's liabilities and the short-term 31.26%. By 31.12.2017 long-term liabilities were 75.17% of all liabilities, while the short-term was 27.83%.

Long-term liabilities

Long-term liabilities consist mainly of obligations to finance the company from financial institutions and an issue a debenture loan in the amount of BGN 164,381 thousand and liabilities to related and other enterprises amounting to BGN 1,723 thousand.

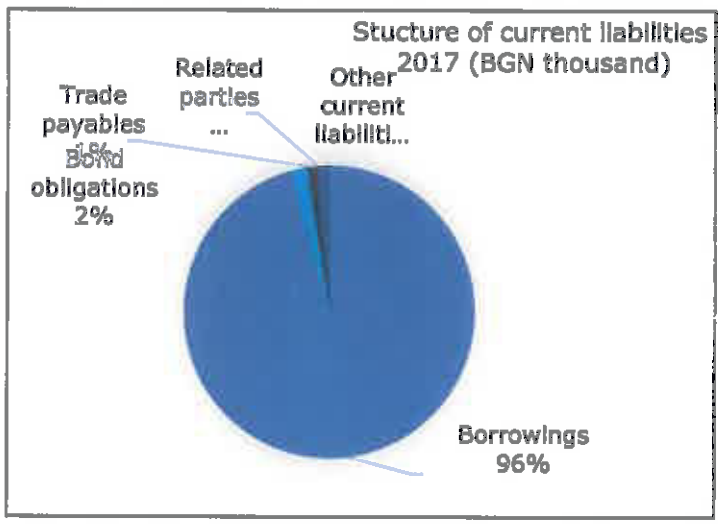
The funds raised by Eurohold Bulgaria was used to increase the capital of subsidiaries and their financial support in order to expand their business and acquire new companies in Central and Eastern Europe.



Bond Issue - EMTN Programme

As of 31.12.2016 the long-term liabilities of the company amount to BGN 165 281 thou-sand increasing by BGN 23,380 thousand compared to 2016 This growth is mainly due to a successfully issued second tranche of medium-term Eurobonds (EMTN Pro-gram) amounting to EUR 70 million at an interest coupon of 6.5% and a maturity of five years. Bonds are being launched for trading on the Irish Stock Exchange.

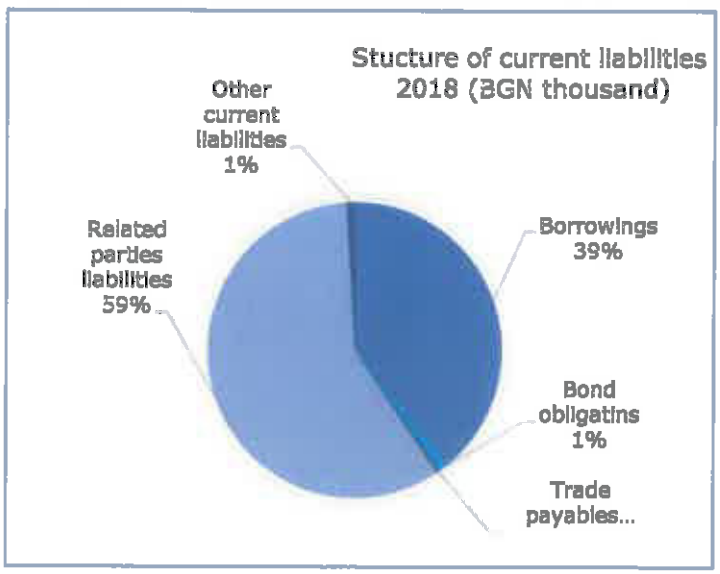
The value of these bonds as of 31.12.2016 was BGN 111,472 thousand and at 31 December 2018 they decreased to BGN 128 832 thousand.



Loans from financial and non-financial institutions

Loans from financial and non-financial institutions are classified as non-current and current liabilities depending on their maturity.

Total liabilities on loans to financial institutions increased in 2018, due to a new bank loan absorbed during the period. The amount of long-term debt to financial institutions at the end of 2018 amounted to BGN 35,549 thousand, while at the end of 2017 the liability was BGN 21,123 thousand.



Character of borrowed funds from financial and non-financial institutions

Attracted funds from financial institutions are:

First loan from International Investment Bank with negotiated limit of EUR 10,000,000, interest rate of 6.0% + 3m EURIBOR and maturity 2025. As of 31.12.2018 the principal due on the loan amounts to EUR 10,00,000 At the date of this report there were no obligations to repay the principal under this loan.

Liabilities under the loan, incl. principal and interest payments are regularly serviced under a repayment schedule.

Second International Investment Bank loan with an agreed limit of EUR 10,000,000, interest rate of 6.0% + 3m EURIBOR and maturity 2025. As of 31.12.2018 the principal due on the loan amounts to EUR 10,000,000. At the date of this report there were no obligations to repay the principal under this loan. Interest payments are serviced regularly and without delay.

In April 2018, a final principal contribution of € 3,510,000 was paid, with which the high-interest loan granted by Accession Mezzanine Capital II with an agreed limit of EUR 15,000,000, an interest rate of 8,7%, was fully repaid. During the last reporting period, principal on this loan was repaid at the amount of EUR 3,776,615.

Current liabilities

Current liabilities at the end of 2018 amounted to BGN 75 550 thousand, while for the previous reporting period they amounted to BGN 54 607 thousand totally. The increase in this position of 38.35% of current liabilities is due to a combination of current liabilities to financial institutions of BGN 22,781 thousand and borrowings from related parties amounting to BGN 43,982 thousand.

Analysis of revenue and expenditure

The revenues and expenses of Eurohold Bulgaria derive from the main scope of activity of the company, namely: acquisition, management, assessment and sale of shares in Bulgarian and foreign companies; acquisition, management and sale of bonds; acquisition, assessment and sale of patents, concession of licenses for patent use to companies in which the company holds a share; funding companies, in which the company holds a share.

Eurohold Bulgaria as a holding company does not engage in independent business activity, and in this sense does not report regular revenues and expenses from this type of activity. Historically, therefore, on the basis of Eurohold's individual activity, it is difficult to compare the revenue generat-ed and the reported costs due to their en-gagement with the specific current objec-tives of the holding **related to:**

- new acquisitions and expansions,
- the need to support the activities of subsidiaries by providing loans or increases in their capital,
- with the financial results of the subsidiaries for the relevant reporting period and the strategic decisions taken by their controlling authorities regarding the possibility of dividend distribution to the parent company or the retention of profits and their subsequent reinvestment.

In connection with the specific and non-rhythmic nature of the income and ex-penses of the individual activity of Eurohold Bulgaria (activity fully linked to the activi-ties, development and results of the sub-sidiaries of the Holding's economic group), in the analysis of revenues and expenses on an unconsolidated basis of the compa-ny, it should be borne in mind that Euro-hold also prepares consolidated financial statements reflecting the operating result and the financial position of the whole group. For the purpose of analyzing the results on a non-consolidated basis of Eu-rohold, an analysis of the consolidated fi-nancial statements should be carried out in order to obtain a complete, clear and com-pleted picture at Group level.

The revenues of Eurohold Bulgaria AD are formed by the main activity of the company and have the following nature:

- reported positive differences from financial operations on the acquisition, sale and management of participations in subsidiaries;
- accrued interest on financing of subsidiaries;
- distributed dividends;
- other financial income - representing bank interest on deposits, currency revaluations and similar.

Revenue

	2016	2017	2018	% Change
Revenue from operating activities	**16 608**	**4 118**	**24 430**	**493%**
Dividend income	245	265	209	
Revenue from financial operations	15 455	1 325	21 652	
Interest income	917	2 437	1 544	
Other financial revenue	51	18	647	
Other revenue/income, net	-60	73	378	

For the current reporting period, revenue generated by Eurohold Bulgaria generated by Eurohold Bulgaria amounted to BGN 25 052 thousand. The main share of the revenues is occupied by income from financial operations in amount of BGN 21 652 thousand, followed by revenues from interest on loans granted to the amount of BGN 1 544 thousand. The dividends received for 2018 amounted to BGN 209 thousand.

The operating expenses of Eurohold Bulgaria are related to the expenses related to the implementation of specific current investment projects, expenses related to the financing of the activity of acquisitions, expansion and financial support of the subsidiaries, interest on received financing and others. , Eurohold also reports fixed staff costs and other external services such as office space rents, consumables, and other costs associated with the normal flow and execution of the activity.

Expenses

	2016	2017	2018	% change
Expenses on operating activities	12 799	21 424	22 770	**6%**
Interest expenses	10 067	17 460	19 239	
Expenses for financial operations	850	859	661	
Other financial expenses	165	1 379	50	
Hired services expenses	1 374	1 350	2 336	
Salaries and related expenses	335	369	444	
Depreciation	8	7	27	
Revenue / (Expenses) from impairment of financial assets, net	0	0	13	

For the year 2018 the reported operating expenses of Eurohold Bulgaria amounted to BGN 22,770 thousand compared to BGN 21.424 thousand for 2017 represented a minimum growth by 6%. The largest share in the structure of the operating expenses is the interest cost on received financing amounting to BGN 19.239 thousand for the current reporting period, marking an increase of 10% compared to 2017 The expenditure on financial expenses mainly due to additional funding from the International Investment Bank amounting to EUR 10 000 000. The sum of all other types of expenses (excluding interest) amounts to BGN 3 531 thousand, while in 2017 the total amount of these expenses was BGN 3 964 thousand.

Net Result of Activity

Eurohold Bulgaria AD ends in 2018 with a net result from operating activities amounting to BGN 1,660 thousand.

The realized net result for 2017 was negative at the amount of BGN (17,379) thousand. The main reason for the negative result is related to the accrued interest expense on financing received during the last years necessary to cover the capital requirements of one of group companies through an increase in their capital and to finance the expansion of the business through new acquisitions.

The management of Eurohold has committed itself to working towards reducing the company's indebtedness as well as refinancing high-interest debt. In support of this action, the first installment of the bond loan was repaid in 2017 at an interest rate of 8% and the second tranche was issued at a lower interest rate of 6,5%. Also, the loan received from Accession. Mezzanine, amounting to € 15,000,000, at an interest rate of 8.7%, is now almost paid off. The residual principal at the end of 2017 at the amount of € 3 510,000 will be fully repaid in April 2018. Eurohold Bulgaria managed to repay in 2017 and liabilities under subordinated liabilities amounting to BGN 53.695 thousand.

In support of the decision taken to reduce the company's indebtedness is also the fact that at the date of this report a General Meeting of Shareholders was convened on 22 April 2019 with an agenda, decision to issue a new issue preferred shares with guaranteed dividend and non-voting rights through a public offering of 79,010,240 new shares. The purpose of the new issue is precisely the repayment of liabilities of the company.

The income per share for 2018 amounts to BGN 0.008 per share

Cash Flows

On an unconsolidated basis, Eurohold Bulgaria generates cash flows from the following activities:

- Revenue from investment operations;
- dividend income;
- interest income on loans granted to subsidiaries;
- revenue from services

During the period under review the cash flows from operating activities have negative values, which are formed mainly by exceedances of the payments for the operating activity against the proceeds.

Cash flows for the year 2018 are mainly formed by the company's financial and investment activities related to the restructuring of long-term debt and the accumulation of available cash from subsidiaries and their focus on financing the current and investing activities of other subsidiaries.

	2016	2017	2018	% изменение
Cash and cash equivalents at the beginning of the year	**112**	**281**	**206**	
Net cash flows from operating activities	(2 006)	(3 814)	(2 598)	
Net cash used by investing activities	(91 120)	(19 991)	(28 597)	
Net cash generated/(used) by financing activities	93 265	23 730	31 269	
Cash and cash equivalents at the end of the year	**281**	**206**	**282**	**37%**

Capital resources

Debt and equity relationships show how the company finances.

As of 31.12.2018, the equity share of Eurohold Bulgaria AD's assets was 58.30%, while at the end of 2017 this ratio was 60.6% or at the end of the current observed period was reported a decrease by 2.3%.

As of the end of 2018, the Long-Term Liabilities/Equity ratio was 0.49 and retains its value unchanged from the previous reporting

period in 2017, indicating that the company has not increased its long-term indebtedness to equity.

Financial ratios

Debt/Equity ratio and Financial autonomy

Debt-Equity and financial autonomy ratios account for the coverage of attracted funds with equity and vice versa.

The deb/equity ratio increased slightly by 0.07 points from 0.65 by the end of 2017 to 0.72 for the year 2018. This is due to the increased short-term liabilities to related parties.

The value of the financial autonomy ratio as of 31.12.2017 is 1.54, compared to 1.40 at the end of year 2018. This shows that Eurohold Bulgaria reported a slight decrease by 0.14 points.

Taking into account the reported loss for 2017, financial performance indicators show worse performance over the previous comparable period.

The following table shows selected financial indicators from the unconsolidated financial statements of Eurohold Bulgaria for a three-year period

Ratios		2018	*Change from the previous period **	2017	2016
Statement of profit or lost and other comprehensive income					
1. Total comprehensive income for the year	000'BGN	1 660	*109,6%*	(17306)	2 309
2. Net Profit /(Loss)	000'BGN	1 660	*109,6%*	(17306)	2 309
3. Revenue	000'BGN	24 430	*493,2%*	4118	15 428
Statement of financial position as of 31 December					
4. Equity	000'BGN	337 788	*-0,1%*	338 034	275 918
5. Liabilities	000'BGN	241 654	*9,9%*	219 888	204 904
6. Total assets	000'BGN	579 442	*3,9%*	557 922	534 517
Shares					
Share capital	000'BGN	197 526	*0,0%*	197 526	127 345
Number of shares	000	197 526	*0,0%*	197 526	127 345
Net profit/loss per share	BGN	0,008	*107,5%*	(0,112)	0,018
Ratios					
Ratio of financial autonomy (4/5)	000'BGN	1,40	*-9%*	1,54	1,35
Debt/Equity ratio (5/4)	000'BGN	0,72	*10%*	0,65	0,74
Gross profitability ratio (1/3)	000'BGN	6,79%	*-102%*	420,25%	14,97%
Net profitability ratio (2/3)	000'BGN	6,79%	*-102%*	420,25%	14,97%
Gross profitability of equity (1/4)	000'BGN	0,49%	*-110%*	-5,12%	0,84%
Net profitability of equity (2/4)	000'BGN	0,49%	*-110%*	-5,12%	0,84%
Gross profitability of liabilities (1/5)	000'BGN	0,69%	*-109%*	-7,87%	1,13%
Net profitability of liabilities (2/5)	000'BGN	0,69%	*-109%*	-7,87%	1,13%
Gross profitability of assets (1/6)	000'BGN	0,29%	*-109%*	-3,10%	0,43%
Net profitability of assets (2/6)	000'BGN	0,29%	*-109%*	-3,10%	0,43%

**** The calculated change reflects the change in the values presented to 2018 compared to the corresponding figures for the previous reporting period***

E9. CURRENT TRENDS AND POSSIBLE FUTURE DEVELOPEMENTS

Trends in activity

Eurohold Bulgaria AD as a holding company whose activity is directed at investments in companies and their management does not carry out independent business activity. Such activity develops the operating companies of the economic group.

Eurohold Bulgaria is fully focused on devel-oping and supporting its core business lines - insurance, cars, leasing and finance, as well as expanding them by increasing their market shares and / or by acquiring new companies from Central and South-east Europe, operating in the business sec-tors of the holding. In this respect, the de-velopment trends of Eurohold Bulgaria's activities are directly and fundamentally related to the development trends of the companies of the holding's economic group.

Trends for development of the Eurohold Group

The Eurohold Group has significant growth potential based on the following types of growth factors:

- Integration synergies and development of cross-selling for bundled services;
- Organic opportunities and growth-enhancing opportunities;
- Fundamental, market and macroeconomic.

Joint products - advantages

One of the main advantages of the Euro-hold Group is the close cooperation be-tween its main strands, generating a grow-ing and stable source of revenue. As a con-sequence of integrating the three business lines - insurance, car sales and leasing, Eu-rohold Bulgaria aims to realize significant synergy. The Group has exceptional oppor-tunities to increase the market shares of its subsidiaries by introducing new, cross-linked value-added products rather than by lowering product prices, as is the strategy of major competitors. Offering joint prod-ucts and combining sales points leads to offering "All Under One Roof" - passenger cars, insurance, leasing. The cross-product offering among insurance, leasing and au-to-dealer customers reduces the total cost of developing new products, advertising, and marketing. The mutually complemen-tary activities provide higher opportunities for a rapid increase in market shares. The internal model of work is based on the idea that each business strand will achieve in-dependent financial profitability and cost optimization and serve as a source of business for other industries.

Organic opportunities and growth enhancing opportunities

The Eurohold Group has historically grown on the basis of phased organic growth and the acquisitions of existing companies in the region. In the last 3 years, the Group has successfully acquired and integrated several companies, thus expanding its ge-ographic reach and diversification.

Eurohold Bulgaria also targets several ac-quisition opportunities that make sense in the overall development strategy of the Eurohold Group.
At the end of 2017, Euroins Insurance Group acquired a minority stake of 14% in a Russian insurance company. As of 13.02.2018, the percentage participation in the capital of the company was in-creased to 32.19%.

Supported by the internally successful integrated organization, the Group expects to expand organically its regional market share in all sectors and countries in which it operates, as a result of the unique product mix offered.

Fundamental market and macroeconomic trends

The current and planned geographic scope of Eurohold Bulgaria includes the region of Central and Southeastern Europe. Current-ly, the Issuer actively operates in Bulgaria, Romania, Macedonia, Ukraine and Greece. Eurohold is also present on the markets in Italy, Spain and Poland, where he offers insurance services on the principle of free-dom to provide services. From 2018 Euro-hold is also present on the Russian market.

With a consumer base of more than 100 million users, the Southeast Europe region is a highly attractive development market. Fundamentally, the region is still underde-veloped, significantly lagging behind the economies, sectors and consumers of Western Europe. Real household income in this region is significantly lower, where con-sumption remains low. However, the trend is to gradually increase incomes in these regions.

The accession of Bulgaria to the EU is a positive attitude among foreign investors. Their increased confidence in the country is also conditioned by the achievement of macroeconomic stability, maintaining long-term growth of GDP, low inflation, confi-dence in the country's monetary system.

Goals and strategies related to development trends

Main current goals

The main activity of Eurohold Bulgaria AD is dictated by its main goals, and namely:

- To satisfy the needs of its customers by means of offering innovative and competitive products and services;
- To increase the amount of sales in combination with high profitability;
- To ensure the required conditions for a continuous improvement in the synergy between its subsidiaries;
- To expand the markets of operation and to increase the market shares of each of its subsidiaries;
- To recruit highly qualified management and employees;
- To provide better opportunities for professional development and growth for each employee within the Group.

Mid-term goals and strategies

The objectives, which management of the Eurohold Bulgaria AD has set mid-term are focused on the three subholdings - insur-ance, leasing and automotive, as well as in managing the Group's cash through the investment intermediary Euro-Finance.

Main strategic goals are:

- Stable increase of market shares in all sectors and markets the Group operates in;
- To continue expansion strategy in the region;
- To achieve a loyal and diverse client base..

To achieve these strategic goals, the Com-pany has developed current objectives and development policies. They are focused mainly on the improvement of the integra-tion, profitability and financial position of the Group:

- Real consolidation of the companies on sub-holding structure level under a common management;
- Establishment of common positions on sub-holding level with regard to negoti-ating better delivery conditions, advertising and participation in public procurements, which significantly affects the reduction of costs for these segments;
- Realization of synergies from the centralization and optimization of operations, marketing and all other business processes in the structure of the Group;
- Cost optimization for maintaining goods in stock;

- Fixed costs optimization;
- Optimization of inventory level, etc.;
- Consolidation of all sources of funding in order to minimize administration costs;
- Opening of new locations – showrooms and car repairs stations;
- Optimization of the staff and equipment engaged in the car repairs activity;
- Implementation of better warranty conditions for the cars sold;
- Ensuring funding for the leasing subholding;
- Implementation of a system for additional incentives for the insurance agents of Insurance Company Euroins AD who refer customers to the car dealers and leasing companies;
- Changing the insurance portfolio towards reduction of the car insurance share and decrease of acquisition costs;
- Achievement of a stable market share by the insurance companies on all markets;
- Continuing the conservative policy of the insurance companies in maintaining the investment portfolio;
- Development and realization of new competitive products under the main business segments – insurance, automotive and leasing.

E10. DESCRRIPTION OF THE MAIN RISKS

Systematic risks

Influence of the international environment

Over the last few years, economists from different countries have been united around the thesis that the prosperity of the world economy depends on all the big ones as well as on a growing number of developing and smaller players. Issues of aging populations in all parts of the world, instability in energy and agricultural products prices, unequal distribution of income among members of the population and the risk of systematic global financial fluctuations are central topics for discussion in many international forums. These trends are inextricably linked with the Bulgmaarian macroeconomic environment and have a constant influence on the results of the local companies and their future development. Another outstanding issue is the excessive exhaustion and neglect of the importance of using limited global resources. Against the backdrop of these facts, economists are united around the thought that ultimately the change in the way in which global business operates will be dictated and imposed by the worsening environment and the reduction of beneficial opportunities for single entrants. The exit from the realization of certain risks related to the international environment will depend to a large extent on the previously established plans and the preventive measures of individual states and international institutions as evidenced by the last global economic crisis. The risk of the impact of the international environment on firms can not be diversified and affects all players, but on the other hand it can become an engine for innovation development and implementation that dramatically changes and increases business efficiency on a global scale.

Macroeconomic risk

The macroeconomic situation and the economic growth in Bulgaria and Europe are of main importance for the development of the Eurohold Bulgaria AD, and this includes also the governmental policies of the respective countries, and in particular the regulations and decisions made by the respective Central Banks, which influence the monetary and interest rate policy, exchange rates, taxes, GDP, inflation, budget deficit and foreign debt, the unemployment rate and the income structure.
Potential internal risk remains the theoretical liberalization of fiscal policy, which would lead to a serious further increase in the deficit and violation of the currency board principles.
Macroeconomic risks include: The political one; the credit risk of the state; inflation, currency and interest rate risk; emerging market risks and the risks associated with the Bulgarian securities market.

Political risk

The political risk reflects the influence of the political processes in the country on the economic and investment process and in particular on the return on investments. The degree of political risk is determined by the likelihood of changes in the unfavorable direction, of the government led long-term economic policy, which may have a negative impact on investment decisions. Other factors related to this risk are the possible legislative changes concerning the economic and investment climate in the country.
The Republic of Bulgaria is a country with political and institutional stability based on contemporary constitutional principles such as a multiparty parliamentary system, free elections, ethnic tolerance and a clear system of separation of powers. Bulgaria is a member of NATO and since 1 January 2007 is a member of the European Union (EU). The desire for European integration, the presence of a dominant political formation, the pursuit of strict fiscal discipline and adherence to moderate deficits, create predictability and minimize political risk.

Unemployment

In market economy countries, unemployment is recognized as a social risk on the labor side. As a socially assessed risk, unemployment is subject to compulsory social security and benefits under certain conditions. The overall activity on the formation and implementation of the state policy on unemployment insurance, as well as the promotion and support of the unemployed, when seeking and starting work and / or other type of economic activity, gives

the content of the process of management of this social risk.

According to the latest published NSI data, the unemployment rate in the country for the second quarter of 2018 was 5.5% or 0.8 percentage points lower than the second quarter of 2017. The number of people without work equals 182.2 thousand people or is reported a reduction in the number of unemployed by 31.7 thousand people compared to the second quarter of 2017. Over the same period, the unemployment rate decreased by 0.8 percentage points for men and 1.0 percentage points for women. Of the total number of unemployed persons, 109.8 thousand (60.3%) are men 72.4 thousand (39.7%) - women. Of all unemployed persons 13.61% have higher education, 49.1% - with an average, and 37.3% - with basic or lower education. Unemployment rates by grade of education is 2.4% for higher education, 4.8% for secondary education and 20.5% for basic education and lower education.

Source: www.nsi.bg

Credit risk of the country

The credit risk is the possibility for deterioration of the international credit ratings of given country. The low credit ratings of the country might lead to higher interest rates, tougher financing conditions for the economic subjects, including Eurohold and its economic group.

On 01.06.2018, the rating agency Fitch Ratings consolidated the outlook for the credit rating of Bulgaria as stable. The agency raised Bulgaria's long - term credit rating from "BBB-" to "BBB" in foreign and local currency and confirmed BBB + rating ceiling as well as the short-term credit rating in foreign and local currency "F2". The confirmation of the prospect as stable, reflects Fitch Ratings' assessment of the positive development of Bulgaria's external sector. The prolonged period of constant decline of the ratio of external debt to GDP and positive current account trends, have led to a better representation of Bulgaria's external finances compared to the countries of the rating group "BBB". Compared to other countries with a similar rating, Bulgaria's public finance performance indicators positively influence the upgrading of the rating. The State debt to GDP ratio will continue to decline below that of other "BBB" rating countries.

On 01.06.2018, S&P Global Ratings rated the credit rating outlook of Bulgaria as positive. At the same time, the agency has increased both long-term and short-term credit rating in foreign and local currency "BBB- / A-3". The confirmed perspective for Bulgaria's credit rating reflects the expectations of S&P Global Rartings that its fiscal and external indicators will continue to improve and the authorities will take further steps to strengthen the financial sector where the level of non-performing loans remains high. The agency notes that in 2018 the economic recovery of the country will continue with the growing contribution of domestic demand to net exports. Improvements are reflected in the labor market, thus increasing disposable income and private consumption. Public investment funded through European funds will also be an important factor for economic recovery. At the same time, Bulgaria continues to feel structural limitations from demographic challenges. Net emigration, especially in the skilled labor force and the aging population represent challenges to economic policy development and to the opportunities for social cohesion.

Source: www.minfin.bg

Inflation risk

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

With the recovery of domestic demand, higher relative consumer prices of services are expected compared to food and non-food goods. According to the Ministry of Finance forecast for macroeconomic indicators by 2020, the growth rate of the economy is expected to slow down gradually and the projected average growth for the period 2017-2020 to amount to 2.0%. Inflation might influence the expenses of the Company, since quite a big portion of the company's liabilities are interest-bearing. Their servicing is related to the current interest rates which reflect the inflation level in the country. That is why keeping low inflation levels in the

country is considered as a significant factor for the activity of Eurohold Bulgaria AD.
At the moment and as a whole, the currency board mechanism provides guarantees that inflation in the country will remain under control and will have no adverse effect on the country's economy, and in particular on the Company's activities.
Given this, every investor should well understand and take into account both the current levels of inflation risk and future opportunities for its manifestation.

Currency risk

This risk is related to the possibility for depreciation of the local currency. Specifically for Bulgaria this is the risk of untimely cancelation of the conditions of the Currency Board at fixed national currency exchange rate. Considering the policy adopted by the government and the Bulgarian National Bank, it is expected for the Currency Board to be maintained until entering of the country in the Eurozone.
Each considerable depreciation of the Bulgarian Lev might have a considerable unfavorable effect on the economic subjects in the country, including the Company. Risk exists also when the income and costs of an entity are formed in different currencies. Exposure of the economic entities operating on the territory of Bulgaria to the US dollar, which is the main currency of a significant part of the world markets for raw materials and products, is particularly pronounced.
Changes in the different exchange rates did not materially affect the Company's operations until controlling interests were acquired in the countries of Romania, Macedonia and Ukraine. The financial results of these companies are denominated in local currency, Romanian leya (RON), Macedonian denarius (MKD) and Ukrainian hryvnia (UAH), the exchange rate of which is almost freely determined on the local currency market. Consolidated revenue of Eurohold Bulgaria AD will be exposed to currency risk depending on the movement of these currencies against the Euro.

Interest rate risk

The interest risk is related to the possibility for change in the predominating interest levels in the country. Its influence is related to the possibility for decrease in the net income of the companies as a result of the increased interest rates, at which the Company finances its activity. Interest rate risk is included in the category of macroeconomic risks due to the fact that the main precondition for a change in interest rates is the emergence of instability in the financial system as a whole. This risk can be managed through balanced use of different sources of financial resource. A typical example of the emergence of this risk is the global economic crisis caused by the liquidity problems of large mortgage institutions in the United States and Europe, with the result that interest rate credit risk rewards were rethought and increased globally. The effect of this crisis had a tangible manifestation in Eastern Europe and the Balkans, expressed in limiting free access to borrowed funds.
All other conditions equal, the increase in interests would reflect on the cost of the financial resource used by the Eurohold Bulgaria AD for the realization of different business projects. Moreover, it can influence the amount of expenses of the company, since quite a big portion of the company's liabilities are interest related and their servicing is related to the current interest rates.

2. Unsystematic risks

Risks related to the activity and structure of Eurohold Bulgaria AD

Eurohold Bulgaria AD is a holding company and an eventual worsening of operating results, financial position and perspectives for development ofits subsidiaries might have a negative effect on the operating results and the financial position of the company.
As far as the activity of the Company is related to the management of the assets of other companies, it cannot be related to a specific sector from the domestic economy and it is exposed to the sectoral risks of the subsidiaries. In general, the companies in the group of Eurohold Bulgaria AD operate in two main sectors: the financial sector, including insurance, leasing, investment intermediation and the car sales sector.
The main risk related to the activity of Eurohold Bulgaria AD is the ability to reduce the sales revenue of the companies in which it participates. It influences the dividends received. In this regard, this might influence the growth of company revenue, as well as the change in profitability.
The greatest risk is concentrated in the insurance sector where the significant part of

the group's revenue is generated. The companies with the largest share in the revenues, respectively - in the financial results of the insurance field are the companies operating in the Bulgarian and Romanian market, part of the group of Euroins Insurance Group AD.

The main risk in the leasing business is the ability to provide at an affordable price a sufficient financial means to expand the leasing portfolio and to provide the financing of the rented car rental services (rent-a-car services). The leasing Sub-Holding "Eurolease Group" EAD has issued a bond issue registered for trading on BSE-Sofia AD. The leading company of the leasing sub-holding "Eurolease Auto" EAD has issued bond issues, registered for trading on BSE-Sofia AD.

The Automotive Sub-Holding "Avto Union" AD operates mainly in the sphere of sale of new cars, warranty and after-sales service of cars, sale of spare parts and oils. The activity is directly dependent on the availability of permits and authorizations granted by the respective car manufacturers to the companies of the Auto Union AD group. Termination or revocation of such rights may abruptly reduce sales of the car group. This is particularly relevant in the context of the global restructuring of the automotive industry. The business environment in the automotive industry is also influenced by purely internal factors related to the purchasing power of the population, access to finance, business mood, stock availability and other.

The financial direction of the group is presented by the investment intermediary Euro-Finance AD. The risk in the financial intermediation and asset management sector is related to the high volatility of debt and capital markets, changes in the financial sentiment and investment culture of the population.

Deteriorated results of one or more subsidiaries could lead to a deterioration of the results on a consolidated basis. This in turn, is related to the price of the Company's shares, as the share market price reflects the business potential and the assets of the economic group as a whole.

Risks associated with the company's development strategy

The future profits and economic value of the Eurohold Bulgaria AD depend on the strategy selected by the senior management of the company and its subsidiaries. Selecting an inappropriate strategy might lead to considerable losses.

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

Risks related to the management of Eurohold Bulgaria AD

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

- making wrong decisions about the current management of investments and the liquidity of the company, both on the part of the senior management and the operating officers of the Company;
- inability of the management to start the implementation of the projects planned or lack of suitable management for specific projects;
- possible technical errors in the unified management information system;
- possible errors in the internal control system;
- key employees leaving the company and inability to employ personnel with the necessary qualities;
- risk of excessive increase in the expenses for management and administration, which leads to a decrease in the total profitability of the company.

Financial risk

The financial risk is the additional uncertainty with regard to the investor in obtaining income, when the company uses borrowed or borrowed funds. This additional financial insecurity adds to the business risk. When part of the funds used for financing of the activity of the company are in the form of loans or debt securities, the repayment of these funds represents a fixed liability. The financial autonomy and financial indebtedness indicators take into account the ratio between own funds and attracted funds in the capital structure of the company. The high level of the financial autonomy ratio, respectively the low level of the financial indebtedness ratio, is a kind of guarantee to investors for the company's ability to pay its long-term liabilities on a regular basis. The

indicators show how much of the total capital represents the attracted funds. The larger the share of long-term debt compared to equity, the greater the probability of problems with the payment of fixed obligations. The increase in the value of this indicator also shows an increase in the financial risk. Another set of indicators refers to the revenue stream that makes it possible to pay the Company's liabilities. An indicator that can be used is the coverage ratio of the fixed interest payable (interest). This indicator shows how many times fixed interest payments are included in the value of earnings before interest payments and taxation. It gives a good indication of the company's ability to pay its long-term liabilities. The effect of using borrowed funds (debt) to increase the final net income attributable to shareholders is called financial leverage. The benefit of financial leverage occurs when the company benefits from the attracted funds more than the costs (interest) on attracting them. The risk indicator in this case is the degree of financial leverage, which is expressed as the ratio of the income before interest and taxes to the income before the payment of taxes, the so called interest rate burden. The acceptable or "normal" degree of financial risk depends on business risk. If there is a small business risk for the firm, it may be expected that investors would agree to take a higher financial risk and vice versa.

Currency risk

As a whole, the activity of Eurohold Bulgaria AD on the territory of the Republic of Bulgaria does not generate currency risk due to the current currency board and the fixing of the national currency to the euro. Currency risk exists for the Group's investments abroad, mainly from the insurance sector in Romania, Macedonia and Ukraine, and a leasing line in Romania and Macedonia.

Liquidity risk

The liquidity risk is related to the possibility that Eurohold Bulgaria AD, is not able to repay its liabilities in the amount agreed and/or within the stipulated deadline. The presence of good financial indicators of profitability and capitalization of a certain company does not guarantee the smooth coverage of current payments. Liquidity risk might occur in case of late customer payments.

Eurohold Bulgaria AD strives to minimize this risk through optimal cash flow management within the group itself. The Group applies an approach which should provide the liquid resource needed to cover the liabilities which have occurred from normal or exceptional conditions, without realizing unacceptable losses or damaging the reputation of the separate companies and the business group as a whole.

The companies are making financial planning to meet the expenses and their current liabilities for a period of thirty days, including the servicing of financial obligations. This financial planning minimizes or totally excludes the potential effect of emerging extraordinary circumstances.

The management of Eurohold Bulgaria AD supports the efforts of the subsidiaries in the group to attract bank resources for investments and to use the opportunities that this type of financing provides for the provision of working capital. The volumes of these borrowed funds are maintained at certain levels and are allowed after proof of economic efficiency for each company.

The policy of the Company's management is aimed at raising financial resources from the market in the form of mainly equity securities and debt instruments (bonds) to invest in its subsidiaries by granting them loans to finance their own projects. The raised funds are also used for capital increases of subsidiaries.

Risk of possible realization of transactions between the companies in the Group, whose conditions differ from the market conditions, as well as risk of co-dependence on the activity of the subsidiaries

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

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

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

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. One of the main goals of Eurohold Bulgaria AD is to realize significant synergy between its subsidiaries as a consequence of the integration of the three business lines - insurance, leasing and car sales. Poor results of one or several subsidiaries could lead to a deterioration in financial results on a consolidated basis. This in turn is also related to the share price of the Company, which may change as a result of the investors' expectations about the company's prospects.

RISK MANAGEMENT

The elements through which the Group manages risks, are directly related to specific procedures for prevention and solving any problems in the operations of Eurohold in due time. These include current analysis in the following directions:

- Market share, pricing policy and marketing researches for the development of the market and the market share;
- Active management of investments in different sectors;
- Comprehensive policy in asset and liabilities management aiming to optimize the structure, quality and return on assets;
- Optimization of the structure of raised funds aiming to ensure liquidity and decrease of financial expenses for the group;
- Effective management of cash flows;
- Administrative expenses optimization, management of hired services;
- Human resources management.

Upon occurrence of unexpected events, the incorrect evaluation of current market tendencies, as well as many other micro- and macroeconomic factors could impact the judgment of management. The single way to overcome this risk is work with experienced professionals, maintain and update of fully comprehensive database on development and trends in all markets of operation.

The Group has implemented an integrated risk management system based on the Enterprise Risk Management model. The risk management process covers all the Group's organizational levels and is aimed at identifying, analyzing and limiting risks in all areas of the Group's operations. In particular, the Group minimizes insurance risk through proper selection and active monitoring of the insurance portfolio, matching the duration of asset and liabilities as well as minimizing F/X exposure. An effective risk management system allows the Group to maintain stability and a strong financial position despite the ongoing crisis on the global financial markets.

Risk management in the Group aims to:

- identify potential events that could impact the Group's operations in terms of achieving business objectives and achievement related risks;
- manage risk so that the risk level complies with the risk appetite specified and accepted by the Group;
- Achieve the Group's financial targets with as little risk as possible.

E11. CORPORATE GOVERNANCE

EUROHOLD BULGARIA ADHERES TO THE RECOMMENDATIONS GIVEN IN THE NATION-AL CORPORATE GOVERNANCE CODE (2007), WHICH IN ITS ESSENCE FOLLOWS THE FRAMEWORK GIVEN BY THE ORGANIZATION FOR ECONOMIC COOPERATION AND DE-VELOPMENT (2004) ON INTERNATIONALLY ACCEPTED AND APPLIED PRINCIPLES OF CORPORATE GOVERNANCE. THE COMPANY IS MANAGED BY BEST PRACTICES IN FIELD OF CORPORATE GOVERNANCE. GOOD CORPORATE GOVERNANCE IS A SET OF RELATIONSHIPS BETWEEN THE MANAGEMENT BODY OF THE COMPANY, ITS SHARE-HOLDERS AND ALL STAKEHOLDERS - EMPLOYEES, TRADING PARTNERS, COMPANY CREDITORS, POTENTIAL FUTURE INVESTORS AND SOCIETY AS A WHOLE. IF THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE ARE NOT, OR ARE THREATENED WITH, NOT FOLLOWED, THE COMPANY UNDERTAKES TO DISCLOSE TIMELY INFOR-MATION ABOUT IT, THE COMPANY UNDERTAKES TO PUBLISH A STATEMENT OF GOOD CORPORATE GOVERNANCE AS PART OF THE ANNUAL ACTIVITY REPORT FOR THE FI-NANCIAL YEAR IN QUESTION.

AS A CONSEQUENCE OF THE CONSISTENT POLICY OF THE MANAGEMENT BOARD OF EUROHOLD BULGARIA AD REGARDING THE INTRODUCTION, IMPROVEMENT AND IM-PROVEMENT OF THE CORPORATE GOVERNANCE, THE COMPANY HAS ESTABLISHED AND OPERATES PROCEDURES ENSURING COMPLIANCE WITH ALL THE PRINCIPLES SET OUT IN THE NATIONAL CODE OF GOOD CORPORATE GOVERNANCE. IN 2011, THE MANAGEMENT BOARD DECIDED TO JOIN THE COMPANY'S CORPORATE GOVERNANCE CODE. BY THIS ACTION, EUROHOLD BULGARIA DECLARES ITS READINESS TO MAIN-TAIN AND DEVELOP THE PROCEDURES AND CORPORATE MANAGEMENT PRACTICES THAT HAVE BEEN INTRODUCED OVER THE LAST FIVE YEARS.

THE ESTABLISHED MANAGEMENT SYSTEM GUARANTEES THE SURVIVAL AND PROS-PERITY OF THE COMPANY BY SETTING THE FRAMEWORK IN WHICH MANAGEMENT BODIES WORK IN THE BEST INTERESTS OF THE COMPANY IN ACCORDANCE WITH THE REASONABLE EXPECTATIONS OF ITS SHAREHOLDERS AND ALL INTERESTED PARTIES. DETAILED INFORMATION ABOUT THE CORPORATE POLICY OF EUROHOLD BULGARIA AND THE PROCEDURES FOR ITS IMPLEMENTATION IS CONTAINED IN THE DECLARATION OF GOOD CORPORATE GOVERNANCE, THE STATUTES AND THE OTHER IN-CORPORATING ACTS OF THE COMPANY

Disclosure policy

The Management Board of Eurohold Bulgaria AD treats all shareholders equally with respect to the disclosure of information. The Company discloses at least periodic reports and notifications of inside information within the meaning of Art. 4 of the Market Abuse of Financial Instruments Act, within the terms and with content, according to the re-quirements of the Public Offering of Securities Act.Eurohold Bulgaria AD has concluded con-tracts with the Financial Markets Service OOD (the specialized financial

media X3News to BSE-Sofia) for disclosure of regulated information in the sense of the Public Offering of Securities Act to the public, the regulated market and the Financial Supervision Commission. Information is available on the relevant e-mail addresses of the media - www.x3news.com , as well as on the the corporate website of Eurohold Bulgaria AD - www.eurohold.bg .

E12. ADDITIONAL INFORMATION LEGALLY REGUIRED REGARDING THE COMPANY

THIS SECTION CONTAINS ADDITIONAL INFORMATION ACCORDING TO THE REQUIRE-MENTS OF COMMERCIAL LAW AND ANNEX №10 OF ORDINANCE NO. 2 OF FSC AND WHICH INFORMATION HAS NOT BEEN DISCLOSED IN THIS REPORT

INFORMATION REGUIRED UNDER THE COMMERCIAL ACT

1. Number and nominal value of the acquired and transferred during the year own shares, the part of the capital they represent, as well as price for the acquisition or the transfer

In 2018 the Company has not bought back or transferred any of its own shares, there-fore at the end of the period the Company does not have any own shares

2. Pledge of enterprise

Up until now, the Company has not trans-ferred or pledged its enterprise, has not acquired and has not disposed of assets of significant value outside the Company's usual course of business.

3. Information about the insolvency proceedings

The Company is not aware of any claims filed for initiating an insolvency procedure against it or against any of its subsidiaries.

4. Number and nominal value of the own shares held and the proportion of the capital they represent

The company does not own any own shares.

5. Information on the amount of the remuneration of each of the members of the management and control authorities for the reporting financial year, paid by Eurohold Bulgaria and its subsidiaries

In 2018 the members of the management and supervisory bodies received the follow-ing gross remuneration from Eurohold Bul-garia and its subsidiaries as follows:

Remuneration received from the members of the SB and the MB for 2018	from Eurohold Bulgaria AD	from subsidiaries	TOTAL
Supervisory Board	68,779	847,165	915,944
Asen Hristov			
Dimitar Dimitrov			
Kiril Georgiev			
Kostas Arsov			
Lyubomir Stoev			
Liana Gabriela Homan			
Management Board	81,6	1,146,664	1,228,264
Kiril Ivanov			
Alan Minchev			
Dimitar K. Dimitrov			
Vanyuk Hristov			
Alan Alanov			
Razvan Lefter			
Procurator	12,72		12,72
Hristo Stoev			

The members of the supervisory and man-agement bodies and the procurator have not received any remunerations and/ or compensations in kind during the specified period.

Eurohold Bulgaria, as well as its subsidiaries, do not allocate amounts for the pay-ment of pensions, retirement compensa-tion or other similar benefits to the mem-bers of the management and supervisory bodies. The members of the Management and Supervisory Boards are appointed under a management and control contract. Current contracts of the members of the management and supervisory bodies with the Company are effective until the termination of service.

6. Company shares owned by members of the Management and Supervisory Board

As of December 31, 2018, the members of the Management and Supervisory Board and Procurator of the Company hold shares in the capital of Eurohold Bulgaria as follows:

Name	Number of shares
Supervisory Board	**200**
Asen Hristov	-
Dimitar Dimitrov	200
Radi Georgiev	-
Kustaa Äimä	-
Lyubomir Stoev	-
Management Board	**78 200**
Kiril Boshov	-
Asen Minchev	-
Dimitar K. Dimitrov	-
Velislav Hristov	200
Asen Asenov	78 000
Razvan Lefter	-
Procurator	-
Hristo Stoev	-

No stock options on shares of the Company have been issued to the benefit of management body's members of the company, employees or third parties.

7. Rights of the members of the boards to acquire shares and bonds of the Company

As of the date of drafting of this document, there are no agreements or other arrangements with the employees of Eurohold Bulgaria AD, regarding their participation in the Company capital.
The members of the Management Board and the Procurator of the company may acquire freely the shares of the capital as well as the bonds of the company on a regulated securities market in compliance with the provisions of the Law on the Application of Measures against Market Abuse with Financial Instruments and the applicable European regulation, and the Public Offering of Securities Act.

As of 31.12.2018. and at the date of this report, the members of the MB and the SB do not hold bonds issued by the company.

No options for acquisition of Company's shares have been issued in favor of the management and supervisory bodies' members, employees or third parties.

8. Information about the participation of the board members in companies as unlimited liability partners, owning more than 25 per cent of the capital of another company, as well as their participation in the management of other companies or partnerships as procurators, managers or board members

Eurohold Bulgaria AD has a two-tier management system - the Supervisory Board and the Management Board.

As of 31.12.2018 the Supervisory Board is composed of six individuals: Asen Milkov Hristov, Dimitar Stoyanov Dimitrov, Radi Georgiev, Kustaa Lauri Äimä, Lyubomir Stoev and Luise Gabrielle Roman.

As of 31.12.2018 the Management Board of the company is composed of six individuals: Kiril Ivanov Boshov, Asen Minchev, Velislav Milkov Hristov, Asen Emanuilov Assenov, Dimitar Kiriiov Dimitrov and Razvan Stefan Lefter.
On 10.02.2016 a procurator of the company Hristo Lyubomirov Stoev was registered.
Executive members of the company are Asen Minchev Minchev and Chairman of the Board of Directors Kiril Ivanov Boshov.

Since of March 1, 2016 the company should be represented only together by an execu-tive member of the Managing Board and the procurator of the company Hristo Lyubomirov Stoev.

There are established family relationships between the members of the Management and the Supervisory Board. Asen Hristov and Velislav Hristov are relatives of second degree in collateral line (brothers).

There are established family relations be-tween the member of the Supervisory Board Lyubomir Stoev and the procurator Hristo Stoev, among whom there is a first-degree lineage (father and son).

The activity of the company is not depend-ent on the individual professional experi-ence or qualifications of other employees.

Supervisory Board

Name	**Assen Nikov Hristov**
Title	**Chairman of the Supervisory Board**
Office address	City of Sofia, 43 Hristofor Kolumb blvd.
Information about activities performed outside of the company, which are of importance to the Issuer.	◊ Euroins Osiguruvanje Skopje AD– Chairman of the Board of Directors; ◊ Euroins Romania Asigurare Reasigurare S.A.– Member of the Board of Directors; ◊ Euroins Insurance Group AD – Chairman of the Board of directors; ◊ Euro-Finance AD – Chairman of the Board of Directors; ◊ Starcom Holding AD – Executive member of the Board of Directors.
Information about all other participations as a member of a management/ controlling body and/or associate during the last 5 years	Current: ◊ Alfa Euroactive EOOD – Sole owner of the capital and Manager; ◊ Starcom Hold AD – Executive member of the Board of Directors; ◊ Hansen Asset management LTD, UK Terminated: ◊ Balkan International Basketball League OOD - Manager and partner holding 50% of the capital until 17.11.2017 as at the date of the activity report the person is not a Manager and a partner holding 50% of the capital; ◊ BULSTAR INVESTMENT AD - Chairman of the Board of Directors until 17.08.2015, as at the date of the activity report the person is not Chairman of the Board of Directors; ◊ Smartnet EAD - Chairman of the Board of Directors until 03.11.2015, as at the date of the activity report the person is not Chairman of the Board of Directors; ◊ Avto Union AD – member of Board of Directors; ◊ Autoplaza EAD - Member of the Board of Directors until January 28, 2013, as at the date of the activity report the person is not a member of the Board of Directors; ◊ Eurohold Properties EAD (now Green House Properties AD) - Chairman of the Board of Directors until 16.12.2013, as at the date of the activity report the person is not Chairman of the Board of Directors; ◊ Corporate Advisors EOOD - Sole owner of the capital and Manager until 08.02.2013, as at the date of the activity report the person is not Sole proprietor of the capital and Manager;
Information about insolvency, receivership or liquidation, with which the person in his capacity of a member of the management or upervisory bodies was connected in the last 5 years	As of the date of preparation of this activity report, there is no information about insolvency, receivership or liquidation, with which the person in his capacity of a member of a management or supervisory body was connected in the last 5 years.
Relative professional experience	Assen Hristov holds a master's degree in Physics from Sofia University St. Kliment Ohridski and has specialized in the Institute for Nuclear Research in Dubno, Russia. He has a specialization in Management in Open University - London. Speaks Russian and English. Assen Hristov has occupied the above managerial positions during different periods within the last 5 years. He held the position of Chairman of the Board of Directors of Eurobank AD between 1997 and 2000 and was a representative of the Supervisory Board of Euroins AD since 2000 and 2007 of the investment intermediary Euro-Finance AD, as it is today.
Administrative correction measures and penalties	During the last 5 years no administrative correction measures or administrative penalties were imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency procedures or receivership; he has not been deprived of any right by a court to participate in the administrative, management or supervisory bodies of an issuer or to perform positions in the management or performance of an issuer's business, has not been officially criminalized and sanctioned by law and regulators, including certain professional bodies.

Name	**Dimitar Stoyanov Dimitrov**
Title	**Deputy Chairman of the Supervisory Board**
Office address	City of Sofia, 43 Hristofor Kolumb blvd.

Information about activities performed outside of the company, which are of importance to the Issuer.	♦ IC Euroins AD - Procurator.
Information about all other participations as a member of a management/ controlling body and/or associate during the last 5 years	Current: ♦ Evrologistic Technologies EOOD - Manager; ♦ Cable Network AD - Executive Director; ♦ Creative Software Solutions EOOD - Manager and Sole proprietor of the capital; ♦ Starcom Hold AD – Member of the Board of Directors. Terminated: Terminated ♦ Alcomers Ltd. - Manager until 25.01.2018, as at the date of the activity report the person is not a manager; ♦ Zeleni EOOD (currently Ekoverna EOOD) - Sole proprietor of the capital and Manager until 27.01.2017, as at the date of the activity report the person is not the sole owner of the capital and the Manager; ♦ Educational and Sports Complex Lozenets EOOD (currently Educational and Sports Complex Lozenets due to transformation through change of the legal form) - Manager until 05.03.2014, as at the date of the activity report the person is not a Manager; ♦ Profonika EOOD - Manager until 05.03.2014, as at the date of the activity report the person is not a Manager; ♦ Smartnet EAD - Executive member of the Board of Directors until 03.11.2015, as at the date of the activity report the person is not an Executive Director.
Information about insolvency, receivership or liquidation, with which the person in his capacity of a member of the management or supervisory bodies was connected in the last 5 years	♦ Far Consult OOD - in liquidation - Manager and partner. As at the date of the activity report, the company is in liquidation. As of the date of preparation of this activity report, there is no other information about insolvency, receivership or liquidation, with which the person in his capacity of a member of a management or supervisory body was connected in the last 5 years.
Relative professional experience	Dimitar Dimitrov holds a Master's degree in Electronics and Automation, Technical University of Sofia. From 1998 to 2006 he was the Executive Director of the holding company Starcom Holding AD. Since 2005 he has been a procurator of IC Euroins AD, and from 1998 to 2005 he has been director of "Information services, statistics and analyzes" in the same company.
Administrative correction measures and penalties	During the last 5 years no administrative correction measures or administrative penalties were imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency procedures or receivership; he has not been deprived of any right by a court to participate in the administrative, management or supervisory bodies of an issuer or to perform positions in the management or performance of an issuer's business, has not been officially criminalized and sanctioned by law and regulators, including certain professional bodies.

Name	**Kustaa Lauri Ayma**
Title	**Independent member of the Supervisory Board**
Office address	Finland, city of Helsinki, Kalevankau 14C, fl. 4
Information about activities performed outside of the company, which are of importance to the Issuer.	As at the date of the activity report, there is no data available for any activity outside the company that is significant in relation to the company.
Information about all other participations as a member of a management/ controlling body and/or associate during the last 5 years	Current: ♦ KJK Management SA - Director; ♦ KJK Fund Sikav-Sif - Director; ♦ KJK Fund II SICAV-SIF - Director; ♦ KJK Capital Oy - Director; ♦ KJK Invest Oy" - Director; ♦ As Baltica - Director; ♦ As Tallink Group - Director; ♦ Oy Tallink Siilya Ab - Director;

	◆ AC PR Foods - Director; ◆ AS Saarmeer Kala - Director; ◆ Lider 96 - Director; ◆ KJK Inwestycje Sp. z o.o. Director; ◆ KJK Inwestycje 2 Sp. z o.o. Director; ◆ KJK Inwestycje 3 Sp. z o.o. Director; ◆ KJK Inwestycje 4 Sp. z o.o. Director; ◆ KJK Inwestycje 5 Sp. z o.o. Director; ◆ KJK Inwestycje 6 Sp. z o.o. Director; ◆ KJK Inwestycje 7 Sp. z o.o. Director; ◆ KJK Bulgaria Holding" OOD - manager; ◆ Kaima Capital Oy - sole proprietor and director; ◆ Kaima Capital Eesti Ou - Director; ◆ Oreiarvi Varenoito Oy - Director; ◆ UAB D Invwsticijų valdymas - Director; ◆ Amber Trust SCA - Director; ◆ Amber Trust II SCA - Director; ◆ Amber Trust Menagement S.A. Director; ◆ Amber Trust II Menagement S.A.- Director; Director; ◆ AS Tule – Director ◆ Managetrade Ou - Director; ◆ Saiva Kindlistuse AS - Director; ◆ AAS Baltijas Apdrosijamasnams - Director; ◆ AS Tude - Director; ◆ AB Baltik Mil - Director; ◆ UAB Maisena Pilus - Director; ◆ AD Rigas Dzirnavnitjeks - Director; ◆ Bostads AB Blacklinten - member of the Board of Directors. ◆ KJK Fund III Management SARL – Director ◆ KJK Fund III Investments SARL – Director ◆ Lider group AD – member of Bord of directors **Terminated:** ◆ Kowinoplastyka Sp. z o.o. - member of the Supervisory Board until August 2017, as at the date of the activity report the person is not a member of the Supervisory Board; ◆ KJK Serbian Holdings B.V. - Member of the Board of Directors until April 2017, as at the date of the activity report the person is not a member of the Board of Directors; ◆ AS PKL - member of the Supervisory Board until December 2013, as at the date of the activity report the person is not a member of the Supervisory Board. ◆ Saiva Kindlistuse AS - Director; ◆ AAS Baltias Adrosianasmans – Dsirector till 09.04.2018 as at the date of report the person is not a director. ◆ KJK Invest OI – Director till October 2018 as as at the date of report the person is not a director. ◆ KJK Bulgaria Holding OOD (the entity has been fiwed in Lider Group 2016 AD)
Information about insolvency, receivership or liquidation, with which the person in his capacity of a member of the management or supervisory bodies was connected in the last 5 years	As of the date of preparation of this activity report, there is no information about insolvency, receivership or liquidation, with which the person in his capacity of a member of a management or supervisory body was connected in the last 5 years.
Relative professional experience	In 1997, Mr. Äimä graduated from the University of Helsinki with a master's degree in economics. He started his career in 1997 as a junior economist at the Bank of Finland. From January 1998 to May 1999, he worked as a corporate financier at Bankers Williams De Broe Helsinki Oy; from May 1999 to August 2000 he was a fund manager at Bankers BBL Finland Oy and from August 2000 to February 2009 he was the fund manager and director of Danske Capital's Eastern Europe unit. From April 2002 to the present Mr Äimä is a member of the management board of Amber Trust Management SA, a company operating in the field of portfolio management. From December 2004 to the present he is a member of the management board of Amber Trust II Management SA, a portfolio management company, from December 2009 until today is the president and owner of Kaima Capital Eesti Oy, a company specializing in investment advisory and private investment services, since March 2009 until now is the president and owner of Kaima Capital Oy, which conducts activities in the field of private investment and consulting in the field of management. From 2010 to the present, Mr. Äimä is the Chairman of the Board of Directors of KJK Management SA and the General Director and a member of the Management Board of KJK Capital Oy - two companies operating in the field of general management and obtaining funds.

Administrative correction measures and penalties	During the last 5 years no administrative correction measures or administrative penalties were imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency procedures or receivership; he has not been deprived of any right by a court to participate in the administrative, management or supervisory bodies of an issuer or to perform positions in the management or performance of an issuer's business, has not been officially criminalized and sanctioned by law and regulators, including certain professional bodies.

Name	**Radi Georgiev Georgiev**
Title	**Member of the Supervisory Board**
Office address	**City of Sofia, 84, Alexander Stamboliyski Blvd.**
Information about activities performed outside of the company, which are of importance to the Issuer.	IC Euroins AD – Member of the Supervisory Boardoard; IC EIG RE EAD (formerly named HDI Zastrahovane AD) - Member of the Supervisory Board;
Information about all other participations as a member of a management/ controlling body and/or associate during the last 5 years	Current: ◦ Andre Turyyo Sp. OOD - Partner with 80% of the capital; VH Property Management Spółka OOD - A partner with 6.66% of the capital; Loudspeakers CA EOOD - Sole proprietor of the capital; ◦ Corporate Advisors EOOD - Sole proprietor of the capital; Euro-Finance AD - Member of the Board of Directors until 05.10.2011, as at the date of the activity report the person is not a member of the Board of Directors.
Information about insolvency, receivership or liquidation, with which the person in his capacity of a member of the management or supervisory bodies was connected in the last 5 years	As of the date of preparation of this activity report, there is no information about insolvency, receivership or liquidation, with which the person in his capacity of a member of a management or supervisory body was connected in the last 5 years.
Relative professional experience	Attorney at the Sofia Bar Association (since 1996), a partner in the Law company "Kalaidzhiev and Georgiev".
Administrative correction measures and penalties	During the last 5 years no administrative correction measures or administrative penalties were imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency procedures or receivership; he has not been deprived of any right by a court to participate in the administrative, management or supervisory bodies of an issuer or to perform positions in the management or performance of an issuer's business, has not been officially criminalized and sanctioned by law and regulators, including certain professional bodies.

Name	**Louise Gabrielle Roman**
Title	**Member of the Supervisory Board**
Office address	**Box 522, Midland Park, NJ 07432, United States of America**
Information about activities performed outside of the company, which are of importance to the Issuer.	As of the date of preparation of this activity report, there are no activities performed outside of the company by the Member of the Supervisory Board, which are of importance to the Issuer, except the activity performed by the member as consultant at Minerva Global Consulting LLC
Information about all other participations as a member of a management/ controlling body and/or associate during the last 5 years	Current: • Minerva Global Consulting LLC – sole owner Previous: • Dewey & LeBoeuf – Partner until April 2012, as at the date of the activity report the person is not a Partner • Dechert LLP – Partner until June 2018, as at the date of the activity report the person is not a Partner
Information about insolvency, receivership or liquidation, with which the person in her capacity of a member of the management or supervisory bodies was connected in the last 5 years	As of the date of preparation of this activity report, there is no information about insolvency, receivership or liquidation, with which the person in her capacity of a member of a management or supervisory body was connected in the last 5 years.
Relative professional experience	Mrs. Roman holds a bachelor's of arts degree from Bowdoin College (United States; 1982), with a dual major in Government & Legal Studies and Mathematics, and a juris doctorate degree from Harvard Law School (United States; 1985).

	Mrs. Roman has practiced law as a partner in a large global corporate law firm for more than 20 years advising on a full range of complex cross-border capital markets and corporate finance transactions. She is recognised as a leading lawyer and expert in several legal periodicals and international ranking publications, including *International Financial Law Review, The Legal 500 and Chambers*, as well as *The Financial Times*. Lead partner on several award-winning, "first-of-their-kind" transactions.
Administrative correction measures and penalties	During the last 5 years no administrative correction measures or administrative penalties were imposed on the person in relation to her activity; she has not been convicted of fraud; in her capacity of a responsible person she has not participated directly or through related parties in any insolvency procedures or receivership; she has not been deprived by a court of any right to participate in the administrative, management or supervisory bodies of an issuer or to perform positions in the management or performance of an issuer's business; and she has not been officially criminalized and sanctioned by law and regulators, including certain professional bodies.

Name	**Lyubomir Stoev**
Title	**Independent member of the Supervisory Board**
Office address	**City of City of Sofia, 10, Pop Evstati Vitoshki Str.**
Information about activities performed outside of the company, which are of importance to the Issuer.	As at the date of the activity report, there is no data available for any activity outside the company that is significant in relation to the company.
Information about all other participations as a member of a management/ controlling body and/or associate during the last 5 years	Current: AFG Invest GmbH - Executive Director. Terminated: Dar Finance OOD - Manager until 13.01.2017, as at the date of the activity report the person is not a Manager;
Information about insolvency, receivership or liquidation, with which the person in his capacity of a member of the management or supervisory bodies was connected in the last 5 years	As of the date of preparation of this activity report, there is no information about insolvency, receivership or liquidation, with which the person in his capacity of a member of a management or supervisory body was connected in the last 5 years.
Relative professional experience	Mr. Stoev graduated in the University of Mining and Geology "St. Ivan Rilski ", Sofia, specialty engineer. In the same year, he obtained a master's degree in sociology and economics at the University of Economics and Business Administration in Vienna. In October 2009, Mr. Stoev obtained the qualification of an adviser in the field of insurance and investment in the Deutsche Vermögensberatung AG bank in cooperation with the Generali Group and the Chamber of Commerce in Vienna. From February 2005 to December 2007, Mr. Stoev was the Executive Chairman of the company Witosha Unternehmensbeteiligung AG (part of the Uniqa Group holding). Since November 2010 to May 2012 he is a member of the Board of Directors of Expat Capital AD, responsible for the elaboration of business strategies and analyzes, risk assessment and investment opportunities and other. From December 2006 until now, Lubomir Stoev is the Chief Executive
Administrative correction measures and penalties	During the last 5 years no administrative correction measures or administrative penalties were imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency procedures or receivership; he has not been deprived of any right by a court to participate in the administrative, management or supervisory bodies of an issuer or to perform positions in the management or performance of an issuer's business, has not been officially criminalized and sanctioned by law and regulators, including certain professional bodies.

Management Board

Name	**Kiril Ivanov Boshov**
Title	**Chairman of the Management Board and Representative**
Office address	**City of Sofia, 43 Hristofor Kolumb blvd.**
Information about activities performed outside of the company, which are of importance to the Issuer.	Avto Union AD – Vice-chairman of the Board of directors; Euroins Insurance Group AD – Executive Director; Euroins Romania Asigurare Reasigurare S.A. – Chairman of the Board of directors; Euroins Insurance SA, Macedonia – member of the Board of directors; Eurolease Auto IFN S.A. Romania – member of the Board of directors; Euro-Finance AD – Vice-chairman of the Board of directors; N Auto Sofia EAD - member of the Board of directors Starcom Holding AD – Chairman of the Board of Directors.

Information about all other participations as a member of a management/ controlling body and/or associate during the last 5 years	Current: ◆ Alcommerce EOOD – Sole owner of the capital and Manager since 28.01.2018) Armada Capital AD – Member of the Board of Directors. Capital – 3000 AD – Chairman of the Board of directors; ◆ Starcom Hold AD – Chairman of the Board of directors. Terminated: EuroAuto" OOD - Manager until 18.08.2015, as at the date of the activity report the person is not a Manager; Euroins - Health Insurance EAD - Chairman of the Board of Directors until 27.06.2017, as at the date of the activity report the person is not Chairman of the Board of Directors; Euromobile Leasing AD – Deputy Chairman of the Board of Directors – until 06.12.2012, as at the date of the activity report, the person is not a Deputy Chairman of the Board of Directors;
Information about insolvency, receivership or liquidation, with which the person in his capacity of a member of the management or supervisory bodies was connected in the last 5 years	As of the date of preparation of this activity report, there is no information about insolvency, receivership or liquidation, with which the person in his capacity of a member of a management or supervisory body was connected in the last 5 years.
Relative professional experience	Kiril Boshov holds a master's degree in Accounting and Financial Control from the University of National and World Economy, Sofia. He speaks English and Russian. Between 1995 and 1997 Kiril Boshov served as Chief Accountant of Mobikom – the first mobile operator in Bulgaria, a joint company between Bulgarian Telecommunication Company and Cable and Wireless, United Kingdom. As a Vice-chairman of the Board of Directors and a procurator he has participated actively in the restructuring of the assets of Eurobank AD, a representation of the bank and direct management of the active bank operations – credit and capital markets. From 2000 to 2008 Kiril Boshov has served as a Chairman of the Management Board at Insurance Company Euroins AD and in 2006 the Association of Investors in Bulgaria gives the company the award "Company with best corporate management". In his capacity of a Chairman of the Board of Directors of Eurolease Auto AD, he has managed the activity regarding the provisioning of funding for the Company. He was in charge of the whole process for signing an International Funding Agreement between Eurolease Auto AD and Deutsche Bank AG – branch London for the amount of 200 mln. Euro.
Administrative correction measures and penalties	During the last 5 years no administrative correction measures or administrative penalties were imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency procedures or receivership; he has not been deprived of any right by a court to participate in the administrative, management or supervisory bodies of an issuer or to perform positions in the management or performance of an issuer's business, has not been officially criminalized and sanctioned by law and regulators, including certain professional bodies.

Name	**Asen Minchev Minchev**
Title	**Executive Member of the Management Board**
Business address:	City of Sofia, 43 Hristofor Kolumb blvd.
Information about activities performed outside of the	Bulvaria Holding EAD - Member of the Board of Directors; Auto Italia EAD - Member of the Board of Directors;
which are of importance to the Issuer.	◆ Star Motors Ltd. - Procurator.
Information about all other participations as a member of a management/ controlling body and/or associate during the last 5 years	Current: ◆ Capital - 3000 AD - Executive member of the Board of Directors; ◆ CableTeam AD - Chairman of the Board of Directors. Terminated: Bulstar Investment AD – Deputy Chairman of the Board of Directors – until 18.08.2015, as at the date of the activity report, the person is not a Deputy Chairman of the Board of Directors;

Information about insolvency, receivership or liquidation, with which the person in his capacity of a member of the management or supervisory bodies was connected in the last 5 years	As of the date of preparation of this activity report, there is no information about insolvency, receivership or liquidation, with which the person in his capacity of a member of a management or supervisory body was connected in the last 5 years.
Relative professional experience	Asen Minchev holds a Master's degree in Accounting and Control at the University of National and World Economy. Asen Minchev was the Managing Director of the holding company Eurohold for the period 1998 - 2006 until its merger with Starcom Holding AD. From 1996 to 2000 he was a member of the Management Board of Euroins AD, and was also a representative of the Deputy Chairperson of the Supervisory Board of Euroins Health Insurance AD.
Administrative correction measures and penalties	During the last 5 years no administrative correction measures or administrative penalties were imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency procedures or receivership; he has not been deprived of any right by a court to participate in the administrative, management or supervisory bodies of the company-issuer or to perform positions in the management or performance of an issuer's business, has not been officially criminalized and sanctioned by law and regulators, including certain professional bodies.

Name	**Velislav Milkov Hristov**
Title	**Member of the Management Board**
Office address	**City of Sofia, 43 Hristofor Kolumb blvd.**
Information about activities performed outside of the company, which are of	♦ IC Euroins AD – Member of the Management Board; ♦ IC EIG RE AD – Member of the Supervisory Boardoard; ♦ Starcom Holding AD – Member of the Board of Directors.
Information about all other participations as a member of a management/ controlling body and/or associate during the last 5 years	Current: At the date of the activity report there are no other participations as a member of a management/ controlling body and/or associate during the last 5 years Terminated: ♦ Basketball Club Black Sea EAD (currently Eurohold Properties EAD) - Member of the Board of Directors until 16.12.2013, as at the date of the activity report the person is not a member of the Board of Directors; ♦ VH Property Management EOOD – Sole owner of capital until 16.05.2013, as at the date of the activity report the person is not a Sole proprietor of the capital; ♦ Euroins Insurance Group AD – Member of the Board of Directors – until 10.09.2015, as at the date of the activity report the person is not a Member of the Board of Directors; ♦ Eurohold Properties EAD (currently Greenhouse Properties AD) - member of the Board of Directors until 16.12.2013, as at the date of the activity report the person is not a member of the Board of Directors;
Information about insolvency, receivership or liquidation, with which the person in his capacity of a member of the management or supervisory bodies was connected in the last 5 years	♦ WM24.BG EOOD – Sole owner of capital until 17.10.2014, as at the date of the activity report the person is not the sole owner of the capital and the company is terminated by liquidation. As of the date of preparation of this activity report, there is no other information about insolvency, receivership or liquidation, with which the person in his capacity of a member of a management or supervisory body was connected in the last 5 years.
Relative professional experience	Velislav Hristov holds more than 20 years of experience as a lawyer and consultant in the field of civil, commercial, banking and insurance law, as well as over 15 years of experience in business management. His career includes a number of managerial positions as a member of the management and supervisory boards of banks, insurance companies, public and private commercial companies and the head of the legal departments of the same. Velislav Hristov is at the same time a freelance lawyer and holds a Master's degree in Law from the Faculty of Law of the Sofia University.

Administrative correction measures and penalties	During the last 5 years no administrative correction measures or administrative penalties were imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in in any insolvency procedures or receivership; he has not been deprived of any right by a court to participate in the administrative, management or supervisory bodies of an issuer or to perform positions in the management or performance of an issuer's business, has not been officially criminalized and sanctioned by law and regulators, including certain professional bodies.
Name	**Asen Emanuilov Asenov**
Title	**Member of the Management Board**
Office address	City of Sofia, 43 Hristofor Kolumb blvd.
Information about activities performed outside of the company, which are of importance to the Issuer.	• Avto Union AD – Executive Director • Auto Italia AD – Executive member of the Board of Directors; • Autoplaza EAD – Deputy Chairmen of the Board of Directors; • Avto Union Service EOOD - Manager • Bulvaria Varna EOOD - Manager • Bulvaria Holding EAD – Chairman of the Board of Directors. • Daru car AD – Member of the Board of Directors. • Eurolease Auto EAD – Chairman of the Board of directors – until • Eurolease Auto IFN S.A. Romania – Chairman of the Board of directors; • Eurolease Auto Retail EAD – Chairman of the Board of directors; • Eurolease Group AD – Chairman of the Board of directors; • Eurolease Rent-a-car EOOD - Manager; • Eurotruck EOOD - Manager; • Espace Auto OOD - Manager; • Izgrev 5EOOD - Manager and Sole owner of capital • Ita Leasing EOOD - Manager • Motobul EOOD - Manager; • N Auto Sofia EAD - Chairman of the Board of directors • Sofia Motors EOOD - Manager • Star Motors EOOD - Manager
Information about all other participations as a member of a management/ controlling body and/or associate during the last 5 years	**Current:** • Motobul Express EOOD - Manager; **Terminated:** • Auto Union Properties EOOD - Manager until 26.05.2014, as at the date of the activity report the person is not a Manager; • Auto 1 EOOD - (currently Auto R EOOD) - Manager until 08.01.2015, as at the date of the activity report the person is not a Manager; • BG Autolease Group BV. (currently terminated due to the merger with BG Autolasing Holding BV) Manager until 27.12.2012, as at the date of the activity report the person is not a Manager; • BG Autolease Group BV. (currently terminated due to merger with Eurolease Group EAD) - Manager until 31.12.2013, as at the date of the activity report the person is not a Manager; • "Gransport Auto" EOOD (currently terminated due to merger in "Auto Italia" EAD) – Manager until 23.01.2013, as at the date of the activity report the person is not a Manager; • Eurolease Asset EAD (now Rossgaz Asset EAD) - Chairman of the Board of Directors and Executive Director until 23.09.2014, as at the date of the activity report the person is not Chairman Executive Director; • Euromobile Properties EAD (currently terminated due to merger in Eurolease Auto EAD) - Executive member of the Board of Directors until 06.12.2012, as at the date of the activity report the person is not an Executive member of the Board of Directors; • Cargoexpress Properties EAD (currently terminated due to merger in Bulvaria Varna EOOD) - Chairman of the Board of Directors until 25.11.2013 as at the date of the activity report the person is not Chairman of the Board of Directors; • Milano Motors EOOD (currently terminated due to merger in "Auto Italia" EAD) – Manager until 23.01.2013, as at the date of the activity report the person is not a Manager;
Information about insolvency, receivership or liquidation, with which the person in his capacity of a member of the management or supervisory bodies was	As of the date of preparation of this activity report, there is no information about insolvency, receivership or liquidation, with which the person in his capacity of a member of a management or supervisory body was connected in the last 5 years.

Relative professional experience	Asen Asenov obtained a master's degree in Financial Accounting and Control and a bachelor degree in International Relations at the University of National and World Economy in Sofia. Mr. Asenov has an MBA (Master of Business Administration) diploma in International Accounting Standards and International Business at the University of Economics in Vienna. Asennov began his professional career at Eurohold S.A. 11 years ago as an accountant. In the years 2002-2004 he was the chief accountant of Eurohold AD. Since the end of 2004, Mr. Asenov has been appointed as the director of the Eurolease Auto EAD - the leasing company in the structure of Eurohold at that time. Currently, Mr. Asenov is responsible for the leasing and automotive industries in the economic structures of the Eurohold Bulgaria. Mr. Asenov is the Executive Director of Auto Union AD and manages the Group's leasing companies in Romania and Macedonia; He also manages Nissan, Renault, Dacia, Saab, Opel, Chevrolet, Fiat, Lancia, Alfa Romeo, Maseratti, Mazda car dealers and Castrol and BP motor oil dealerships (Motobul), all of which are also parts of the Auto-Union
Administrative correction measures and penalties	During the last 5 years no administrative correction measures or administrative penalties were imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency procedures or receivership; he has not been deprived of any right by a court to participate in the administrative, management or supervisory bodies of an issuer or to perform positions in the management or performance of an issuer's business, has not been officially criminalized and sanctioned by law and regulators, including certain professional bodies.
Name	**Dimitar Kirilov Dimitrov**
Title	**Member of the Management Board**
Office address	City of Sofia, 43 Hristofor Kolumb blvd.
Information about activities performed outside of the company, which are of importance to the Issuer.	As at the date of the activity report, there is no data available for an activity outside the issuer which is significant in relation to the issuer.
Information about all other participations as a member of a management/ controlling body and/or associate during the last 5 years	**Current:** ♦ Abdema AD – Member of the Board of Directors. ♦ PGD OOD - Partner **Terminated:** ♦ "Bulgarian Development Bank AD" - Member of the Supervisory Board until 01.06.2017, as at the date of the activity report the person is not a member of the Supervisory Board.
Information about insolvency, receivership or liquidation, with which the person in his capacity of a member of the management or supervisory bodies was	♦ Balance Commerce OOD - Managing Director and partner until 14.08.2012, as at the date of the activity report the person is not a manager and a partner and the company is terminated by liquidation. As of the date of preparation of this activity report, there is no other information about insolvency or management by a trustee, with which the person in his capacity of a member of a management or supervisory body was connected in the last 5 years.
Relative professional experience	Dimitar Dimitrov graduated from the University of National and World Economy in Sofia in 1979. After graduation to 1982 he worked at the National Statistical Institute. Between 1982 and 1987 he was Head of Department and Chief Expert at the Bulgarian National Bank, and from 1987 to 1993 he worked at the Construction Bank AD, consecutively occupying the positions of Director of the Department, Vice President and President. In 1993 to 1995 Dimitar Dimitrov is the Executive Director of United Bulgarian Bank AD. In 1995 he was Deputy Minister of Economic Development and in 1996 was Deputy Governor of the Bulgarian National Bank. From 1995 to 1996 he was Chairman of the Board of Directors of Bankova Consolidation Company and in 1997 he was the Managing Director of Bankova Consolidation Company. Dimitar Dimitrov was a member of the management board of Doverie Holding AD and a part of its subsidiaries. From November 2001 to May 2011 he is the Executive Director and Chairman of the Board of Directors of Encouragement Bank AD, currently Bulgarian Development Bank AD.
Administrative correction measures and penalties	During the last 5 years no administrative correction measures or administrative penalties were imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency procedures or receivership; he has not been deprived of any right by a court to participate in the administrative, management or supervisory bodies of an issuer or to perform positions in the management or performance of an issuer's business, has not been officially criminalized and sanctioned by law and regulators, including certain professional bodies.
Name	**Razvan Stefan Lefter**

Title	Independent member of the Supervisory Board
Office address	Romania, City of Bucharest, 30, Alexandru Serbanescu Str.
Information about activities performed outside of the company, which are of importance to the Issuer.	As at the date of the activity report, there is no data available for any activity outside the company that is significant in relation to the company.
Information about all other participations as a member of a management/ controlling body and/or associate during the last 5 years	Current: ♦ RSL Capital Advisors Srl.- Managing Partner and Director; ♦ KJK Caramida SRL- Member of the Board of Directors ♦ Contet SA - member of the Board of Directors; ♦ Mundus Services AD - Executive Director; ♦ Teraplast SA - Member of the Board of Directors; Terminated: ♦ Semakon SA - member of the Board of Directors until 08.02.2017, as at the date of the activity report the person is not a member of the Board of Directors; ♦ SIF Muntenia, Romania - Member of the Supervisory Board until 26.04.2013, as at the date of the activity report the person is not a member of the Supervisory Board. ♦ Condmag SA - Member of the Board of Directors until 20.07.2015, as at the date of the activity report the person is not a member of the Board of Directors and the company is insolvent;
Information about insolvency, receivership or liquidation, with which the person in his capacity of a member of the management or supervisory bodies was connected in the last 5 years	As of the date of preparation of this activity report, there is no other information about insolvency, receivership or liquidation, with which the person in his capacity of a member of a management or supervisory body was connected in the last 5 years.
Relative professional experience	Mr. Lefter is a graduate of the Academy of Economics, Bucharest, specialized in banking and stock exchanges (2003), Certified Financial Analyst (2008), specialized as an analyst at ING Bank (September 2004 - May 2005), International Relations Manager ING Bank - Romania (May 2005 - December 2006), trading in securities and analyzes in EFG Securities - Romania (January 2007 - November 2011), securities trading in Suis Capital Romania (November 2011 - June 2014) from June 2014 to today - Managing Partner at Er es El Capital Advacers, Romania.
Administrative correction measures and penalties	During the last 5 years no administrative correction measures or administrative penalties were imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency procedures or receivership; he has not been deprived of any right by a court to participate in the administrative, management or supervisory bodies of an issuer or to perform positions in the management or performance of an issuer's business, has not been officially criminalized and sanctioned by law and regulators, including certain professional bodies.

PROSECUTOR

Name	Hristo Lyubomirov Stoev
Title	Procurator
Office address	City of Sofia, 43, Hristofor Kolumb blvd.
Information about activities performed outside of the company, which are of importance	As at the date of the activity report, there are no data available for performing activities outside the company, which are significant in relation to the company, apart from the activity as a lawyer with the Sofia Bar Association.
Information about all other participations as a member of a management/ controlling body and/or associate during the last 5 years	Current: ♦ DB Project Ltd. - Manager; ♦ Solar Geniponika AD - Chairman of the Board of Directors. Terminated: ♦ IT Baseline OOD - Affiliate until 09.05.2016, as at the date of the activity report the person is not a shareholder in the capital of the company; ♦ Logo-company EOOD - Sole owner of the capital until 15.03.2013 and manager till 05.12.2011, as at the date of the activity report the person is not the sole owner of the capital and the Manager.
Information about insolvency, receivership or liquidation, with which the person in his capacity of a member of the management or supervisory bodies was connected in the last 5 years	As of the date of preparation of this activity report, there is no information about insolvency, receivership or liquidation, with which the person in his capacity of a member of a management or supervisory body was connected in the last 5 years.

Relative professional experience	Mr. Stoev graduated in the University of Mining and Geology "St. Ivan Rilski", city of Sofia in 1973, speciality "Development of mineral resources" In 1973, he began work at Minig Gorubso Madan. From 1978 to 1983 Mr. Stoev is a research associate with the Minproeek Science Department. In 1985 Mr. Stoev became the Assistant Professor at the University of Mining and Geology "St. Ivan Rilski ". At present Mr. Stoev is a professor and member of the Bulgarian Blasting Engineers Association. Hristo Stoev has a number of publications.
Administrative correction measures and penalties	During the last 5 years no administrative correction measures or administrative penalties were imposed on the person in relation to his activity; he has not been convicted of fraud; in his capacity of a responsible person he has not participated directly or through related parties in any insolvency procedures or receivership; he has not been deprived of any right by a court to participate in the administrative, management or supervisory bodies of an issuer or to perform positions in the management or performance of an issuer's business, has not been officially criminalized and sanctioned by law and regulators, including certain professional bodies.

9. Contracts, signed in 2018 with the members of the MB and the SB or related parties, not typical for the usual activity of the company or significantly deviating from the market conditions

No agreements that fall outside of the usual scope of the business activity of the company or deviate significantly from the market conditions have been signed with the company by the members of the Management Board and Supervisory Board or related to them parties.

10. Conflict of interests

There is no information about any conflict of interests resulting from the fulfillment of obligations of the aforementioned persons to the Company or any other private interests they may have.

There are no agreements between shareholders, clients, suppliers and/or other persons, according to which the members of the Management and Supervisory bodies or other company employees have been elected/appointed.

Members of the management and supervisory bodies have provided guarantees in the amount of three salaries.

There are no restrictions on the shares held by the members of the management and supervisory bodies of the company and their disposal.

11. Planned economic policy for the next year, including expected investments and human resources development, estimated income from investments and company development, as well as upcoming transactions substantial for the Company's activity

The plans of Eurohold Bulgaria AD are related to the support of the current operating activity of the three sub-holdings - insurance, automotive and leasing.

Through the insurance subsidiary (Euroins Insurance Group AD), in 2019, it will continue to support the insurance companies in the Group in order to increase their overall capital base and risk sustainability. It is planned to acquire 49% of a new insurance company in Russia. As at the date of preparation of the activity report, Euroins Insurance Group acquired 32.19% of the company's capital.

The positioning of the leasing sub holding as a company with sufficient capital resources and high market share is substantial at the beginning of the economic recovery. The leasing business is funded mainly by bank and debenture loans. The leasing funding support will positively affect the sales of both of the motor vehicle as well as in insurance segments.

The working capital financing of the motor vehicle sub-holding is essential for the delivery of cars under fleet contracts with large corporate clients. The automobile dealers will be supported in completing and equipping showrooms and car repair centers. Special emphasis is put on the car repair centers as a main source of revenue due to the low margins on sales of new cars in the current market situation.

12. Number of employees

During the reporting period no new employees were recruited in Eurohold Bulgaria AD and no employees of temporary contracts were hired. As of December 31, 2018 Eurohold Bulgaria AD employs 10 employees on a labor contract.

Since the establishment of Eurohold Bulgaria AD to date there have been no trade union organizations of the employees.

II. ADDITIONAL INFORMATION ACCORDING TO ANNEX 10 OF ORDINANCE №2 OF THE FSC

1. Information on revenue from sales during the accounting financial year, large transactions and published forecasts

As a holding company, the main activity of Eurohold Bulgaria AD is acquisition, management, evaluation and sale of shares in Bulgarian and foreign companies, as well as financing of subsidiaries.

The company does not perform independent commercial and manufacturing activity. The revenues of Eurohold Bulgaria AD are formed from a financial activity related to the creation and management of participations and financing of related enterprises.

No big transactions or transactions of considerable importance for the activity of the Holding have been made during the reporting period.

Eurohold Bulgaria AD has not published estimates for the reporting year 2018.

2. Information about events with unusual nature of the company and transactions conducted off-balance.

During the reporting period there were no events which were unusual for the company and which have a considerable impact on its activity and its revenues and expenses.

The company has no off-balance sheet transactions.

3. Deals with related parties

As of the date of preparation of the Activity Report there are no transactions or proposals for transactions with related parties which are of considerable importance for the Eurohold or any of its subsidiaries, which are uncommon or have unusual conditions.

Within the holding, there are constantly conducted transactions between the parent company and the subsidiaries as a result of the nature of their main business activity.

All transactions are made on the fair value basis. The typical transactions between the Holding and the subsidiaries include intergroup loans by which the liquidity of the separate companies was managed and the investment policy is carried out. The company grants loans to its subsidiaries for the purposes of working capital funding.

Loans granted to companies in the group of Eurohold Bulgaria

	31.12.2018
	000'BGN.
Euroins Insurance Group AD	316
Eurolease Group EAD	76
	392
Devaluation	(2)
	390

Loans granted for working capital of Eurohold Bulgaria by companies in the group

	31.12.2018
	000'BGN
Starrcom Holding AD	937
Eurolease Auto EAD	11 963
Eurolease Group EAD	-
Motobul EAD	5 323
	18 223

4. Contracts concluded for bank and non-bank loans. Issued bond issues

Payables on bank loans

Creditor	Maturity	In EUR as of 31.12.2018г.
International Investment Bank	12.2021	12,600,000
International Investment Bank	03.2025	10,000,000

The loan is provided for the purpose of financing the insurance business.

Bond payables

The company is the issuer of a bond loan under its € 200 million EMTN Programme, traded on the Irish Stock Exchange. As of 31.12.2018 the liability of the company for the issued Eurobonds according to the program amounted to BGN 128.832 thousand, as follows:

Eurobond	Maturity	31.12.2018г.
EMTN Programme в EUR	12.2022	BGN 107,990 thousand

Eurobond	Maturity	31.12.2018г.
EMTN Programme в PLN	12.2021	BGN 20,842 thousand

Managing financial resources

The main activity of Eurohold Bulgaria AD as a holding company is to effectively manage the cash resources, accumulated in the entire structure and to distribute them according to the specific needs of the separate subsidiaries. The Company policy in this field is to carry out the funding in the direction–"subsidiaries – parent company" instead of "subsidiary - subsidiary". The management of the free financial resources of the subsidiary companies is carried out in compliance with regulatory requirements in order to achieve good profitability at reasonable risk.

The investment program of Eurohold Bulgaria AD in 2018 is realized through own and borrowed funds.

Information regarding changes which have occurred during the reporting period

No changes were occurred in the membership of the management and supervisory bodies of the company during the reporting period.

No change occurred in the major management principles of the company.

In Eurohold Bulgaria AD have a working system for internal control which secures the effective functioning of information disclosure and accounting systems as well as the risk management systems. Leading international audit companies carry out the external audit, accounting procedures, policies and financial reports within the Holding and its subsidiaries.

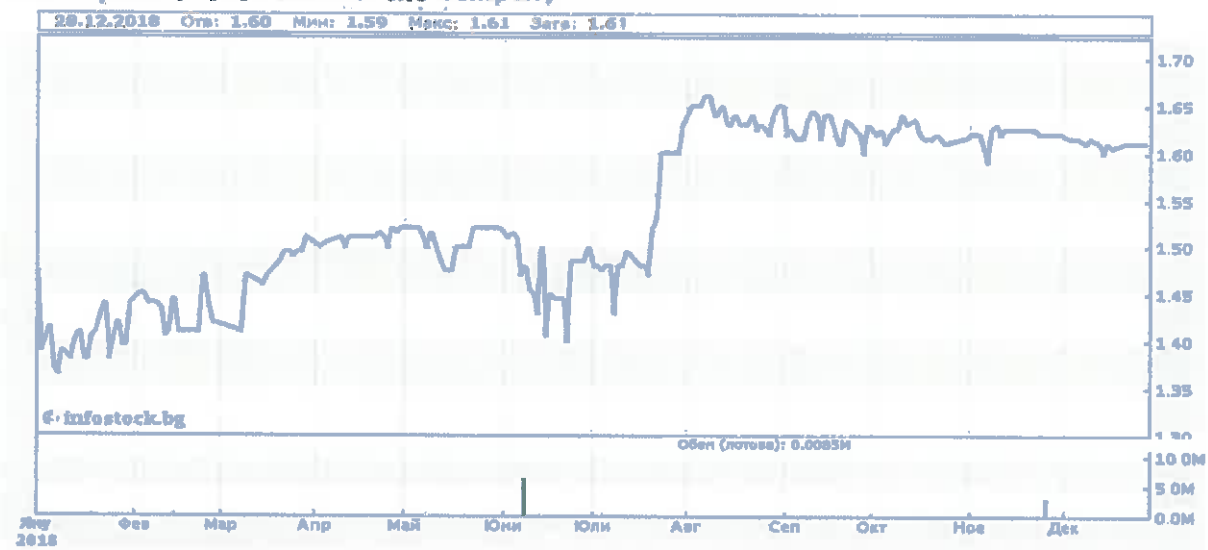
As of the date of the reporting period and after closing of the fiscal year, the Company is not aware of any arrangements that might cause changes in the relative part of shares held by the current shareholders.

The company is not a side in pending court, administrative or arbitration proceedings, which have or might have significant impact on its financial position or profitability. There are no resolutions or claims for termination or liquidation of the Company.

Changes in the share price of the company

Всички акции на Еврохолд България АД са регистрирани за търговия на Основен пазар на БФБ-София АД, Сегмент акции *Standard,* с борсов код - **4EH**

Market price of the shares of the Company

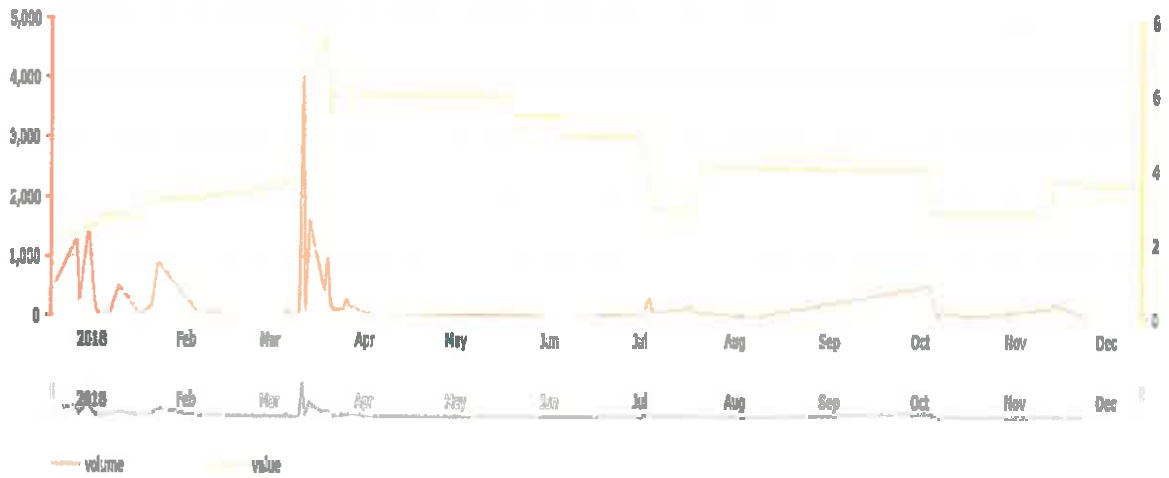


Source: Infostock BG

The graph shows the price dynamics of the shares of Eurohold Bulgaria AD on BSE-Sofia for the period 02.01.2018 г. – 28.12.2018 г. (respectively the first and last stock exchange session for the reporting 2018 г.).

- Initial price: BGN 1.42 (02.01.2018)
- Last price: BGN 1.61 (28.12.2018)
- Maximum price: BGN 1.66 (07.08.2018)
- Minimum price: BGN 1.36(08.01.2018)
- Value change: BGN +0.19
- Relative change: +13.4%
- Average price: BGN 1.49

After the dual listing in 2011, the shares of Eurohold Bulgaria AD have been traded on the Warsaw Stock Exchange, Main market, with stock index – **EHG**



Source: WSE

The graph shows the price dynamics of the shares of Eurohold Bulgaria AD on the Warsaw Stock Exchange for the period 02.01.2018 г. – 28.12.2018

- Initial price: BGN 0.90 /2.08 PLN (04.01.2018)
- Last price: BGN 1.54 /3.54 PLN (10.12.2018)
- Maximum price: BGN 3.25 /7.50 PLN (03.04.2018)
- Minimum price: BGN 0.90 /2.08 PLN (04.01.2018)
- Value change: BGN +0.64 /+1.46 PLN
- Relative change: +70.2%
- Average price: BGN 2.08/4.79 PLN

E13. OTHER IMFORMATION

INFORMATION REQUIRED IN ACCORDANCE WITH ARTICLE 41 OF THE ACCOUNTANCY LAW, IN FORCE FROM 01.01.2017.

force since 01.01.2017, the management of Euro-hold Bulgaria AD has performed an analysis of the criteria for the preparation of a Non-financial Statement by the PIC. In connection with the analysis it was found that Eurohold Bulgaria AD at unconsolidated level does not fall within the man-datory criteria pertaining to PIs, for which there is an obligation to prepare a non-financial statement, according to the requirements of the law, because of which such non-financial statement has not been prepared presented.

IMPORTANT EVENTS AFTER THE DATE OF THE ANNUAL FINANCIAL STATEMENT

The Management Board of Eurohold Bulgaria AD does not know any significant or significant events that occurred after the reporting period.
Eurohold Bulgaria AD, Sofia
March 26, 2019

ANALYSIS AND DETAILS OF THE INFORMATION ACCORDING TO APPENDIX 11 OF ORDINANCE №2

Eurohold Bulgaria AD has prepared information under Appendix 11 of Ordinance No. 2 in a separate document, which will be submitted together with the Report on the Activity and the Financial Statements as of 31.12.2018.

CONTACT INFORMATION - INVESTOR RELATIONS DIRECTOR

Milena Stoyanova Stoyanova
City of Sofia 1592, 43, Christopher Columbus blvd.
Tel.: (+359 2) 965 16 53; +359 89 999 2753.
e-mail: milena_stoyanova@eurohold.bg
investors@eurohold.bg

SECTION F
CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement

THIS DECLARATION ON CORPORATE GOVERNANCE IS BASED ON THE PRINCIPLES AND NORMS OF GOOD CORPORATE GOVERNANCE SET BY BULGARIAN LEGISLATION THROUGH THE PROVISIONS OF THE NATIONAL CODE OF CORPORATE GOVERNANCE, COMMERCE ACT, THE PUBLIC OFFERING OF SECURITIES ACT, THE ACCOUNTING ACT, THE LAW ON INDEPENDENT FINANCIAL AUDIT AND OTHER LEGAL AND REGULATORY ACTS AND INTERNATIONALLY RECOGNIZED STANDARDS

This corporate governance declaration is based on the good governance principles and standards defined by the Bulgarian legislation in the provisions of the National Code of Corporate Governance, the Commerce Act, the Public Offering of Securities Act, the Accountancy Act, the Independent Financial Audit Act and other laws and legal regulations and internationally recognized standards.

I. Information under article 100n, paragraph 8, item 1 of the Public Offering of Securities Act

Eurohold Bulgaria AD has adopted and observes the National Code of Corporate Governance. Eurohold Bulgaria AD follows the recommendations of the National Code of Corporate Governance led by the best practices in the field of corporate governance. Good corporate governance is a set of relationships among the governing body of the company, its shareholders and all stakeholders – employees, commercial partners, creditors of the company, potential future investors and the general public. If the principles of good corporate governance are not applied or there is a danger of failure to observe them, the company is obliged to disclose such information in timely manner.

As a result of the consistent policy of the Managing Board of Eurohold Bulgaria AD in terms of the introduction, enhancement and improvement of the corporate governance, the company has established and implemented procedures that ensure the observance of all principles set out in the National Code of Good Governance. To this end, after the evaluation of the results achieved in this area, in 2011 the Managing Board adopted a resolution to affiliate the company to the National Code of Corporate Governance. By doing this, Eurohold Bulgaria AD has demonstrated its willingness to maintain and develop in future the procedures and corporate governance practices introduced during the last five years.

The established governance system guarantees the existence and the prosperity of the company as a strong framework within which the managing bodies work in the best interest of the company in compliance with the reasonable expectations of its shareholders and all stakeholders. Detailed information about the corporate policy of Eurohold Bulgaria and the procedures for its implementation is contained in the Corporate Governance Program, the Articles of Association and the other constitutional deeds of the company.

The Managing Board of Eurohold Bulgaria AD makes best efforts to maximize the shareholders' benefit by ensuring their equal treatment, including the minority and the foreign shareholders.

The shares of Eurohold Bulgaria AD are registered for trade on the Bulgarian Stock Exchange – Sofia, and as of 15th of December 2011 they are traded at the Warsaw Stock Exchange too. All current shareholders and potential investors are able to freely make transactions for purchase and sale of the company's securities. The company has entered into an agreement with the Central Depository for keeping the book of shareholders, which reflects the current position and registers the changes occurred in the ownership.

The management of Eurohold Bulgaria AD guarantees the equal treatment of all shareholders, including minority and foreign shareholders. The management is obliged to protect their rights and to facilitate the exercising of such rights within the limits allowed by the applicable legislation and the provisions of the company's constitutional deeds. The management ensures timely information to all shareholders in terms of their rights.

The strategic objectives of the corporate governance are as follows:

- Equal treatment of all shareholders, ensuring the protection of their rights;
- Improvement of the level of awareness among the shareholders and transparency;
- Achievement of transparency and publicity of the processes for provision of information by the company;
- Ensuring a mechanism for good governance of the company by its managing bodies, and
- Opportunity for efficient supervision on the governance by the shareholders and the regulatory authorities.

The well-balanced interaction among shareholders, management and stakeholders is a result of the implementation of the corporate governance principles.

The corporate governance declaration of Eurohold Bulgaria AD is subject to the "observe or explain" principle.

II. Information under article 100n, paragraph 8, item 2 of the Public Offering of Securities Act

Eurohold Bulgaria AD has a two-tier management system. According to article 19 of the Articles of Association of Eurohold Bulgaria AD, the managing bodies of the company are General Meeting of Shareholders, Supervisory and Managing Board. The company also has a procurator.

The efficient interaction between the Managing and the Supervisory Board ensures high level of competence for governance of the company in the shareholders' interest, while taking in consideration the stakeholders.

The managing board comprises five natural persons, including a Chairman of the Managing Board who is also the representative of the company, an executive member of the Managing Board and three members of the board.

The Supervisory Board consists of four natural persons and one legal entity (represented on the grounds of article 234, paragraph 1 of the Commerce Act), including a Chairman of the Supervisory Board, a Deputy Chairman of the Supervisory Board, two independent members and one member of the Supervisory Board.

Eurohold Bulgaria AD can be represented only by one executive member of the Managing Board and the company's procurator jointly.

The conditions for appointment and dismissal of the members of the managing and the supervisory board and of the procurator are provided for in the company's Articles of Association.

Eurohold Bulgaria has a remuneration policy developed by the supervisory board and approved by the general meeting of shareholders.

The policy for remuneration of the members of the supervisory and the managing board of Eurohold Bulgaria AD sets out the main rules for defining the remuneration of the persons who take the office of members of the supervisory and of the managing boards of the public company in relation to the performance of their powers when exercising managing and supervisory functions in the company. The remuneration of the members of the Managing and the Supervisory Board and the procurator is fixed in a management contract. Currently, the remuneration is fixed and has no variable element. The amount of the remuneration is defined depending on specific principles outlined in the remuneration policy. By resolution of the general meeting and upon achieving specific financial results, the members of the managing and the supervisory board may receive additional incentives.

In compliance with the internationally adopted principles for corporate governance and the best practices for disclosure of information, the company has a Code of Ethics developed by the Managing Board and adopted by the Supervisory Board.

The Code of Ethics is adopted and observed by the members of the Supervisory and the Managing Board and in their work they observe the generally accepted principles for honesty, governance and professional competence. Internal Rules of Ethics are developed and followed for the standards of business behavior of the managers within the holding structure and for prevention of abuse of in-house information. The observance of the Code of Ethics is aimed at the establishment of efficient and transparent corporate governance of the public and other subsidiaries within the structure of Eurohold Bulgaria AD in the interest of their shareholders.

On 26.05.2009 the General Meeting of Shareholders of Eurohold Bulgaria AD appoints an Audit Committee of the Company. It comprises three members with 3 years' term of office. By resolution of the company's general meeting, the members of the Audit Committee has been appointed for another term of office of 5 years as from 26.05.2012.

In compliance with article 40l of the Independent Financial Audit Act (IFAA), the

Audit Committee reports on annual basis to the General Meeting of Shareholders upon the adoption of the company's financial statements. The report of the Audit Committee is made and submitted to the shareholders together with all other materials relevant to the regular annual General Meeting of Shareholders of the company for adoption of the annual non-consolidated and consolidated Financial Statements.

Pursuant to the provisions of IFAA, the Audit Committee of Eurohold Bulgaria AD has the following functions:

- To inform the management and supervisory bodies of the entity of the results of the statutory audit and explain how the statutory audit has contributed to the reliability of the financial reporting and the role of the audit committee in the process;
- To monitor the financial reporting process and presents recommendations and suggestions to ensure its effectiveness;
- To monitor the effectiveness of the internal control system, risk management system, and internal audit activity in relation to financial reporting in the audited entity;
- To monitor the statutory audit of the annual financial statements, including its performance, taking into account the findings and conclusions of the Commission on the application of Art. Article 26 (6) of Regulation (EU) No 537/2014;
- To verify and monitors the independence of the registered auditors in accordance with the requirements of Chapters Six and Seven of the Act, as well as with Art. 6 of Regulation (EC) No 537/2014, including the appropriateness of outsourcing services to the audited entity under Art. (5) of that Regulation;
- Is responsible for the selection procedure of the registered auditor and recommends his appointment, except where the audited entity has a selection board;
- To notify the Commission for Public Supevision of the Registered Auditors as well as the management and supervisory bodies of the enterprise for any given approval under Art. 64, para. 3 and Art. 66, para. 3 within 7 days from the date of the decision;
- Reports its activities to the Appointing Authority;
- Prepare and submit to the Commission for Public Supervision of Registered Auditors by 30 June an annual activity report.

The Managing Authority of Eurohold Bulgaria AD provides sufficient resources to the Audit Committee for the effective performance of its duties.

The members of the management and supervisory bodies and the employees shall be obliged to assist the audit committee in the performance of its activities, including to provide the requested information within a reasonable timeframe.

The aim of the Audit Committee is to support the company's management while fulfilling its obligations for the integrity of the separate and consolidated financial statements, the assessment of the efficiency of the internal financial control systems and the monitoring the efficiency of the internal and external auditors.

The company observes the best practices in terms of information disclosure and each change in the information disclosure process required due to occurred specific circumstances and reasons is subject to obligatory prior approval by the company's management.

In 2018 there are no changes in the information disclosure process.

Every material regular or incidental information is being disclosed immediately. The company has coordinated its business

with the applicable national legislation and with the European legal framework that directly applies to the national legislation.

The company's management is trying to get as close as possible to the good corporate practices and to this end it is committed to develop rules according to which the materiality of every piece of information and the necessity of its disclosure, respectively, are to be assessed.

The company has no written rules on the organization and conducting general meetings, however the company's management strictly observes the requirements and the provisions of the applicable legislation and the company's articles of association in terms of deadlines and content of the materials for the agenda of the General Meeting of Shareholders (GMS). The notice for GMS is made according to the legal requirements and in the greatest details possible. It contains all proposed resolutions for the purposes of making each shareholder aware thereof in advance, before its public announcement.

In their work, the members of the Managing and the Supervisory Board of Eurohold Bulgaria AD are led by the adopted rules and procedures for avoidance and disclosure of conflicts of interest in case of transactions with stakeholders, which are stipulated in the company's constitutional deeds. According to these rules and procedures, the Managing and the Supervisory Boards approve all transactions with related parties, which are implemented in a way ensuring diligent governance of the interests of the company and its shareholders.

The annual and interim statements are prepared under the supervision of the company's management, which directly monitors the accountancy and financial reporting systems. On monthly basis, the management of Eurohold Bulgaria AD receives management reports from all subsidiary sub-holdings for the development of the companies and the achieved financial results. The Managing Board prepares an annual director's report for its work, which is adopted by the General Meeting of Shareholders.

Eurohold Bulgaria AD does not have developed written policy for social responsibility, however the company is committed and devoted to social support and care for the health of its employees.

III. Information under article 100n, paragraph 8, item 3 of the Public Offering of Securities Act

Eurohold Bulgaria AD has established and operating risk management and internal control system, which ensures efficient functioning of the accountancy and financial reporting and information disclosure systems. The internal control system is established and functions also with view of identifying the risks attributable to the Company's business and of enhancing their effective management.

The internal control and risk management are aimed at ensuring a reasonable level of surety in terms of achieving the strategic objectives of the holding relevant to the attainment of efficacy and efficiency of the operations, reliability of the financial reports, observance and implementation of the existing legal and regulatory frameworks. The internal control and risk management are implemented by the managing and supervisory bodies and by the heads of the holding's structural division and the executive directors of the subsidiaries.

Eurohold Bulgaria AD has adopted and implements rules and procedures for effective functioning of the accountancy and financial reporting and information disclosure systems. These rules describe in details the different types of information created and disclosed by the company, the in-house document management processes, the different levels of access to the types of information among the responsible persons and the time periods for processing and management of the information flows.

The established risk management system ensures the efficient internal control upon the creation and management of all in-house documents, including financial statements and other regulated information the Company is obliged to disclose in compliance with the legal provisions.

One of the main objectives of the introduced internal control and risk management system is to support the management and other stakeholders in assessing the reliability of the company's financial statements.

The annual separate financial statements and the annual consolidated financial statements of Eurohold Bulgaria AD are subject to independent financial audit for the purposes of achieving objective external opinion about the way of their preparation and presentation. The company prepares and maintains its accountancy in compliance with the International Accounting Standards.

The risk management policy is implemented in an integrated manner and in compliance with all other policies and principles regulated in the in-house deeds of Eurohold Bulgaria AD.

Detailed description of the risks attributable to Eurohold Bulgaria AD' and its subsidiaries'

business is given in section IV "Risk Factors" (page 11-23) of the registration document, being Part II of the Prospectus for Public Offering of Securities (issue of shares for capital increase) confirmed by the Financial Supervision Commission on 18 November 2016. The prospectus is available on the webpage of Eurohold Bulgaria AD www.eurohold.bg.

IV. Information under article 100n, paragraph 8, item 4 of the Public Offering of Securities Act

The members of the Supervisory and the Managing Board of Eurohold Bulgaria AD submit information under article 10, paragraph 1, letters "c", "d", "f", "h" and "l" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids:

Paragraph 1, letter "c"	Significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of article 85 of Directive 2001/34/EC.	Eurohold Bulgaria AD holds significant direct or indirect shareholdings, which are described in details in part BUSINESS REVIEW, Lines of Business of the Company's Annual Report 2018
Paragraph 1, letter "d"	The holders of any securities with special control rights and a description of those rights	There are no shares that give special control rights.
Paragraph 1, letter "f"	Any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities;	There are no restrictions on the voting rights of the holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities.
Paragraph 1, letter "h"	The rules governing the appointment and replacement of board members and the amendment of the articles of association	The rules governing the appointment and replacement of members of the Managing Board and the Supervisory Board and the amendment of the articles of association are set out in the constitutional deeds of Eurohold Bulgaria AD and the adopted rules of procedure of the two bodies.
Paragraph 1, letter "l"	The powers of the board members, and in particular the power to issue or buy back shares;	The powers of the members of the Managing Board and of the Supervisory Board are provided for in the articles of association of Eurohold Bulgaria AD and the adopted rules of procedure of the two bodies.

V. Information under article 100n, paragraph 8, item 5 of the Public Offering of Securities Act

The Managing Board and the Supervisory Board of Eurohold Bulgaria AD have adopted and implement rules of procedure of the two bodies that define their powers and way of work for the purposes of ensuring efficient work within the frames of the two-tier management system of the company guaranteeing the management and the

representation of the company according to the in-house constitutional deeds, the requirements of the law and the protection of shareholders' interests.

The Managing Board manages the company in compliance with the company's established goals and strategies and the shareholders' interests. It monitors the company's results, informs the Supervisory Board on regular basis and in details about all issues relevant to the development of Eurohold Bulgaria AD, the functioning of the established risk management and internal control and audit systems. The Managing Board coordinates its actions with the Supervisory Board in terms of adopted objectives and strategies of the company, the transactions of material nature and all other operations and activities.

The Managing Board manages the company and works under the control of the General Meeting of Shareholders and the Supervisory Board. It resolves on all issues that are related to the implementation of the company's scope of business, except on the issues, which by law or pursuant to the provisions of the articles of association, have been assigned for resolving exclusively to the General Meeting of Shareholders or to the Supervisory Board. The members of the Managing Board are appointed by the Supervisory Board for a period of 5 (five) years. The members of the Managing Board may be re-elected without restrictions.

The Managing Board may comprise from 3 (three) to 9 (nine) persons – capable natural persons or legal entities, while observing the requirements for the number and structure thereof in order to ensure the efficient business of the company. In case of a legal entity – member of the Managing Board, it nominates its representative to fulfil its obligations. Upon proposal for election of new members of the Managing Board the principles of compliance of candidate's competence with the nature of the company's business are observed. A person under article 234, paragraph 2 of the Commerce Act or article 116a, paragraph 1 of the Public Offering of Securities Act may not be a member of the Managing Board. The members of the Managing Board should also meet the following additional requirements, and namely: to have enough professional qualification and experience to manage the company's business; not to be sentenced for deliberate criminal offence of general nature; not to have been members of a Managing or supervisory body or general partners of a company against which an insolvency procedure has been initiated, or which has been wound-up due to insolvency during the last two years before the date of announcing the insolvency, provides unsatisfied creditors have remained; not to have been declared insolvent and not to be subject to insolvency procedure as a sole proprietor; not to be deprived of the right to take accountable offices.

The members of the Managing Board have equal obligations and rights, irrespective of the internal allocation of functions among the board members and the right to management and representation granted to some of them. The chairman of the Managing Board organizes the work of the board according to the requirements of the law, these articles of association and the resolutions of the General Meeting of Shareholders. The deputy chairman of the Managing Board substitutes the chairman in fulfilling their obligation in case the chairman is permanently impeded to fulfil their obligations.

The General Meeting of Shareholders defines the remunerations of the members of the Managing Board as well as other property issues /additional incentives/ in relation to its work. Information about the remunerations and additional incentives received by the members of the Managing Board is disclosed on annual basis in the company's annual director's report.

The members of the Managing Board are obliged to fulfil their obligations with the care of good trader in a way they reasonably believe is in the interest of all shareholders and of the company, whereas using only information they reasonably believe to be authentic and complete, and to show loyalty to the company, whereas preferring the company's interest to their own interest and to avoid any direct or indirect conflicts between their own and the company's interest, and provided such conflicts occur – to disclose them in writing, in timely manner and in full before the respective body, and not to participate, and not to exert influence on the other board members upon adoption of resolutions in this cases, not to disclose non-public information about the company also upon ceasing to be members of the Managing Board until the public disclosure of the respective circumstances by the company.

The Managing Board is obliged to report on its expenses to the Supervisory Board and to the regular annual General Meeting of Shareholders, or in case of discussing its liability for the company's management.

The members of the Managing Board are jointly liable for the damages they have caused to the company by their fault. If it is

established that a board member is not liable for the occurred damages, they will be released from liability. They are released from liability by the company's General Meeting of Shareholders on annual basis at the time of adoption of the company's annual financial statements; and otherwise as set out by the law, the articles of association and the resolutions of the General Meeting of Shareholders. The General Meeting of Shareholders may release a member of the Managing Board from liability during the regular annual meeting if there are available annual financial statements for the previous year and interim financial statements for the period from the beginning of the current year until the last date of the month preceding the month of announcing the notice for convocation of the General Meeting of Shareholders has been announced, such statements being certified by a registered auditor.

The members of the Managing Board give guarantee for their management in Bulgarian levs and in an amount fixed by the General Meeting but not less than their 3 (three) months' gross remuneration. The guarantee should be deposited in a bank on the territory of the country. Provided the General Meeting has not fixed the amount of this guarantee it will be equal to the 3 (three) months' gross remuneration for each of the board members. The guarantee is subject to immediate refund upon releasing the respective member from liability and from office for the period of their participation in the board.

The managing board:

1. organizes, manages and supervises the company's operations and ensures the management and safe keeping of its property;
2. manages and represents the company;
3. though its executive members, the managing board enters into contracts with the company's employees, amends and terminates the employment relationships therewith, imposes disciplinary penalties for any violations committed, grants bonuses, performs the rights and obligations of employer in relation to the persons recruited by the company;
4. reports upon each request of the supervisory board for the time from the previous report until the date of the meeting, but not less than once every 3 (three) months;
5. settles the company's relationships with the state and municipal budget;
6. controls the company's income and expense;
7. performs any legal actions aimed at ensuring the normal functioning of the company with view of the laws, these articles of association and the resolutions of the general meeting of shareholders;
8. convenes the general meetings of shareholders, drafts the agenda of the meetings and observes for the compliance with the statutory requirements for convocation of the general meeting of shareholders;
9. makes the required disclosures and publications relevant to the company's business before the respective state authorities and in mass media;
10. presents the annual financial statements, the director's report for the previous financial year, the report of the chartered accountant (registered auditor) before the Supervisory Board and makes proposals for allocation of profit;
11. in the cases as provided by the Public Offering of Securities Act and in other legal regulations, approves in advance the company's transactions with the participation of interested persons, except those that should be approved by the general meeting of shareholders or by the Supervisory Board;
12. in pursuance of the restrictions as provided for in the Public Offering of Securities Act and other legal regulations:
    - adopts resolutions for dissolution or transfer of company's enterprises or substantial parts thereof, for acquisition and alienation of shareholdings in other companies, for financing companies it has a shareholding in;
    - adopts resolutions for acquisition and disposal with any company's fixed assets and property rights thereof, for the use of loans, for granting collaterals and guarantees and for assuming guarantee, for entering into contracts, participation in auctions and contests;
    - adopts resolutions for establishment of mortgage and pledge on company's assets;
13. adopts resolutions for opening or closing of branches;
14. adopts intracompany constitutional and other deeds;
15. adopts resolutions for establishment of mortgage and pledge on company's assets;
16. prepares and presents programs and plans for the development of the company for adoption by the general meeting of the shareholders;
17. performs other tasks assigned thereto by the legal regulations, the present articles of association and the resolutions of the general meeting of shareholders.

The meetings of the managing board are convened by its chairman upon his own initiative or upon request of any of member of the board, at least once a month. Each member of the Managing Board may request the chairman of the board in writing to

convene a meeting to discuss specific issues. The chairman of the Managing Board is obliged to convene such meeting within 3 (three) days after the date of request. If he fails to do so, the meeting may be convened by any of the members of the Managing Board.

The Managing Board adopts resolutions if more than half of its members are attending the meeting personally or are represented by another member of the board. Each member may represent only one of the absent members. Representation is done with written power of attorney. By resolution of the Managing Board, its meetings may be attended by persons who are not members.

The Supervisory Board supervises the work of the Managing Board by giving the Managing Board directions in compliance with the company's established goals and strategies and the shareholders' interests. It may not take part in the company's management. The members of the Supervisory Board are appointed by the general meeting of shareholders for a period of 5 (five) years. The first Supervisory Board is appointed for a period of 3 (three) years. The members of the Supervisory Board may be re-elected without restrictions.

The Supervisory Board may consist of 3 (three) to 7 (seven) members – capable natural persons or legal entities. In the last case, the legal entity nominates its representative in relation to the fulfilment of its obligations (седем). A person under article 234, paragraph 2 of the Commerce Act or under article 116a, paragraph 1 of the Public Offering of Securities Act may not be a member of the Supervisory Board.

The members of the supervisory board should meet the following additional requirements: not to be sentenced for deliberate criminal offence of general nature; not to be declared insolvent or subject to insolvency procedure as a sole proprietor and not to be deprived from the right to take accountable offices.

At least one third of the members of the Supervisory Board should be independent persons within the meaning of article 116a, paragraph 2 of the Public Offering of Securities Act.

The general meeting of shareholders determines the remuneration of the members of the supervisory board, as well as any other property matters relevant to its work. Information about the remunerations and additional incentives received by the members of the Supervisory Board is disclosed on annual basis in the company's annual director's report.

The members of the Supervisory Board have equal rights and obligations regardless of the internal allocation of functions among the members of the board. The chairman of the Supervisory Board organises the work of the board in compliance with the statutory requirements, the requirements of these articles of association and the resolutions of the general meeting of shareholders. The deputy chairman of the supervisory board substitutes the chairman in fulfilling his obligations, provided the chairman is permanently impeded to fulfil his obligations.

The Supervisory Board has right to access to any information and documents relevant to the company's governance.

The members of the Supervisory Board are obliged to perform their obligations with the care of diligent trader in a way they reasonably consider being in the interest of all shareholders of the company, while using only information they reasonably consider reliable and full, to show loyalty to the company whereas preferring the company's interest to their own interest and avoiding any direct or indirect conflicts between their own interest and the interest of the company, and provided such conflicts occur възникнат – they accordingly and fully disclose them in writing before the respective body, and do not to participate, and exert influence on the other board members, upon adopting resolutions to this effect, they do not disclose any non-public information about the company even in case they cease being members of the Supervisory Board until the public disclosure of such information by the company.

The members of the Supervisory Board are jointly liable for any damages wilfully caused to the company. If it has been found that a member of the Supervisory Board is not guilty for the damages occurred, he will be released from liability. The general meeting of shareholders may release a member of the Supervisory Board from liability at a regular annual general meeting if there are available annual financial statements for the preceding year and interim financial statements for the period from the beginning of the current year until the last day of the month preceding the month of promulgation of the notice for convocation of the general meeting of shareholders, such statements being certified by a registered auditor.

The members of the Supervisory Board grant a guarantee for their management in Bulgarian levs and within an amount fixed by

the general meeting of shareholders, but not less than 3 (three) monthly gross salaries. The guarantee is deposited in a bank within the territory of the country. Provided the general meeting of shareholders fails to fix the amount of the guarantee, such guarantee is equal to 3 (three) monthly gross salaries for each of the members. The guarantee is returned immediately when the respective member is dismissed from office and released from liability for the duration of his participation in the board.

The Supervisory Board appoints and dismisses the members of the Managing Board; fixes the remuneration of the members of the Managing Board; supervises the work of the Managing Board, whereas requiring and hearing information and reports on each issue relevant to the company's business; gives guidance to the Managing Board upon the establishment of the system for risk management, internal control and financial audit and the financial information system, carries the relevant investigations with view of performing its obligations; approves the rules of procedure of the Managing Board; convenes general meeting of shareholder; adopts its rules of procedure; performs other tasks delegated thereto by the legal regulations, the company's articles of association and the resolutions of the general meeting of shareholders. The Supervisory Board may recruit experts to assist the fulfilment of its obligations.

The meetings of the Supervisory Board are convened by its chairman, at least once every 3 (months) months. Each member of the Supervisory Board may request the chairman in writing to convene a meeting to discuss specific matters. The chairman is obliged to convene such meeting within 3 (three) days after the date of such request. In case of failure to do so, the meeting may be convened by any of the members of the Supervisory Board.

The Supervisory Board adopts resolutions if more than half of its members are attending the meeting personally or are represented by another member of the board. Each member may represent only one of the absent members. Representation is done with written power of attorney. By resolution of the Supervisory Board, its meetings may be attended by persons who are not members.

The General Meeting of shareholders is a supreme managing body of the company and comprises all shareholders with a voting right. The general meeting of shareholders (GMS) is competent to adopt key resolutions for the holding's business, such as: adoption of resolution for amendment and supplement of the articles of association; transformation and dissolution of the company; increase and decrease of the capital; appointment of members of the Supervisory Board, etc.

The terms and conditions for convocation of the general meeting of shareholders are as follows:

Pursuant to article 21, paragraph 1 of the articles of association, the general meeting of shareholders is convened by the Managing Board 1 (once) a year for a regular session not later than the end of the first six months after closing the reporting year. The Managing and the Supervisory Board my request the convocation of an extraordinary meeting: upon their own discretion; when losses exceed ¼ (one fourth) of the capital and in other statutory cases.

According to the same article of the articles of association and pursuant to article 223, paragraph 1 of the Commerce Act, the general meeting of shareholders may be also convened upon request of shareholders who hold shares, being at least 5 percent of the capital of the Issuer, for more than three months. provided the managing board of the company fails to convene a general meeting of shareholders within one month, or if such general meeting is not held within three months from filing the request, the district court convenes GMS or empowers the shareholders, requesting such convocation, or a representative thereof, to convene the meeting.

Pursuant to article 118, paragraph 2 of POSA, the persons jointly or severally holding at least 5 percent of the capital of the Issuer (notwithstanding the time period of their holding, and without making such prior request to the Managing Board of the company) may ask the district court to convene a general meeting or to empower their representative to convene a general meeting with agenda defined thereby, and the court should adjudicate on the request immediately.

Shareholders who jointly or severally hold at least 5 percent of the Issuer's capital may request the inclusion of matters and to propose resolutions on matters that are already on the agenda of GMS by virtue of the provisions of article 223a of the Commerce Act.

The general meeting of shareholders may be convened with a notice announced in the commercial register pursuant to the provisions of article 22 and article 23 of the articles of association of the Issuer. The company is

obliged to publish the notice in the commercial register and to announce it by virtue of the terms and conditions of article 100t, paragraph 1 and paragraph 3 of POSA, at least 30 days before the date of opening of the General Meeting of Shareholders.

The convocation of the General Meeting of Shareholders, the powers of the General Meeting of Shareholders, the participation in the sessions of the General Meeting of Shareholders, the requirements for quorum to hold a General Meeting of Shareholders, the required majority for adoption of resolutions by the General Meeting of Shareholders, the bodies of the General Meeting of Shareholders, the records of the sessions of the General Meeting of Shareholders are set out in details in article 21 – article 32 of the Issuer's articles of association.

The provisions of the company's articles of association relevant to the Managing Board and the Supervisory Board are described in details in paragraph XXI. 3 herein below.

The shares of the company are of one class, and namely ordinary, registered, dematerialized. The nominal value per share is BGN 1.00 (one lev). Each share gives its holder the right to 1 (one) vote at GMS; right to dividend (part of the company's profit) and right to a liquidation quota. Furthermore, pursuant to article 11, paragraph 3 of the articles of association, each shareholder is entitled to acquire with privilege part of the new shares issued upon capital increase; to get acquainted with any written materials relevant to the agenda of the general meeting; to authorize another person to exercise his rights in relation to the company; to be elected in the managing bodies of the company and to exercise any other rights conferred by the Bulgarian legislation.

Pursuant to article 64, paragraph 1 of the company's articles of association, dividends are allocated and paid once a year upon meeting the following conditions only: completion of the respective financial year; availability of profit realized by the company for the respective year; remainder of the profit after the allocation of amounts required for the Reserve Fund and other funds required by the law; resolution of the general meeting for allocation of profit, any part thereof respectively, and in particular for allocation of dividends and for fixing the amount thereof. Dividends are allocated among the shareholders in proportion to the shares they hold. Any person who is subscribed as a shareholder in the registers of Central Depository AD on the 14th day after the date of the general meeting approving the annual financial statements and adopting the resolution for allocation of profit is entitled to a dividend. The company is obliged to ensure that the dividend voted for at the general meeting will be paid to the shareholders within 3 months after such meeting. The costs for payment of dividends are borne by the company.

The Issuer's articles of association do not provide for any actions required for the change of the rights of the holders of shares other than those required by the law.

Shares of the company are traded and transferred in compliance with the provisions of the Financial Instruments Markets Act and its implementing rules, the Rules of Procedure of Bulgarian Stock Exchange – Sofia AD and the Rules of Central Depository AD, whereas the Issuer's articles of association do not provide for any restrictions in terms of the free transferability of its shares. The issue of and disposal with shares of the Issuer, such as dematerialized securities, are valid as from the registration thereof at Central Depository AD.

The company's articles of association do not contain provisions that establish a threshold above which the shareholding should be disclosed, as well as provisions that would result in delay, postponing or preventing a change in the Issuer's control.
The obligation for disclosure of shareholding arises from the provisions of POSA. Pursuant to POSA each shareholder who acquires or transfers directly and/or by virtue of article 146 of POSA a voting right at the general meeting of the Issuer is obliged to inform the FSC, the public company and the regulated market when: as a result of such acquisition or transfer their voting right reaches, exceeds or decrease below 5 percent or a number divisible to 5 of the number of votes at the general meeting of the company; their voting right exceeds, reaches or decreases below the thresholds under item 1 as a result of events causing changes in the total number of voting rights on the basis of the information disclosed by virtue of article 112e of POSA. The terms and conditions and the time period for disclosure of the shareholding are governed by article 145 et al of POSA.

V. Information under article 100n, paragraph 8, item 6 of the Public Offering of Securities Act

Eurohold Bulgaria AD has not made and approved a policy of diversity in terms of its managing and supervisory bodies, but in practice when selecting the members of the managing bodies, no restrictions in terms of

age, sex, nationality and education apply. The main factors used are fitness and propriety, managing skills, competence, professional experience in the respective field of action, etc.

This corporate governance declaration of Eurohold Bulgaria AD is made and signed on 26th of March. 2019.

EUROHOLD

SECTION
DECLARATION OF RESPONSIBLE PERSON

DECLARATION
in accordance with article 100n, paragraph 4, item 4 of
Public Offering of Securities Act

The undersigned,

1. Kiril Boshov – Chairman of the Management Board of Eurohold Bulgaria AD
2. Assen Minchev – Executive member of the Management Board of Eurohold Bulgaria AD
3. Hristo Stoev – Procurator of Eurohold Bulgaria AD
4. Ivan Hristov – Financial controller of Eurohold Bulgaria AD (compiler of the financial statements)

hereby DECLARE that to our best knowledge:

1. The annual financial statements for 2018, composed in accordance with the applicable accounting standards, contain true and fair information regarding the assets and liabilities, the financial standing and the profit of Eurohold Bulgaria AD;

2. The annual management report for 2018 includes a fair review of the development and performance of Eurohold Bulgaria as well as description of major risks and uncertainties facing the company.

Declarers:

1. Kiril Boshov

2. Assen Minchev

3. Hristo Stoev

4. Ivan Hristov

EUROHOLD BULGARIA PLc.

Additional notes to the Annual Separate Financial Statement for 2018

These additional notes to the 2018 Annual Separate Statement have been approved by the Management Board of Eurohold Bulgaria AD on 12.11.2020.

By publishing these additional notes to the annual separate statement for 2018 the Company provides additional quality information about the transactions made in 2018 and their results. This additional information has already been disclosed in the audited annual separate financial statement for 2019 and in the interim separate financial statement for 2019, in the section of comparative information.

This additional quality information does not change the financial position of the Company as at December 31, 2018 and its financial performance and cash flows for the year ending that date.

This additional qualitative information is in the form of text descriptions and cross-references only as follows:

Subject: NOTES TO THE ANNUAL SEPARATE FINANCIAL STATEMENT FOR 2018

Note 4. Gains from sale of investments and revaluations

In 2018, the gains on investments and financial instruments include:

- BGN 4 683 thousand profit from the sale of own receivables (reported value of BGN 1 342 thousand) and acquired receivables from related parties (BGN 16 645 thousand)- *Notes 26.2, 26.3;*
- BGN 14 947 thousand profit from redemption and/or repayment / cancellation of commercial loans in the form of Euro Corporate Securities - ECP *(Note 21);*
- BGN 648 thousand - Other gains.

In 2018, proceeds from revaluations of debt instruments, which have been measured at fair value are from revaluation of redeemed own bonds at fair value *(Note 22).*

Note 8. Losses from transactions with financial instruments and revaluations

In 2018, expenses from revaluations of debt instruments, which have been measured at fair value are from revaluation of redeemed own bonds at fair value *(Note 22).*

Note 21. Loans from financial and non-financial institutions

As of 31.12.2018, the other loans are Euro Trading Papers (ECP) with maturity of 03.2019-05.2019 and an annual interest rate in the range of 1.25% -4.0%.

Note 22. Bond liabilities

As of 31.12.2018, the Company holds 13 418 repurchased own shares of the EMTN Programme in EUR with ISIN XS1731768302.

Some of the redeemed own bonds (10 500 pcs) are given as collateral in connection with a repurchase agreement (repo). The obligation for the repurchased own bonds to Starkom Holding AD (10 500 pcs) was not settled as of 31.12.2018. (*Note 26.3).*

Note 26. Current liabilities to related parties

26.2 Loans liabilities – principal

	31.12.2018	31.12.2017
	BGN'000	*BGN'000*
Starcom Holding AD	937	18
Eurolease Auto EAD*	11 963	-
Eurolease Group EAD	-	16
Motobul EAD	5 323	-
	18 223	**34**

*Liabilities under receivables transfer agreements concluded in 2018, with annual rate in amount of 7.5% *(Note 4)*.

26.3 Other liabilities

	31.12.2018	31.12.2017
	BGN'000	*BGN'000*
Starcom Holding AD**	20 536	-
Eurolease Auto EAD	414	17
IC Euroins AD	1	-
Sofia Motors EOOD	-	9
Bulvaria Holding EAD	-	7
Avto Union AD*	3 620	-
Avto Union Services EOOD*	362	-
Star Motors EOOD*	950	-
	25 883	**33**

*Liabilities under receivables transfer agreements concluded in 2018, with annual rate in amount of 3.0% *(Note 4).*

** The obligation to repurchase its own bonds *(Note 22).*

Subject: II. ADDITIONAL INFORMATION UNDER ANNEX №10 OF ORDINANCE №2 OF THE FSC

1. **1. Information on sales revenue during the financial year, major transactions and published forecasts** (*the additional information disclosed below is published in the audited separated financial statements for 2019 as part of the Activity Report in Section II. ADDITIONAL INFORMATION UNDER ANNEX №10 OF ORDINANCE №2 OF FSC* ***1. Information given in terms of value and quantity in respect of the main categories of goods, products and / or services provided, indicating their share in the sales revenue of the issuer, as a whole, and changes occurring during the financial year.)***

In 2018, the gains on investments and financial instruments include:

- BGN 4 683 thousand profit from the sale of own receivables (reported value of BGN 1 342 thousand) and acquired receivables from related parties (BGN 16 645 thousand)- *the profit was realized as a result of large transactions concluded in 2018 and impact has been material for the activities of Eurohold Bulgaria AD;*
- BGN 14 947 thousand profit from redemption and repayment / cancellation of commercial loans in the form of Euro Corporate Securities - ECP*;*
- BGN 648 thousand - other gains.

Date: 12.11.2020