

EUROINS INSURANCE GROUP AD
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
June 30, 2022

EUROINS INSURANCE GROUP AD
CONSOLIDATED INTERIM FINANCIAL STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED JUNE 30, 2022

All amounts are in thousand Bulgarian leva, unless otherwise states

	Notes	30.06.2022	30.06.2021
Gross written premiums	4	885 807	513 201
Premiums ceded to reinsurers	4	(488 579)	(221 745)
Net written premiums		397 228	291 456
Change in the gross unearned premium reserve and unexpired risk reserve	4	(99 300)	(35 111)
Reinsurers' share in changes in the unearned premium reserve	4	117 895	39 297
Net earned premiums		415 823	295 642
Fees and commission income	5	157 632	51 442
Finance income	6	11 919	18 734
Other operating income	7	8 675	13 398
Net income		594 049	379 216
Claims incurred, net of reinsurance	8	(211 138)	(185 591)
Acquisition costs	9	(204 610)	(122 073)
Administrative expenses	10	(30 161)	(26 470)
Finance costs	11	(14 444)	(9 892)
Other operating expenses	12	(83 801)	(33 195)
Operating profit/loss		49 895	1 995
Other net income	13	168	864
Profit/loss		50 063	2 859
Income tax expense	14	(240)	1 762
Net profit/loss		49 823	4 621
Net (loss)/profit, attributable to:			
Owners of the Parent company		49 398	4 832
Non – controlling interest		425	(211)
Net profit/loss		49 823	4 621

Kiril Boshov
Executive Director



Katrin Petkova
Chief Accountant

EUROINS INSURANCE GROUP AD
CONSOLIDATED INTERIM FINANCIAL STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2022

All amounts are in thousand Bulgarian leva, unless otherwise states

	Notes	As of 30.06.2022	As of 31.12.2021
Assets			
Goodwill	25	164 478	164 478
Intangible assets		4 733	4 982
Property, plant and equipment		33 139	32 974
Investment properties	15	2 167	2 014
Financial assets	16	435 864	469 459
Reinsurers' share in technical reserves	21	1 276 416	1 084 982
Deferred tax assets		8 901	8 940
Receivables and other assets	17	249 253	237 851
Cash and cash equivalents	18	141 967	66 960
Total assets		2 316 918	2 072 640
Liabilities			
Insurance reserves	19	1 638 269	1 430 936
Reinsurance and other payables	20	210 386	204 440
Loans	21	43 003	44 177
Deferred tax liabilities		2	2
Financial liabilities	23	2,372	2,372
Total liabilities		1 894 032	1 681 927
Subordinated liabilities	22	16 818	36 379
Equity			
Share capital	24	576 243	576 243
Revaluation and other reserves		(12 569)	(2 142)
Foreign currency translation reserve		13 967	12 693
Accumulated loss		(179 091)	(238 415)
Total equity attributable to the owners of the Parent company		398,550	348 379
Non – controlling interest	26	7 518	5 955
Total equity		406 068	354 334
Total liabilities and equity		2 316 918	2 072 640

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EUROINS INSURANCE GROUP AD
CONSOLIDATED INTERIM FINANCIAL STATEMENT OF CHANGES IN EQUITY (CONTINUED)
AS OF JUNE 30, 2022
All amounts are in thousand Bulgarian leva, unless otherwise states

	Nine -month period ended	
	30.06.2022	30.06.2021
Operating activities		
Profit before taxes	50 063	2 859
(Decrease)/Increase in unearned premium reserve and unexpired risk reserve	15 899	27 071
Increase/ (reversal) of impairment losses of receivables	41 544	15 618
Depreciation charged for the period	3 906	3 533
Revaluation of investments	3 814	(3 337)
Loss/(gain) from sale of investments	220	(783)
(Gain) from disposal of property, plant and equipment	(1 256)	-
Net investment income	(1 818)	(709)
Net cash flows from operating activities before changes in assets and liabilities	112 372	44 252
Decrease/(Increase) in receivables	(34 081)	(73 323)
(Decrease)/Increase in payables	(16 021)	(610)
Net cash flows from operating activity	62 270	(29 681)
Investing activity		
Net decrease / (increase) in financial assets	30 354	20 856
Acquisition of investment properties, net	(153)	7 754
(Acquisition) of property, plant and equipment, net	(769)	8 654
Investment income received, net	5 263	9 706
Net cash generated from investing activity	34 695	46 970
Financing activity		
Net cashflow from loans	(19 658)	(497)
Interest paid	(993)	(1 692)
Capital increase	-	-
Payments on financial leases	(1 307)	(1 862)
Net cash from financing activity	(21 958)	(4 051)
Net increase in cash and cash equivalents	75 007	13 238
Cash and cash equivalents at the beginning of year	66 960	59 993
Cash and cash equivalents at the end of year	141 967	73 231

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AS OF JUNE 30, 2022


All amounts are in thousand Bulgarian levs, unless otherwise states

	Share capital	Revaluation and other reserves	Foreign currency translation reserve	Accumulated loss	Total equity attributable to owner of the Parent company	Non – controlling interest	Total equity
Balance as of 1 January 2021	543 446	(5 480)	(11 425)	(315 007)	211 534	4 040	215 574
Current year result	-	-	-	78 161	78 161	1 189	79 350
Other comprehensive income							
Revaluations reserve from translations of the currency of presentation of foreign activities	-	-	24 118	-	24 118	498	24 616
Change in fair value of assets available for sale and revaluation of tangible assets	-	2 848	-	-	2 848	94	2 942
Total other comprehensive income	-	2 848	24 118	78 161	105 127	1 781	106 908
Contributions and distributions to the owners:							
Increase of capital	32 797	-	-	-	32 797	-	32 797
Capital reserves	-	490	-	(1 569)	(1 079)	134	(945)
Total transactions with owners, recorded directly in equity	32 797	490	-	(1 569)	31 718	134	31 852
Balance as of 31 December 2021	576 243	(2 142)	12 693	(238 415)	348 379	5 955	354 334

EUROINS INSURANCE GROUP AD
CONSOLIDATED INTERIM FINANCIAL STATEMENT OF CHANGES IN EQUITY (CONTINUED)
AS OF JUNE 30, 2022

All amounts are in thousand Bulgarian leva, unless otherwise stated

	Share capital	Revaluation and other reserves	Foreign currency translation reserve	Accumulated loss	Total equity attributable to owner of the Parent company	Non-controlling interest	Total equity
Balance as of 1 January 1 2022	576 243	(2 142)	12 693	(238 415)	348 379	5 955	354 334
Current year result	-	-	-	49 398	49 398	425	49 823
Other comprehensive income							
Revaluations reserve from translations of the currency of presentation of foreign activities	-	-	1 274	-	1 274	5	1 279
Change in fair value of assets available for sale and revaluation of tangible assets	-	(2 140)	-	-	(2 140)	1 083	(1 057)
Total other comprehensive income	-	(2 140)	1 274	-	(866)	1 088	222
Total comprehensive income	-	(2 140)	1 274	49 398	48 532	1 513	50 045
Contributions and distributions to the owners:							
Increase of capital	-	-	-	-	-	-	-
Capital reserves	-	-	-	-	-	-	-
Change in non-controlling interest due to transactions without change in control	-	-	-	-	-	-	-
Total transactions with owners, recorded directly in equity	-	(8 287)	-	9 926	1 639	50	1 689
Balance as of 30 June 2022	576 243	(12 569)	13 967	(179 091)	398 550	7 518	406 068


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EUROINS INSURANCE GROUP AD
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT
AS OF JUNE 30, 2022
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4. Gross written premiums

	30.06.2022	30.06.2021
Gross written premiums	885 807	513 201
Change in the gross provision for unearned premium reserve	(99 300)	(35 111)
Gross earned premiums	786 507	478 090
Less: written premiums ceded to reinsurers	(488 579)	(221 745)
Change in the provision for unearned premiums reinsurers' share	117 895	39 297
Earned premiums ceded to reinsurers	(370 684)	(182 448)
Net earned premiums	415 823	295 642

5. Fees and commission income

	30.06.2022	30.06.2021
Commissions received from reinsurers	157 632	51 442
Total fees and commission income	157 632	51 442

6. Financial income

	30.06.2022	30.06.2021
Interest income from investments in securities and deposits	4 112	5 428
Dividend income from investments in equities	52	7
Rental income from investments in properties	48	58
Income from revaluation of assets at fair value	3 734	7 073
Income from sale of financial assets	1 483	1 005
Other financial income	2 490	5 163
Total financial income	11 919	18 734

7. Other operating income

Other operating income includes income generated from sale of compulsory MTPL stickers, income from fees when subsidiaries operate as Green Card correspondent and others. Income from insurance commissions written-off is also included.

8. Claims incurred, net of reinsurance

	30.06.2022	30.06.2021
Current year claims paid, claims handling and prevention expenses	(444 380)	(297 327)
Change in outstanding claim reserve	(104 053)	(53 158)
Change in other technical reserves	(59)	(157)
Received recoveries from reinsurers	260 670	138 279
Change in the reinsurers' share in outstanding claims reserve	72 194	23 447
Recourse received	4 490	3 325
Total incurred claims, net of reinsurance	(211 138)	(185 591)

Claims handling expenses include the share of administrative expenses that is directly related to claims handling.

EUROINS INSURANCE GROUP AD
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT
AS OF JUNE 30, 2022

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9. Acquisition expenses

	30.06.2022	30.06.2021
Commissions and profit share	(186 106)	(120 918)
Change in reserve for bonuses and rebates and management insurance	(15)	(25)
Bonuses expenses	(4)	(35)
Advertising and marketing expenses	(18 485)	(1 095)
Total acquisition expenses	(204 610)	(122 073)

Other acquisition expenses include the share of administrative expenses that are directly related to sales department operations of the Group.

10. Administrative expenses

	30.06.2022	30.06.2021
Materials expenses	(655)	(484)
Expenses for hired services	(9 076)	(7 956)
Depreciation and amortization expenses	(3 906)	(3 533)
Personnel expenses	(13 766)	(12 468)
Other	(2 758)	(2 029)
Total administrative expenses	(30 161)	(26 470)

11. Finance costs

	30.06.2022	30.06.2021
Interest expense	(2 294)	(2 746)
Loss on revaluation of financial assets	(7 548)	(3 736)
Loss on sale of financial assets	(1 703)	(821)
Expenses for investment management	(714)	(494)
Other finance cost	(2 185)	(2 095)
Total finance expenses	(14 444)	(9 892)

12. Other operating expenses

	30.06.2022	30.06.2021
Expenses for Guarantee fund	(798)	(1 293)
Other statutory expenses and license fees	(40,283)	(11 546)
Bad debt provision	(142)	(120)
Receivables written off on insurance policies	(41 544)	(14 860)
Other	(1 034)	(5 376)
Total other operating expenses	(83 801)	(33 195)

13. Other net income

	30.06.2022	30.06.2021
Net income from sale of assets	1 256	599
Other non-operating income	682	485
Other non-operating expenses	(1 770)	(220)
Total other net income	168	864

EUROINS INSURANCE GROUP AD
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT
AS OF JUNE 30, 2022

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14. Income tax expense

	30.06.2022	30.06.2021
Income tax expense for the current year	(314)	(388)
Deferred tax	74	2 150
Total other net income	(240)	1 762

15. Investment properties

	As of 30.06.2022	As of 31.12.2021
<i>Balance as of January 1</i>	2 014	9 652
Sell	-	(7 724)
Revaluation	-	41
Exchange Rate Differences	153	45
Total other net income	2 167	2 014

16. Financial assets

	As of 30.06.2022	As of 31.12.2021
<i>Registered for trading on stock exchange</i>		
Not registered for trading on stock exchange	4 719	4 719
Equity investments	32 738	41 915
	37 457	46 634
 Government bonds	 351	 66 437
Corporate bonds	104 927	117 556
	105 278	183 993
 Government bonds		
Bonds at amortized cost	5 756	9 553
	5 756	9 553
 Open-end investment funds	 177 747	 129 546
Investment funds	177 747	129 546
 Deposits in banks	 39 058	 36 364
Restricted deposits	479	1 381
Other financial assets at amortized cost	70 089	62 556
IFRS 9 ECL on deposits and other financial assets at amortized cost	-	(568)
Deposits and other financial assets	109 626	99 733
	435 864	469 459

Restricted deposits comprise the deposit of Euroins Osiguruvanje AD, North Macedonia, in the National Insurance Bureau under the provisions of Law on Insurance Supervision. Members' deposits are kept in separate bank accounts. The Bureau is not allowed to invest the assets and is obliged to return the deposits if the members cease providing MTPL insurance.

EUROINS INSURANCE GROUP AD
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT
AS OF JUNE 30, 2022
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17. Receivables and other assets

	As of 30.06.2022	As of 31.12.2021
Receivables from direct insurance	151 227	157 443
Receivables from reinsurers or cedants	20 857	20 550
Recourse receivables	11 309	10 796
Other receivables	65 674	60 935
IFRS 9 ECL on other receivables	-	(12 154)
Current assets	186	281
Total receivables and other assets	249 253	237 851

Other receivables include receivables from court claims, receivables from customers, uninsured persons, as well as receivables from the Guarantee Fund.

18. Cash and cash equivalents

	As of 30.06.2022	As of 31.12.2021
Cash on hand	791	2 033
Current accounts	124 819	36 824
Deposits up to 90 days	16 357	28 247
Impairment of cash	-	(144)
Total cash and cash equivalents	141 967	66 960

19. Insurance reserves

<i>Insurance reserves, including health and life insurance reserves:</i>	As of June 30, 2022			As of December 31, 2021		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Unearned premium reserve	598 916	(557 083)	41 833	498 898	(438 957)	59 941
Unexpired risk reserve	-	-	-	120	-	120
Claims reserves, incl.:	1 032 937	(719 333)	313 604	912 320	(646 501)	265 819
<i>Reserves for incurred, but not reported claims</i>	626 132	(456 334)	169 798	554 558	(415 726)	138 832
<i>Reserves for reported, but not settled claims</i>	406 805	(262 999)	143 806	357 762	(230 775)	126 987
Other technical reserves	1 387	-	1 387	14 628	476	15 104
Mathematical reserves	5 029	-	5 029	4 970	-	4,970
Total insurance reserves	1 638 269	(1 276 416)	361 853	1 430 936	(1 084 982)	345 954

20. Payables to reinsurers and other payables

	As of 30.06.2022	As of 31.12.2021
Payables from direct insurance	26 773	25 216
Payables to reinsurers	102 931	94 152
Payables under lease contracts	22 054	22 149
Other payables	58 628	62 923
Total payables to reinsurers and other payables	210 386	204 440

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21. Payables on loans

	As of 30.06.2022	As of 31.12.2021
Payable on loan from Eurohold	14 579	-
Payable on loan from Starcom	12 412	12 060
Payable on loan from Autounion	-	14 397
Other payables on loans	400	2 452
Payable on loan from AMC IV ALPHA BV	15 612	15 268
Total payables on loans	43 003	44 177

22. Subordinated liabilities

	As of 30.06.2022	As of 31.12.2021
Payable on bond loan EIG AD	-	20 007
Payables on Starcom Holding sub debt	16 818	16 372
Total subordinated liabilities	16 818	36 379

Bond loan

Dated December 18, 2014 the bond loan is issued in the form of 100 materialized, subordinated, unsecured as of the emission date bonds with nominal value of EUR 100 thousand each. The loan has contracted amount of EUR 10,000 thousand (BGN 19,958 thousand) and maturity date 18.12.2021. The interest rate consists of floating and fixed interest component – 13% plus 3M Euribor, due at the end of each quarter..

Under the terms of the bond loan there is a clause the interest rate to be reduced to 9.75% plus Euribor if a guarantee by Eurohold Bulgaria AD is issued. Such guarantee was issued on March 18, 2015, which reduced the interest rate.

On 05.01.2022 the bond loan was fully repaid together with the accumulated coupon.

On August 25, 2020, a loan agreement in the form of subordinated debt was signed with Starcom Holding AD with a limit of EUR 12.6 million, an interest rate of 6% and a repayment period not earlier than 5 years from the date of crediting the last tranche of the loan. On July 01, 2021 according to an Annex to the loan agreement EUR 9.9 million are transferred into a short-term loan. As at December 31, 2021 the remaining amount under the subordinated debt loan is EUR 2.7 million.

On February 19, 2021, a loan agreement in the form of a subordinated debt was signed between Starcom Holding AD (Lender) and EIG AD (Borrower) in the amount of EUR 10 million and an interest rate of 6%. The repayment period is not earlier than 5 years from the transfer of the last tranche under the contract. In March 2021, the first tranche of EUR 5 million was transferred.

As at 31 December 2021 there was no change and the principal amount of the loan was EUR 5 million.

23. Financial liabilities

	As of 30.06.2022	As of 31.12.2021
Financial guarantee provided to Eurohold Bulgaria AD	2 372	2 372
Total subordinated liabilities	2 372	2 372

The financial liability reported here is related to the financial guarantee provided to Euroins Bulgaria AD by Euroins Insurance Group AD as part of the EMTN programme (Euro Medium Term Note programme) of Eurohold Bulgaria AD traded at Irish Stock Exchange. At 31.03.2019 and 31.12.2018 the guarantee is valued as

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per the requirements of IFRS 9 at an amount of BGN 1,916 thousand. The realized revenue of BGN 7 thousand for 2018 was reported as financial income.

As at December 31, 2019, the guarantee was estimated at BGN 1,924 thousand and the realized expense of BGN 8 thousand for 2019 was reported as a financial expense.

As at December 31, 2020, the guarantee is estimated at BGN 1,941 thousand and the realized expense of BGN 16 thousand for 2020 is reported as a financial expense.

In 2020, a new financial guarantee is established in favor of the International Bank for Economic Co-operation (IBEC) to secure liabilities of Eurohold Bulgaria AD under a loan agreement in the amount of EUR 20 million concluded on July 28, 2020 and maturing 24 months from the date of the first tranche, but not later than 30 months from the date of signing of the contract. The guarantee as of December 31, 2020 is estimated at BGN 361 thousand based on the amount transferred at the date of this financial report by Eurohold Bulgaria AD amounting to EUR 15 million.

As at 31.12.2021 the guarantee is estimated at BGN 374 thousand. The increase of BGN 13 thousand was recorded as a financial expense in the income statement

The assessment made is based on the expected probability of default of Eurohold Bulgaria AD, based on its credit rating. Euroins Insurance Group AD makes an annual review of the assumptions related to the recognized liability under the financial guarantee on the basis of available market information, taking into account the residual term as well as the change in the creditworthiness of Eurohold Bulgaria AD.

24. Equity

	As of 30.06.2022	As of 31.12.2021
Share capital	576 243	576 243
Revaluation and other reserves	(12 569)	(2 142)
Revaluation reserve from recalculations in the presentation currency in the consolidated financial statements	13 967	12 693
	<u>577 641</u>	<u>586 794</u>
Accumulated loss	(179 091)	(238 415)
Total equity and reserves	<u>398 550</u>	<u>348 379</u>

The shareholders' structure presented above shows the share capital registered with the Bulgarian Commercial register.

On 19 November 2015 the General meeting of the shareholders of the Company has voted a decision to increase the capital of the EIG by issuing 195,583,000 new materialized registered shares bearing voting rights with nominal value of BGN 1. And as at 31 December 2017 the registered share capital of the Company comprises of 483,445,791 shares, out of which 76,981,791 are materialized, registered, preferred shares and 406,464,000 are materialized, registered, common shares with nominal value of BGN 1 each.

The paid-in capital as at 31 December 2017 amounts to BGN 481,482,622. In 2018 the last instalment of the capital increase of BGN 1,963 thousand has been paid in.

On 25 October 2018 a capital increase to the level of BGN 543,445,791 has been registered into the Commercial Register by issuing 60,000,000 new materialized, registered, common shares with nominal value of

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AS OF JUNE 30, 2022

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BGN 1, all of which have been subscribed by Eurohold Bulgaria AD. 25% of the nominal value have been paid in at the day of the registration in the Commercial Register with the rest being due in two years time. In 2019, BGN 3,950 thousand were paid in connection with the above-mentioned capital increase.

On July 31, 2020, BGN 22,296,462 were paid in connection with the above-mentioned capital increase.

On December 2, 2020, BGN 18,753,538 were paid in connection with the above-mentioned capital increase.

As of December 31, 2020, the subscribed capital is fully paid.

On 29.09.2021 The General Meeting of Shareholders decided to simultaneously reduce and increase the capital of EIG AD by cancelling 19,229,057 ordinary shares to BGN 524,216,734 and increasing it to BGN 576,242,734 by issuing a further 52,026,000 ordinary shares with a nominal and issue value of BGN 1. This increase was distributed as Eurohold AD recorded 15,060,813 shares and a third party 36,965,187 shares.

A decision of the Council of 07.10.2021 found that Eurohold AD paid on 30.09.2021 15,060,813 shares for BGN 15,060,813, respectively. On 07.10.2021, EUR 18.9 million was received from the EBRD, with which it purchased the remaining 36 965 187 shares. Eurohold and the EBRD have been issued temporary certificates.

On 07.10.2021 a contract was concluded for the purchase of shares between Eurohold and EBRD under which Eurohold sold 20,082,844 shares of Euroins Insurance Group AD to the EBRD.

The ultimate parent company is Starcom Holding AD.

Shareholders' structure

	As of June 30, 2022		As of December 31, 2021	
	Share capital	Percentage	Share capital	Percentage
Eurohold Bulgaria AD	519,194,703	90,10	519 194 703	90,10
EBBP	57,048,031	9,90	57 048 031	9,90
	576,242,734	100.00	576,242,734	100.00

25. Goodwill

	As of 30.06.2022	As of 31.12.2021
Goodwill	164 478	164 478
Total subordinated liabilities	164 478	164 478

26. Non-controlling interest

Subsidiary	As of 30.06.2022	As of 31.12.2021
Insurance company Euroins AD	660	640
Euroins Romania Asigurare - Reasigurare S.A.	2 198	1 609
Euroins Osiguruvanje AD, North Macedonia	793	811
PJSC Euroins Ukraine Insurance Company	171	184
Insurance Company EIG Georgia AD	3 696	2 711
Total non-controlling interest	7 518	5 955