



*Translation from Bulgarian*

**ANNUAL SUMMARY  
REPORT ON  
STATE-OWNED  
PUBLIC  
ENTERPRISES  
FOR 2021**

Sofia, 2022

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### INFORMATION ON PUBLIC ENTERPRISES CATEGORIZED AS "LARGE"

## ABBREVIATIONS

OECD	Organization for Economic Co-operation and Development
PECA	Public Enterprises and Control Agency
PEA	Public Enterprises Act
IRPEA	Implementing Rules of the Public Enterprises Act
CA	Commercial Act
FA	Forestry Act
SBRBA	State Budget of the Republic of Bulgaria Act
MSIWPRBA	Maritime Spaces, Inland Waterways and Ports of the Republic of Bulgaria Act
EIA	Export Insurance Act
FMCPA	Financial Management and Control in the Public Sector Act
EPA	Environmental Protection Act
CR	Commercial Register
MH	Ministry of Health
MRDPW	Ministry of Regional Development and Public Works
MEI	Ministry of Economy and Industry
MTC	Ministry of Transport and Communication
MA	Ministry of Agriculture
MD	Ministry of Defence
MIG	Ministry of Innovation and Growth
MeG	Ministry of e-Governance
ME	Ministry of Energy
MC	Ministry of Culture
MYS	Ministry of Youth and Sports
MF	Ministry of Finance
MES	Ministry of Education and Sciences
MLSP	Ministry of Labor and Social Policy
MT	Ministry of Tourism
MJ	Ministry of Justice
MFA	Ministry of Foreign Affairs
MI	Ministry of Interior
MOEW	Ministry of Environment and Water
EWRC	Energy and Water Regulatory Commission

## 1. INTRODUCTION

The annual summary report on state-owned public enterprises for 2021 has been prepared in accordance with the requirements of Art. 30 of the Public Enterprises Act and Art. 22 of the Implementing Rules of the Public Enterprises Act.

The report shall summarize the performance of public enterprises in 2021 and the implementation of the Corporate Governance Guidelines for State-owned Enterprises. The report was prepared based on data from the annual reports of public enterprises, from other publicly available sources and registers and with the assistance of public enterprises and bodies exercising the rights of the state.

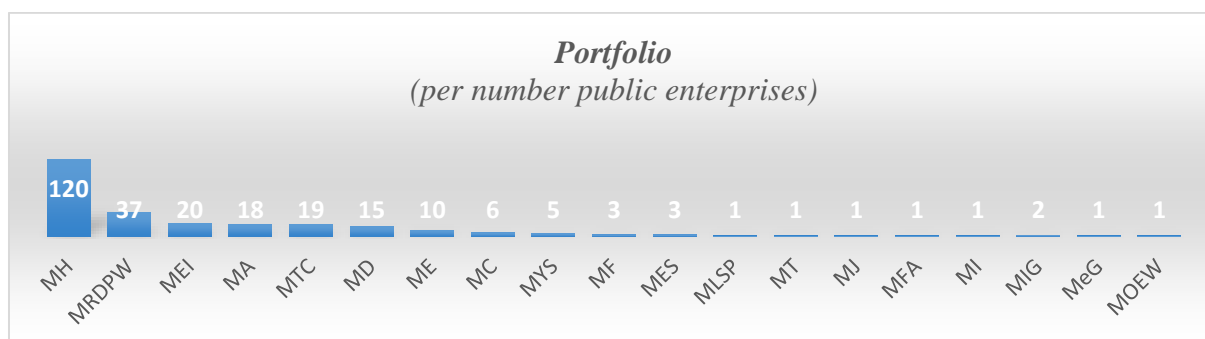
The adoption of the Annual Summary Report on State Public Enterprises for 2021 by the Council of Ministers is part of the commitments for investments and reforms included in the Recovery and Sustainability Plan of the Republic of Bulgaria, in the part – Improving the framework for the management of state owned enterprises, as well as commitment in the Action Plan with measures to address the subsequent commitments of the Republic of Bulgaria after joining the Monetary Mechanism II (ERM II) and other related policies.

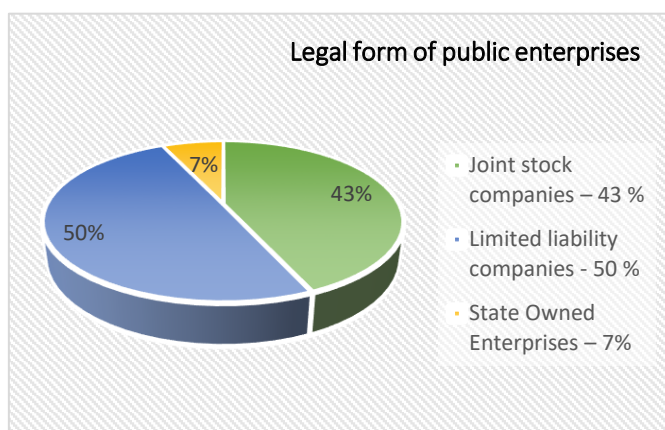
The expectations of the society and stakeholders are that the state should be an informed owner and shall make informed decisions. The report shall aim to review the state property, the property's management and the public enterprises' development. The report will raise awareness on how the bodies exercising property rights govern the state property and improve understanding of how enterprises assets are managed.

## 2. STATE PORTFOLIO IN PUBLIC ENTERPRISES

### 2.1. Overview of the state's portfolio

At the end of 2021, the state exercises a dominant influence in **265** public enterprises, representing commercial companies with over 50 percent state participation in the capital, including their subsidiaries and state owned enterprises established by special laws pursuant to Art. 62, para. 3 of the CA. The number of employees in public enterprises is about 122 000 according to the annual financial statements of public enterprises for 2021.

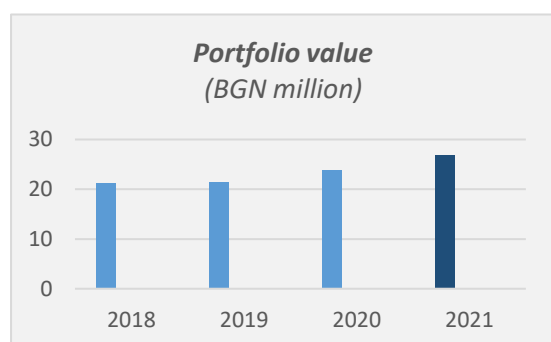




State public enterprises operate in sectors covering 18 economic activities, according to the classification of economic activities (CEA-2008) of the National Statistical Institute by Sector. They operate in three legal forms: Within the meaning of Art. 62, para. 3 of the Commercial Act, 115 are joint stock companies, 132 are limited liability companies and 18 are state owned companies.

According to the criteria in the Accounting Act, 50 public enterprises are categorized as “large”. Within the meaning of Art. чл.62 para. 3 of the Commercial Act, 35 of these are joint stock companies, 5 are limited liability companies and 10 are state owned companies.

In this report, the book value of equity method was used to estimate the value of public enterprises. The main sectors of the economy related to energy, infrastructure, and industry shall be decisive for the changes in the portfolio’s value of public enterprises in 2021 as well.



The total value of the public enterprises’ equity as of 31.12.2021 is BGN 26,850 million and is BGN 3,120 thousand more than the value for 2020. The increase in the value of the equity capital of the entire portfolio is mainly due to the increase in the equity capital of “Bulgartransgaz” EAD (by BGN 1,053 million), of “National Electric Company” EAD (by BGN 723 million), to “Bulgarian Energy Holding” EAD (with BGN 321 million) and Kozloduy NPP EAD (with BGN 541 million).

## 2.2. Changes in the state portfolio structure

The Council of Ministers shall exercise the rights of the state in public enterprises and can delegate these rights to the ministers according to their sectoral competence.

- By Order No. 2/15.07.2021, the Council of Ministers has appointed the Minister of Finance to directly exercise the rights of the state in "Fund Manager of Financial Instruments in Bulgaria" EAD, Sofia, except the rights under Art. 221, item 1 of the Commercial Act
- By Order No. 5/22.12.2021, the Council of Ministers has appointed the Deputy Prime Minister for effective management to exercise the rights of the state in the capital of "Bulgarian Posts" EAD, Sofia.
- By Order No. 6/30.12.2021, the Council of Ministers has appointed the Minister of e-governance to exercise the rights of the state in the capital of “Information Services” AD – Sofia.

- By decision of the Board of Directors of “National Company Industrial Zones” EAD, Sofia, Protocol No. 32/25.11.2021 "Industrial zone - Vidin" EAD, Vidin was terminated without liquidation, having been transformed through its merger into "National Company Industrial Zones" EAD Sofia.

- With the aim of creating opportunities to overcome the adverse consequences and problems with the price of electricity on the free market and the impact of these processes on the companies from the water supply sector, the Supervisory Board and the Management Board of "Bulgarian Water Supply Holding" EAD have adopted a decision to establish a sole limited liability company - "W&S Energy Group" Ltd, Sofia. With Minutes of meeting No. T3-58/14.10.2021, the Minister of Regional Development and Public Works, in his capacity as the sole owner of the capital of “Bulgarian W&S Holding” EAD, has decided to establish “W&S Energy Group” Ltd, Sofia. The Company’s scope of business will be: carrying out trade in electricity and energy carriers, financing, investment research, design, construction, repair, reconstruction and operation of facilities in the field of energy, production, transmission and sale of electricity and thermal energy, after obtaining a relevant license. The Company’s capital is in the amount of BGN 1,000,000, fully subscribed and contributed, as a cash contribution, by the sole owner of the capital on the date of entry of the company in the Commercial Register.

- On July 22, 2020, a concession contract for Sofia Airport was concluded between the Government of the Republic of Bulgaria and "Sof Connect" AD. The start date of the Sofia Airport concession is April 20, 2021. The concessionaire "Sof Connect" AD acquires the exclusive right to manage the "Civil Airport for Public Use Sofia" - public state-owned property, including the use and management of all immovable and movable property of Sofia Airport. As a result, from the start date of the concession, namely - 20.04.2021, the enterprise ceases all its aviation and commercial activities on the territory of Sofia Airport.

- The companies – “Agrouslugi” OOD with 99.95% state participation in the capital and “Hop Pellet Workshop” EOOD with 100% state participation in the capital are not operating and do not function. The Ministry of Agriculture is about to start a procedure for their liquidation.

### **3. FINANCIAL AND OPERATIVE POSITION OF PUBLIC ENTERPRISES AS OF 31.12.2021**

The main goal of the state is to achieve the best possible economic and social outcome. The state has a significant responsibility to be an active, predictable and professional owner

#### **3.1. Aggregated reporting data**

The report of the Bulgarian state ownership for 2021 includes 265 public enterprises in which ministries and holding structures exercise a dominant share in them. Many of the state-owned public enterprises are essential to the country's economy and are leaders in some of the following sectors: energy, health care, transport, water supply and sanitation.

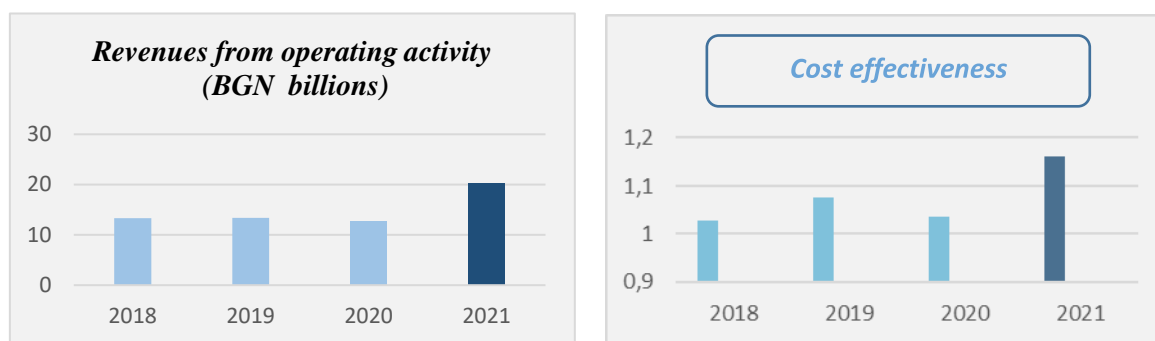
This report shall aim to review the performance of public enterprises in 2021 and disclose to the competent authorities and the public the results of their activity during the reporting period.

In an appendix to the report, an analysis was made of 50 public enterprises categorized as "large", separately for each one, using the reporting data on the enterprises' activity.

The coefficients used for all public enterprises shall be the Return on expenses ratio (ROEX) – among the group of indicators characterizing the efficiency of the enterprise's activity, Current ratio – among the group of indicators characterizing the enterprise solvency and Net debt/equity ratio – among the group of indicators characterizing the capital structure. In relation to public enterprises, carrying out mainly commercial activity, a return on equity ratio (ROE) has also been derived.

The change in the used financial indicators compared to 2020 stems from the Policy on State Participation in Public Enterprises approved by Decision No. 776 of October 12, 2022, of the Council of Ministers.

In addition, to compare the performance in 2021 of the public enterprises categorized as "large", carrying out mainly commercial activity, the following indicators are displayed in the form of graphs: net debt/equity ratio and return on expenses ratio. Regarding the performance in 2021 of the public enterprises categorized as "large", carrying out mainly public functions and policies, the liquidity ratio and the return on expenses ratio are shown in the form of graphs. The indicators comparison horizon in the graphs is 5 years and cover the period of 2017-2021.



For the purposes of this report, the financial indicators are shown as follows: Return On Expenses ratio – as a ratio of total revenues to total costs; current ratio – as a ratio of current/short-term assets to current liabilities; Net debt/equity ratio – as a ratio of total liabilities to equity capital and Return On Equity - as a ratio of net profit to equity capital.

For the purposes of the report, the income and expenses were taken, not recognizing those components that are extraordinary, not typical for the realization of the activity or do not have a real nature of outgoing or incoming cash flow.

Despite the COVID-19 crisis and related restrictive measures, economic activity is gradually recovering in 2021 that is characterized by an increase in the revenues and expenses of enterprises. After the deterioration during the pandemic in 2020 of the results of all enterprises, the consolidated income from the operational activity of public enterprises from the entire state-owned portfolio in 2021 increased by BGN 7,279 million compared to the previous year. The largest increase in revenues is for public enterprises from the energy sector - from BGN 6,825 million in 2020 to BGN 13,500 million in 2021, which represent 67% of the consolidated operating revenues of all public enterprises.

**Public enterprises from the energy sector, categorized as "large",** participate with the largest share of all public enterprises in the gross domestic product of the country - Table 1:

<b>Table 1</b>	
<b>Enterprise</b>	<b>Share in Gross Domestic Product %</b>
“National Electric Company” EAD	3,1
“Kozloduy NPP” EAD	2,1
“Bulgargaz” EAD	1,6
“TPP Maritsa Iztok 2” EAD	1,0
“Electricity System Operator” EAD	0,7
“Bulgarian Energy Holding” EAD	0,6
“Mini Maritsa Iztok” EAD	0,5
“Bulgartransgaz” EAD	0,4

For 2021, the gross domestic product (GDP) of the country amounts to BGN 132,744 million.

The total share of state-owned energy companies operating in the field of production, extraction, transmission and trade in energy resources, united in "Bulgarian Energy Holding" EAD for 2021, amounts to 10% of the country's gross domestic product. With the largest share are:

– "National Electric Company" EAD, which, as a result of the increase in water resources in the company's dams and the growing demand during the gradual recovery of most sectors in the country, in 2021 participates with significant volumes of electricity on the Bulgarian Independent Energy Exchange and on the free market;

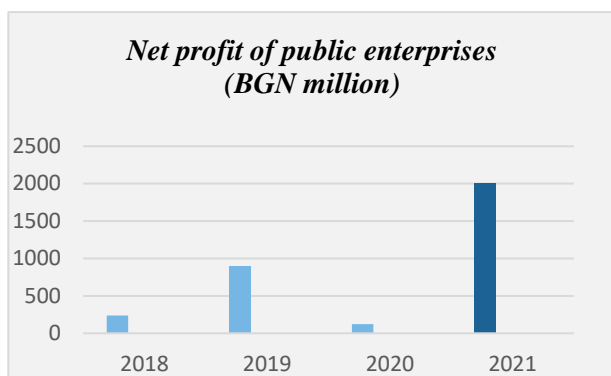
– Kozloduy NPP” EAD identifies the rise in electricity prices in 2021 as the main reason for the more than doubling of the company's revenues compared to 2020.

Another sector that accounts for its contribution to the country's GDP is the transport sector. The participation of large public enterprises from the sector is presented in Table 2:

**Table 2**

<b>Enterprise</b>	<b>Share in Gross Domestic Product %</b>
State enterprise “National Railway Infrastructure Company” EAD	0,12
“BDZ – Passenger Services” Ltd coefficient of gross added value	0,06537
SE “Bulgarian Air Traffic Services Authority”	0,23.
“Transport Construction and Recovery” EAD	0,0014
“BDZ – Cargo Services” Ltd	0,09
“Port Varna” EAD	0,04
SE “Port Infrastructure”	0,03

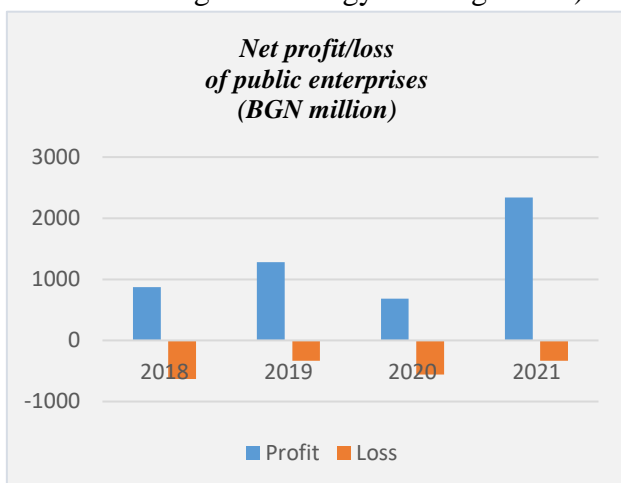




The net profit realized by public enterprises in 2021 is in the total amount of BGN 2,007 million, to which the most significant contribution is made by enterprises from the energy sector – BGN 1,990 million. (99%). The remaining public enterprises generate a total profit of BGN 17 million. (1%).

According to data as of 31.12.2021 of the individual annual financial statements of public enterprises, including their subsidiaries:

✓ 183 public enterprises report a net profit at the end of the year. The growth of the net profit total amount for 2021 is BGN 1,214 million more compared to 2020 and is amounting to BGN 2,339 million, with the most significant contribution again being made by the enterprises from the sector of the Ministry of energy - 92% (NPP "Kozloduy" EAD, "National Electric Company" EAD and "Bulgarian Energy Holding" EAD). The other ministries participate in the reported net

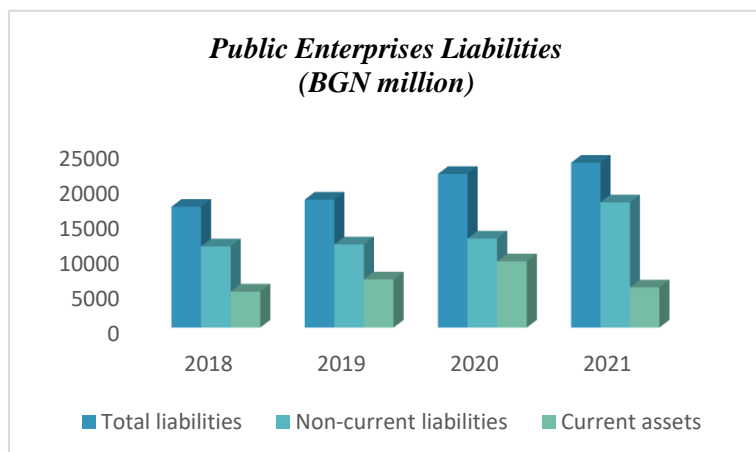


profit as follows: healthcare - by 2.7%, economy and industry - by 2.2%, regional construction and improvement - by 1%, transport and communications - by 0.8% and others - by 1.3%;

✓ 82 public enterprises ended the financial year 2021 with a total loss of BGN 332 million. For comparison, in 2020, 145 public enterprises generated a total loss of BGN 4,426 million.

The financial result of public enterprises, including from previous years, shows an improvement in 2021, decreasing from a loss amounting to BGN 3,821 million in 2020 to a loss amounting to BGN 2,203 million in 2021. The largest amount of the accumulated loss, including from previous years, is reported by "TPP Maritsa Iztok 2" EAD – BGN 1,287 million, State Enterprise "National Railway Infrastructure Company" – BGN 633 million and "National Electric Company" EAD – BGN 1,246 million.

The assets of all public enterprises have a total book value of BGN 50,454 million, including BGN 14,396 million in current assets, incl. BGN 5,882 million in cash.



The total amount of liabilities of all public enterprises, for every single year for the period 2018-2021, is increasing. The enterprises with the largest liabilities are those from the Ministry of Energy – BGN 13,749 million, from the Ministry of Transport and Communications – BGN 4,330 million, and from the Ministry of Regional Development and Public Works – BGN 2,337

million. This is as a result of the concentration of the largest public enterprises in these ministries.

Although the expenses of public enterprises in 2021 are increasing, the growth of the net profit from the activity of public enterprises in the reporting year is mainly due to the significant increase in the total income from the activity of public enterprises in the energy sector.

#### *Statement of profit and loss*

BGN million	2021	2020	2019	2018
<b>Statement of revenues</b>				
Total revenues	20 154	12 808	13 892	13 666
Sales revenues	19 793	12 568	13 320	13 280
Other revenues	361	240	571	386
<b>Expenses</b>				
Total expenses	18 044	12 777	13 002	13 427
For operating activity	17 009	12 136	12 443	12 973
Other expenses/ financial	1 035	641	559	454
<b>Net profit/loss</b>	<b>2 007</b>	<b>122</b>	<b>890</b>	<b>238</b>

#### *Balance*

BGN million	2021	2020	2019	2018
<b>Assets</b>				
<b>Total assets, including:</b>	<b>50 454</b>	<b>45 332</b>	<b>40 285</b>	<b>37 471</b>
Long term assets	36 058	32 340	29 403	28 574
Short term assets	14 396	12 909	10 211	8 272
Cash	5 882	4 054	3 068	3 471
<b>Liabilities</b>				
Total liabilities	23 662	21 819	19 161	17 150
Non-current liabilities	17 777	12 631	11 787	11 528
Current assets	5 885	9 387	6 836	5 107
Equity	26 850	23 730	21 124	20 320
<b>Total liabilities and equity</b>	<b>50 512</b>	<b>45 873</b>	<b>40 285</b>	<b>37 470</b>

### 3.2. Dividend policy

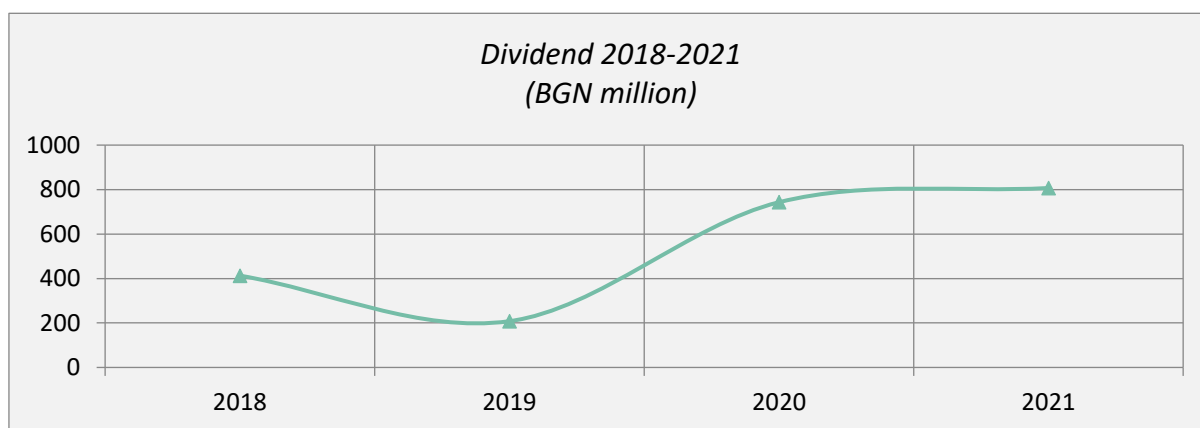
For each financial year, the Council of Ministers, by its order, determines the dividend policy related to public enterprises in Bulgaria.

By Order No. 1/28.04.2021, amended by Order No. 3/2021 and supplemented by Order No. 4/2021, the Council of Ministers determines the amount of deductions from the profit, respectively dividend for the state for the financial year 2020 to be 50% of the profit for all state-owned public enterprises, with the exception of medical facilities for hospital care and companies from the "Water Supply and Sewerage" sector.

By the amendment made by Order No.4 to Order No.1 allows joint stock companies with state participation in the capital, which are public companies and pay a 6-month dividend under the terms of Article 115c of the Public Offering of Securities Act, to distribute an interim dividend of not less than 50 percent of the profit, according to the 6-month financial statement for the first half of 2021.

The paid deductions from the profit, respectively dividends from the activity of public enterprises for the financial year 2020 are in the amount of BGN 807 million. The amount includes the set by the above mentioned Orders deductions from the profit, respectively dividends of the public enterprises with state participation in the capital, of state-owned enterprises, established by special laws under the order of article 62, paragraph 3 of the CA, as well as deductions from the profit, respectively dividends from the activity of the subsidiaries of some of public enterprises. This amount includes the dividends paid to "Bulgarian Energy Holding" EAD, amounting to BGN 762 million, of which: From "Kozloduy NPP" EAD - BGN 137 million regular and BGN 470 million additional dividend; from "Electricity System Operator" EAD - BGN 25 million regular and BGN 35 million additional dividend, BGN 14 million paid dividend by "Bulgargaz" EAD and BGN 80 million paid dividend by "Bulgartransgaz" EAD, including and for the financial year 2019 - BGN 49 million. In 2021, the Board of Directors of "Bulgarian Energy Holding" EAD distributed an additional dividend from other reserves to the subsidiaries "Kozloduy NPP" EAD and "Electricity System Operator" EAD in the total amount of BGN 505 million. Additionally, due to the intensive investment activities related to the expansion of the national gas transmission infrastructure, which impede the payment of a dividend in favor of the holding, in 2021 "Bulgartransgaz" EAD paid the dividend due for 2019 and 2020.

Funds from public enterprises actually paid and contributed as non-tax revenues to the state budget are:



– Dividend income for the state in 2021 in the amount of BGN 53.6 million

**Order No. 5/27.04.2022, on the establishment and payment of deductions from the profit of state-owned enterprises and commercial companies with state participation in the capital in favor of the state**

- For deducting part of the profit on the annual financial report after taxation for the financial year 2021, reduced by the uncovered losses from previous years - 100 percent for limited liability companies. For "Bul Bio - NCIPD" EOOD the deduction amounts to 50%;

- For joint-stock companies, subject to compliance with the requirements of Art. 247a of the Commercial Act, after deducting the deductions for the "Reserve" fund, when this fund is not replenished according to Art. 98 of the amount of deductions is as follows:

- for "Bulgarian Energy Holding" EAD – BGN 190,710,764;
- for "Terem Holding" EAD, "State Consolidation Company" EAD, "Balneological center – KAMENA" EAD and "Health Investment Company for Children's Hospital" EAD – 50%;
- for all joint stock companies – 100%.

- for the state-owned enterprises established pursuant to Art. 62, para. 3 of the Commercial Act -100 %. for "Prison Deed Fund" State Enterprise and for state-owned enterprises under art. 163 of the Forest Act, the deduction amount is 50%.

- The representatives of the state in the General Assemblies of the commercial companies with state participation in the capital in the distribution of the profit for 2021 to propose and vote the deduction of a part of the profit for the partners, respectively the distribution of a dividend for the shareholders, under the conditions and in the amounts determined in item 1, as for "Bulgarian Stock Exchange" AD and "Information Service" AD the deduction is in the amount of 70 percent.

- State-owned enterprises and commercial companies with more than 50 percent state participation in the capital, which own shares or stocks in other commercial companies, shall authorize their representatives in the General meetings of these companies, when distributing the profit for 2021, to propose and vote a deduction of part of the profit for the partners, respectively distribution of dividend to the shareholders, under the conditions and in the amounts defined above;

- The representatives of the state in the general meetings of joint stock companies with state participation in the capital, which pay a 6-month dividend under the terms of Article 115c of the Public Offering of Securities Act, shall distribute an interim dividend of not less than 50 percent of the profit, according to the 6-month financial statement for the first half of 2022.

In 2022, by Order No. 5/27.04.2022 the Council of Ministers, has determined the amount of deductions from the profit, respectively dividend for the state of state-owned enterprises and commercial companies with state participation in the capital for the financial year 2021. From the obligation to pay deductions from the profit, respectively dividends, and for 2021, medical facilities for hospital care, mental health centers and companies from the "Water supply and sewerage" sector are again exempted.

The paid deductions from the profit, respectively dividends from the activity of public enterprises for the financial year 2021 are in the amount of BGN 1,199 million. The amount includes the set by Order No.5 of the Council of Ministers deductions from the profit, respectively dividends of the public enterprises with state participation in the capital, of state-owned enterprises, established by special laws under the order of article 62, paragraph 3 of the CA, as well as deductions from the profit,

respectively dividends from the activity of the subsidiaries of some of public enterprises.

This amount includes the dividends paid to "Bulgarian Energy Holding" EAD, amounting to BGN 962 million, of which: From "Kozloduy NPP" EAD – BGN 890 million, and from "Electricity System Operator" EAD – BGN 72 million. "Bulgarian Energy Holding" EAD has the obligation to distribute and pay dividend to the state budget in the amount of BGN 191 million.

Pursuant to Order No. 4 of 2021, "Bulgarian Stock Exchange" AD has paid 6-month dividend for 2021, from which the part for the state is in the amount of BGN 1,8 million. For the financial year 2021, the part for the state of the total dividend payable is in the amount of BGN 3,4 million.

The paid deductions from the profit, respectively dividends from the activity of public enterprises for the financial year 2021 are in the amount of BGN 1,197 million.

Funds from public enterprises actually paid and contributed as non-tax revenues to the state budget are:

- Dividend income for the state in 2022 in the amount of BGN 258.5 million.

The amount of dividend payable and paid for the financial year 2021 by the "large" public enterprises is presented in the individual information for the public enterprises categorized as "large", annex to this report.

### **3.3 Analysis of the activity of public enterprises by sector**

This section shall present information on state-owned public enterprises with a strong market position, operating in important sectors of the country's economy - energy, transport and postal services, defense industry, water supply and sewerage, and health care.

#### **3.3.1. “Energy” sector**

“Bulgarian Energy Holding” EAD is the largest state-owned company in the country based on owned assets and is 100% owner of the capital of: Mini “Maritsa Iztok” EAD, “TPP Maritsa Iztok 2” EAD, “Kozloduy NPP” EAD, “National Electric Company” EAD, “Electricity System Operator” EAD, Bulgargaz” EAD” and Bulgartransgaz” EAD. Thus, under the structure of “Bulgarian Energy Holding” EAD, all state-owned energy companies operating in the field of production, extraction, transmission and trade of energy resources are united.

Considering the characteristics of the current market model, the companies activity and their financial results depend on the influence of external factors related to both macroeconomic factors and market trends, as well as to the applied models for market regulation by the independent regulatory body – Energy and Water Regulatory Commission (EWRC).

The current model of market functioning shall provide for the presence of companies performing the **functions of a public supplier of electricity and natural gas**. Currently, these functions are carried out by two companies from the structure of "Bulgarian Energy Holding" EAD Group - "National Electric Company" EAD - public supplier of electricity and "Bulgargaz" EAD - public supplier of natural gas. And in 2021, the process of gradual liberalization of the electricity market in Bulgaria continues.

Within the Group, the activities in the "Electric Energy" segment are carried out by the following companies: “National Electric Company” EAD, “Electricity System Operator” EAD, Kozloduy NPP” EAD, TPP Maritsa Iztok 2” EAD.

In the "Natural gas" segment, the activities of transmission, transit transmission, storage and public supply of natural gas are carried out on the basis of licenses issued by "Bulgartransgaz" EAD and "Bulgargaz" EAD, in accordance with the Energy Act and by-laws.

In the "Coal" segment, the lignite coal extracted in "Mini Maritsa-Iztok" EAD is intended for the supply of the thermal power plants of the "Maritsa Iztok" complex, with which the subsidiary is technologically and marketable bound.

The financial results of the activity of public enterprises in the sector is presented in Table 3.

**Table 3**

Thousand BGN												
	Entity	Revenues			Assets			Liabilities			Equity	
		Total	From operating activity	Net profit/loss/	Total	Long term assets	Short term assets	Total	Non-current liabilities	Current liabilities	Total	Financial result, incl. from past years
1	"BULGARIAN ENERGY HOLDING" EAD, ind.	983 067	763 804	320 828	6 768 391	5615053	1 153 338	2675 787	2 572 585	103 202	4 092 604	248 509
2	"Kozloduy NPP" EAD	2 718 653	2 716 879	890 304	4 072 723	2 509 599	1 563 124	745 380	376 528	368 852	3 327 343	941 233
3	"NATIONAL ELECTRIC COMPANY" EAD	4 075 756	4075 756	650 096	6 042 693	4 997 763	1 044 930	4 082 282	3 448 759	633 523	1 960 411	-596 075
4	"ELECTRICITY SYSTEM OPERATOR" EAD	946 840	946 815	79 460	3 181 667	2 808 086	373 581	926 968	674 924	252044	2 254 699	81 859
5	"MINI MARITSA IZTOK" EAD	604 649	602 038	-17 089	1 170 574	775 801	394 773	362 707	245 090	117 617	807 867	-17 134
6	"TPP MARITSA IZTOK 2" EAD	1 341 842	1 341 730	-137 426	1 894 129	1 597 896	296 233	1 525 604	1 129 721	395 883	368 525	-1 286 796
7	"BULGARGAZ" EAD	2 13 5 643	2 135 224	63 905	601 033	2 032	599 001	272 120	52 467	219 653	328 913	82 458
8	"BULGARTRANS-GAZ" EAD	605 605	582 600	140 701	6 452 636	5719950	732 686	2 891 029	2 117 870	773 159	3 561 607	192 310

For the reporting period, the financial policy of "Bulgarian Energy Holding" EAD for the financial position stabilization and ease of the cash balances of the subsidiaries was implemented through the following actions:

- In continuation of the short-term goals of stabilizing the financial position of "TPP Maritsa Iztok 2" EAD and in implementation of the National Assembly's decision of January 31, 2020 to prevent in the long term the termination of operation and/or the limitation of the plant's production capacity, in 2021, "Bulgarian Energy Holding" EAD started the process of ongoing purchase of the necessary quotas for carbon emissions. Within the period 19.07.- 31.12.2021, the holding purchased a total of 8,237,346 tons of greenhouse gas emissions, including to fulfill the plant's commitments for 2021 and 2022, for a total value of EUR 551,917 thousand. The competitive prices of the electricity produced by "TPP Maritsa Iztok 2" EAD in 2021 have allowed the plant to currently pay the quotas for greenhouse gas emissions that "Bulgarian Energy Holding" EAD provided.

- In view of the lower interest costs achieved by "Bulgarian Energy Holding" EAD as a result of the bond issue placed in 2021, by a decision of the Holding's Board of Directors, the previously valid reference interest rate on intra-group loans already granted by "Bulgarian Energy Holding" EAD has been reduced. As a result of the decision, new contracts and agreements were concluded with some of the subsidiaries under loan contracts;

- To protect the public interest and the country's energy security, under conditions of a progressive increase of "Toplofikacia Sofia" EAD's obligations to "Bulgargaz" EAD, and to guarantee a continuous and high-quality supply of natural gas to customers in the country, on October 28, 2021 "Bulgarian Energy Holding" EAD concluded a cession contract with "Bulgargaz" EAD, through which were transferred "Bulgargaz" EAD's receivables from "Toplofikacia Sofia" EAD, in connection with unpaid supplies of natural gas within the period June 2021 - October 2021 at a nominal value as of October 27, 2021, amounting to BGN 121,120 thousand.



○ Given the deteriorating liquidity position of Bulgargaz EAD, the urgent deadlines for payment of the company's deliveries to its counterparties, and the outstanding obligations of Toplofikatsia Sofia EAD for natural gas delivered in November 2021, on November 18, 2021, it was concluded another cession agreement between “Bulgarian Energy Holding” EAD and “Bulgargaz” EAD with a nominal value of receivables amounting to BGN 85 207 thousand.

As of December 31, 2021, the receivables of “Bulgarian Energy Holding” EAD for loans granted to related parties amounted to BGN 2 368 423 thousand, of which non-current amounts to BGN 2 279,532 thousand and current amounts to BGN 88 891 thousand.

### 3.3.2. “Defence Industry” sector

Enterprises in the "Defense Industry" sector include:

“Kintex” EAD, “NITI” EAD; “Vazovski Machinostroitelni Zavodi” EAD, and “Avionams” EAD, with 99.97% of their capital are owned by “State Consolidation Company” EAD.

The Minister of Defense exercises the ownership rights of the state in the capital of “Terem Group” EAD, which includes “Terem Holding” EAD and five sole proprietorships with limited liability.

Enterprises operating in the Defense Industry sector end 2021 with the following financial results presented in Table 4:

**Table 4**

Thousand BGN													
	Entity	Revenues			Assets			Liabilities			Equity		
		Total	From operating activity	Net profit/loss/	Total	Long term assets	Short term assets	Total	Non-current liabilities	Current liabilities	Total	Fixed capital	Financial result, incl. from past years
1	"KINTEX" EAD	118 647	108 675	11 274	138595	6 385	132 210	42 077	24 935	17 142	96 518	2 019	11 274
2	"VAZOVSKI MACHINOSTROITELNI ZAVODI" EAD	191 779	189 152	1 073	464 348	122 251	342 097	128 068	11 133	116 935	336 280	185 500	1 073
3	"NITI" EAD	4 398	4 398	59	4 186	2 527	1 659	1 039	554	485	3 147	690	60
4	"AVIONAMS" AD	18 849	18 200	397	32 880	4 203	28 677	18 062	12 391	5 671	14 818	56 469	-42 345
5	"TEREM HOLDING" EAD	18 502	17 632	1 995	200 821	103 855	96 966	79 804	44	79 760	121 017	53 331	2 025
6	"Terem – Ivaylo" EOOD	2 131	2 131	-920	4 706	2 870	1 836	8 114	4 461	3 653	-3 408	5 560	-8 933
7	"Terem-Shipyard Flotski Arsenal" EOOD	23 857	23 815	-267	21 865	9 131	12 734	7 384	662	6 722	14 481	11 598	1 171
8	"Terem–Letets" EOOD	4 013	4 011	-1 586	4 986	1 486	3 500	13 648	9 494	4 154	-8 662	4 654	-13 640
9	"Terem–Khan Krum" EOOD	4 774	3 715	-1 040	13 132	6 989	6 143	29 977	26 514	3 463	-16 845	24 570	-45 388
10	"Terem – Tzar Samuil" EOOD	1 043	1 043	-249	800	483	317	1 721	642	1 079	-921	1 498	-2 377

### 3.3.3. “Rail Transport” Sector

The transport sector is a key sector of the Bulgarian economy, both because of its connecting role in relation to other economy's sectors, and because of its own contribution to gross added value and employment. The policy in the field of increasing the quality of the offered

transport services and sustainable development of public transport covers the solution of a wide range of social, financial, technological and infrastructural problems at local, national and international level.

Public enterprises in the railway, water and air transport sectors form 14% of the equity value of the portfolio of state-owned public enterprises. The enterprises' operating revenues are 7% of the s 7% of the total operating income of the entire portfolio of public enterprises.

Information on public enterprises from the "Rail transport" sector is presented, with financial results of the public enterprises' activity in the sector in 2021 - in Table 5.

**Table 5**

Thousand BGN													
	Entity	Revenues			Assets			Liabilities			Equity		
		Total	From Operating revenues	Net profit/loss/	Total	Long term assets	Short term assets	Total	Non-current liabilities	Current liabilities	Total	Fixed capital	Financial result, incl. from past years
1	"HOLDING BULGARIAN STATE RAILWAYS" EAD ind.	10 574	10 525	7 430	253 344	232 841	20 503	32 181	20 783	11 398	221 163	248 923	-174 304
2	"BDZ - PASSENGER SERVICES" LTD	272 982	272 936	-32 523	583 918	500 277	83 641	333 918	249 857	84 061	250 000	13 005	-105 027
3	"BDZ - CARGO SERVICES" LTD	126 083	126 017	-7 046	215 014	176 036	38 978	123 573	79 083	44 490	91 441	25 791	-146 373
4	STATE ENTERPRISE "NATIONAL RAILWAY INFRASTRUCTURE COMPANY" EAD	513 248	511 547	-14 440	4 560 326	4 262 071	298 255	3 305 217	3 267 401	37 816	1255 109	100 000	-632 953

### **3.3.4 "Post services" sector**

#### **"Bulgarian Posts" EAD**

As of 31.12.2021, "Bulgarian Posts" EAD realized a net loss from its overall activity in the amount of BGN 13,792 thousand, compared to a reported loss amounting to BGN 5,155 thousand for the previous year.

The total amount of revenues for 2021 amounts to BGN 233,576 thousand. Compared to the report for 2020, were realized BGN 15,549 thousand more, or thus is a growth of 7.13%.

Revenues from funding for services of general economic interest (Universal postal service, "pension payment" service and "distribution of printed items" service) amounting to BGN 80,935 thousand and are BGN 4,062 thousand more than reported for 2020.

The financial income is in the amount of BGN 28 thousand and represents income from dividends from participations. Compared to the report for 2020, the financial income is BGN 610 thousand less.

The total amount of operating expenses for 2021 is BGN 245,201 thousand. Compared to the previous year, an overspend of 10.41% (BGN 23,114 thousand) was realized, and compared to the planned expenses, a decrease of 3.61% or BGN 9,183 thousand was reported.

The company's assets for the reporting period are in the amount of BGN 232,490 thousand, as the long-term assets amounted to BGN 112,066 thousand, and the short-term assets are in the amount of BGN 120,424 thousand, including BGN 11,292 thousand in cash.

The company's liabilities are in the total amount of BGN 218,637 thousand, and compared to the previous year 2020, they increase by BGN 27,645 thousand.



### **3.3.5. “Water supply and sewerage” sector**

There are 30 public enterprises providing water supply and sewerage services, including “Bulgarian W&S Holding” EAD. Seventeen (17) of them report as of 31.12.2021 a profit amounting to BGN 14,288 thousand in total. The largest positive financial result was generated by the Water supply and Sewerage companies in Stara Zagora, Burgas and Pleven.

The total reported loss is BGN 11,152 thousand, including from “Water supply and sewerage” Sofia - BGN 3,688 thousand and “Water supply and sewerage – Sliven” – BGN 1,849 thousand. “Bulgarian W&S Holding” EAD reported loss in the amount of BGN 2,228 thousand.

The total amount of revenues in the sector is BGN 647,815 thousand, with expenses of BGN 653,349 thousand as of 31.12.2021.

The assets in the sector have a book value of BGN 1,757,865 thousand. Current assets are worth BGN 1,300,913 thousand, including BGN 980,606 thousand in cash. Liabilities in the sector amounted to BGN 582,312 thousand, including short-term liabilities of BGN 182,616 thousand.

### **3.3.6. “Healthcare” sector**

The Minister of Health exercises the rights of the state as a shareholder or partner in 64 commercial companies with over 50 percent state participation in the capital and in 55 subsidiaries of commercial companies in the healthcare system. Public enterprises from the healthcare sector have the largest number of jobs - about 37,000.

According to their legal status, medical facilities for hospital care are: 21 sole joint stock proprietorships, with 100 % state participation in the capital; 14 sole proprietorships with limited liability, with 100 % state participation in the capital, 26 joint stock companies with more than 50 % state participation in the capital, as the remaining part of their capital is distributed among the municipalities of the respective region and 3 non-medical institutions “Balneological complex – Kamena” EAD, “Bul Bio – NCIPD” EOOD and “Health Investment Company for Children's Hospital” EAD. Multi-profile hospitals are established as joint-stock companies (sole or with mixed state and municipal participation), and specialized hospitals with a smaller volume of activity - as sole limited liability companies. There are also 55 medical centers, hospices, occupational medicine services, etc. registered with the medical facilities.

Medical institutions for hospital care from the “Healthcare” sector are exempted from the obligation to pay dividends, starting from 2016. The reason is their exclusive dependence on a limited number of funding sources - mainly the National Health Insurance Fund and the Ministry of Health, with a small relative share of their own income. Except for the needs of the medical activities carried out and for patient service, the medical facilities shall not carry out commercial transactions. The companies in the sector that are not medical institutions and only distribute dividends according to the regulations are “Balneological complex – Kamena” EAD, “Bul Bio – NCIPD” EOOD. The dividend paid by them in 2021 for the financial year 2020 is in the amount of BGN 3,063 thousand, and the dividend due for the financial year 2021 is in the amount of BGN 4,388 thousand.

Public enterprises from the sector end 2021 with a positive financial result amounting to BGN 30,430 thousand, including 97 enterprises making a profit amounting to BGN 62 965 thousand. The remaining 22 generated a loss in the amount of BGN 32 535 thousand, with BGN 18 617 thousand being the loss for 2021 reported by “Multi-Profile Hospital for Active Treatment

– Lozenets” EAD, and BGN 6 029 thousand being the loss generated by “Dr. Georgi Stranski University Multiprofile Hospital for Active Treatment EAD” Pleven, and BGN 2 412 thousand loss reported by “University Multiprofile Hospital for Active Treatment EAD – Alexandrovska” EAD.

The financial result, including from previous years, is a loss of BGN 312 867 thousand. With the largest amount of loss are “University Multiprofile Hospital for Active Treatment EAD – Alexandrovska” EAD, Sofia (BGN 70 372 thousand), Multi-Profile Hospital for Active Treatment – Lozenets” EAD, Sofia (BGN 39 858 thousand) and “N.I. Pirogov University Multiprofile Hospital For Active Treatment And Emergency Medicine”, Sofia (BGN 24 563 thousand).

Despite the crisis caused by COVID-19, the total liabilities of public enterprises from the sector are decreasing and amount to BGN 774 731 thousand, including BGN 399 198 thousand of a short-term nature, compared to total liabilities for 2020 amounting to BGN 869 057 thousand, including BGN 450 141 thousand of a short-term nature.

### **3.4. Public enterprises that have been assigned obligations to perform a public service or to fulfill public policy objectives**

The state participates in the financing of certain activities related to the implementation of *public services* by public enterprises, providing them with funds for current and capital transfers, as well as subsidies, according to the State Budget of the Republic of Bulgaria Act. Funds shall also be provided to them through the budgets of line ministries. These enterprises perform important public functions and also create jobs throughout the country. They are required to work efficiently and ensure that public objectives are achieved through efficient use of resources.

In 2021, the amount of these funds is determined according to Council of Ministers’ Decree No. 408/23.12.2020 on the implementation of the state budget of the Republic of Bulgaria for 2021, the State Budget of the Republic of Bulgaria Act for 2021, Council of Ministers’ Decree No. 113/29.03 .2021 and Council of Ministers’ Decree No. 177/29.04.2021 on the approval of additional expenses and transfers under the budget of the Ministry of Health for 2021 on account of expenses and/or transfers under the budgets of primary authorities and the amending and supplementing Act of the State Budget of the Republic of Bulgaria Act for 2021.

#### ***State Enterprise “National Railway Infrastructure Company” EAD***

As the sole manager of the railway infrastructure of Bulgaria, the State Enterprise State Enterprise “National Railway Infrastructure Company” EAD organizes its activities in accordance with a 5-year contract concluded at the beginning of 2021 with the state, represented by the Minister of Finance and the Minister of Transport and Communications, 10-year program for the development of railway transport and railway infrastructure and its safe and reliable operation, including in the event of disasters, terrorist acts and military conflicts, a business program for a five-year period and an Annual Program for the construction, maintenance, repair, development and operation of the railway infrastructure.

On the basis of the Agreement and the Annual Program for the construction, maintenance, repair, development and operation of the railway infrastructure approved by the Minister of

Transport and Communications, as well as pursuant to the State Budget of the Republic of Bulgaria Act for 2021 and the related regulatory documents, the enterprise has been granted a reduced **subsidy up to BGN 191 946 thousand**, according to the terms of the contract with the state and **capital transfers in the amount of BGN 137 832 thousand**. The funds provided under the provisions laid down by the State Budget of the Republic of Bulgaria Act under the form of a capital transfer for the repair and acquisition of durable tangible assets and a subsidy for current activity cover only expenses related to the implementation of the activities assigned by the state.

Capital transfers - with the funds provided by the state budget as a capital transfer for 2021, the implementation and corresponding financing of projects from the enterprise's investment program for repair, rehabilitation and construction of objects of the railway infrastructure is ensured. Capital transfers also include funding for projects under the Connecting Europe Facility and Operational Program "Transport and Transport Infrastructure".

### ***“BDZ- Passenger Services” Ltd***

The main activity of “BDZ Passenger Services” Ltd is related to the execution of the contract for the performance of public transport services. The enterprise prepares and publishes in the Electronic Information Register of Public Enterprises a Report on the performance of transport services in accordance with the requirements of Article 11 of the Contract for the provision of public transport services for 2021.



Pursuant to Decree of the Council of Minister No. 408/23.12.2020 on the implementation of the state budget of the Republic of Bulgaria for 2021 and the State Budget of the Republic of Bulgaria Act for 2021, the allocated funds under the Budget program "Organization, management of transport, ensuring safety, security and environmental compatibility" as subsidies for the transport of passengers on the territory of the Republic of

Bulgaria by rail are in the amount of BGN 190,635 thousand. In connection with a limitation of the State Budget of the Republic of Bulgaria Act for 2021 and related regulatory documents, **the approved subsidy for passenger transportation for 2021 amounts to BGN 187 683 thousand**. From the Ministry of Transport and Communications are received BGN 187 177 thousand and the fines withheld in connection with non-fulfillment of the public transport service contract are in the amount of BGN 506 thousand. The funds were spent on the main activity of the company, on internal passenger transport. The financial result of the passenger transport activity, which is the subject of the contract for the performance of public transport services for 2021, is a loss amounting to BGN 31 419 thousand, against a reported loss of BGN 12 243 thousand for 2020. The deterioration of the financial result is mainly due to the increase in the costs of external services (for maintenance and ongoing repairs and for infrastructure charges), for electricity (increased price) and for wages and social security contributions (from the increase in the minimum wage and related payments).

By Decree of the Council of Ministers No. 408/23.12.2020 on the performance of the state budget of the Republic of Bulgaria for 2021 for compensation of the reduced revenues from the application of travel prices, provided for in the normative acts for certain categories of passengers for journeys by rail transport, are calculated funds in the amount of up to BGN 13 000 thousand. **Funds for compensating the cost of free and reduced-price rail travel within the country** are provided based on the trips made with the relevant preferences. In 2021, “BDZ Passenger Services” Ltd received from the Ministry of Finance compensation in the total amount of BGN 6,620 thousand.

Pursuant to Decree of the Council of Ministers No.408/23.12.2020 for the implementation of the State budget of the Republic of Bulgaria for 2021 and the State Budget of the Republic of Bulgaria Act for 2021, **capital transfers from the republican budget in the amount of BGN 109 000 thousand** are provided to “BDZ Passenger Services” Ltd. In connection with a limitation provide by in State Budget of the Republic of Bulgaria Act for 2021 and according to Decree of the Council of Ministers No. 408/23.12.2020, the company dispose with the provided capital transfer in the amount of up to 95%. The limited amount of the capital transfer is BGN 103,550 thousand. The total amount of funds redirected to the Ministry of Health from the capital transfer of “BDZ Passenger Services” Ltd for 2021 is BGN 1 688 thousand. In 2021 the company has not absorbed BGN 25 596 thousand. The funds spent in the amount of BGN 81 716 thousand are for major repairs of tangible fixed assets - repair, modernization and recycling of passenger cars and electric locomotives amounting to BGN 64 169 thousand and for the acquisition of 5 newly manufactured highway electric locomotives in the amount of BGN 17 547 thousand.

### ***State Enterprise “Port Infrastructure”***



State Enterprise “Port Infrastructure” is the **governing body of the Bulgarian ports for public transport** and provides traffic management services and shipping information services.

The company's policy aims to achieve more efficient use of infrastructure and increase economic rationality in the planning, investment, maintenance, and ports operation, while simultaneously providing an opportunity to consider additional factors in terms of environmental protection, public sphere, and energy efficiency. In addition, the company's strategy sets goals to support and improve the quality and efficiency of services provided to port users, to contribute to creating more favorable conditions for investments in ports, to reduce costs for users of transport services, as well as to integrate better maritime transport with rail, inland waterways, and road transport.

The approved investment program of the enterprise for 2021 includes 20 objects planned for financing through a capital transfer with funds from the central budget for 2021.



In accordance with the business scope of the State Enterprise "Port Infrastructure", by Council of Ministers' Decree No. 408 of 23.12.2020 on the implementation of the state budget of the Republic of Bulgaria for 2021 and the State Budget Act for 2021 and the related regulatory documents, to the enterprise were provided **BGN 146 171,800 thousand for financing by capital transfers 20 sites - public state property.**

The implementation of the investment program for the sites financed by capital transfers, included in the annual investment program of the enterprise, for the construction, reconstruction, maintenance, and development of the infrastructure of the seaports of Burgas and Varna and the river ports for public transport - state property is of the amount of BGN 103 317,671 thousand. Of these, 73% (BGN 78 080,875 thousand) were spent on the design and deepening of Channel 1 and Channel 2 of the Port of Varna - engineering, and 14% (BGN 15 060 thousand) were invested in rehabilitation to achieve design depths on the approach channel to port terminals Burgas East - 2 and Burgas - West.

### **"Bulgarian Posts" EAD**

According to the Postal Services Act, the postal operator with the *obligation to provide the universal postal service* receives compensation from the state budget when the obligation to provide the universal postal service results in net costs and represents an unfair financial burden for it. To compensate for the unfair financial burden of the operation of the universal postal service in 2021, on the basis of § 66 of the transitional and final provisions of the Act to Amend and Supplement the Postal Services Act (promulgated, SG, No. 53 of 2019) and for the service of general economic interest in the distribution of periodicals printed publications (newspapers and magazines) with wholesale and retail discounts, directly or on a subscription basis within the territory of the Republic of Bulgaria, to "Bulgarian Posts" EAD are provided funds for subsidies in the total amount of BGN 59 9 million, based on the State Budget of the Republic of Bulgaria Act for 2021.



The funds provided are in the total amount of BGN 59 million.

Funds for subsidies for "Bulgarian Post" EAD are provided and accounted for through the budget of the Ministry of Transport and Communications.

### **"Irrigation Systems" EAD**

With the State Budget of the Republic of Bulgaria Act for 2021 under the budget of the Ministry of Agriculture, funds in the amount of BGN 24 000 thousand have been approved for *the performance of a public service for protection against the harmful effects of water,*

assigned to "Irrigation Systems" EAD, and which are within the current expenses of the Ministry of agriculture's budget and cannot be diverted for other purposes.

With Resolutions No. 58 of February 18, 2021 and No. 377 of November 8, 2021 of the Council of Ministers for the approval of additional expenses/transfers from the reserve under Art. 1, para. 2, section II, item 5.1 of the State Budget of the Republic of Bulgaria Act for 2021, for unforeseen and/or urgent expenses for preventing, controlling and overcoming the consequences of disasters have been provided funds amounting to BGN 6 912,762 thousand. Part of the funds amounting to BGN 387 thousands have been provided to "Irrigation Systems" EAD for carrying out emergency restoration activities. The unspent part of the received funds in the amount of BGN 4 525,757 thousand was reimbursed to the state budget in 2021.

### ***State Enterprise "Kabiuk"***

In connection with a decision of a meeting of the Management Board of the State Fund "Agriculture" from Protocol No. 185 of 29.11.2021, a financial resource was provided from the budget of the State Fund "Agriculture" for 2021 to the budget of the Ministry of Agriculture, designated for the enterprise amounting to BGN 673 185. The funds have been provided for implementation by the State Enterprise "Kabiuk" of the **obligation to perform the public service of conservation of autochthonous and other valuable breeds from the National Genetic Resources fund for Livestock Breeds** and preserving them as a national treasure, as well as in connection with § 54 of the transitional and final provisions of the Act to Amend and Supplement the Animal Husbandry (SG, edition 18 of 2004).

### ***"Studentski Stolove & Obshtezhtiya" EAD***

Based on Resolution No. 408 of the Council of Ministers of 23.12.2020 for the implementation of the State Budget of the Republic of Bulgaria for 2021, Studentski Stolove & Obshtezhtiya" EAD have been provided as **subsidy funds amounting to BGN 6 780 thousand to cover the costs of the operative economic activity through the norm for food and lodging**. According to the decree, the unspent part of the funds is spent on repairing the student canteens and dormitories. For operational activities have been spent BGN 5 649 thousand and for repairs BGN 1 131 thousand.

### ***State Enterprise "Radioactive Waste"***

The activities and maintenance of the enterprise are financed with funds from the "Radioactive waste" Fund and the "Nuclear Facilities Decommissioning" Fund. For the implementation of the annual programs for the management of radioactive waste and the nuclear facilities decommissioning; the State Budget Act for 2021 approved subsidies for the Radioactive Waste Fund (RAW Fund) and the Nuclear Facilities Decommissioning" Fund (NFD fund) amounting to BGN 42 872,700 thousand, as well as capital transfers for the RAW Fund and the NFD Fund in the amount of BGN 7 146,500 thousand.

### ***State Enterprise "Management of Environmental Protection Activities"***

The enterprise implements state policy in the field of environment and water. The main activity is the implementation of national and municipal strategies and programs in the field of

the environment, as well as operation, maintenance and storage of socially significant objects, facilities and installations - public and private state property, intended for environmental protection.

On the basis of Art. 61, para. 5 of the Environmental Protection Act, the enterprise receives revenues from fees determined by the special laws in the field of the environment, dedicated funds from the state budget for environmental programs, when there is a decision to this effect by the competent authorities, fines and property sanctions for administrative violations under the special laws in the field of the environment.

With the estimates of the State Budget of the Republic of Bulgaria Act for 2021, the SE "Enterprise Management of Environmental Protection Activities" has approved revenues in the amount of BGN 7.9 million.

In 2021, through the provision of transfers for municipalities, the State Enterprise "Enterprise for the Management of Environmental Protection Activities" financed the construction of small water supply facilities with the aim of ensuring optimal quantity and quality of the population, as well as for sewerage networks and supply collectors.

Projects in the field of waste management for the construction of an integrated system of waste treatment facilities were financed with funds from the budget of the State Enterprise "Enterprise for the Management of Environmental Protection Activities", as well as for the closure and revegetation of municipal landfills for household waste, including for financing municipal projects for the revegetation of municipal landfills that do not meet the regulatory requirements.

The financing of projects in the field of environmental protection with the funds of the enterprise was carried out in accordance with the policies and programs laid down in the approved 2021 budget of the State Enterprise "Enterprise for the Management of Environmental Protection Activities".

### ***"Bulgarian Export Insurance Agency" EAD***

The activity of the "Bulgarian Export Insurance Agency" EAD is an important, stimulating measure and targeted government policy aimed at Bulgarian exporters, as the state guarantees the payment of benefits through annually allocated funds in the state budget.

The activity of the "Bulgarian Export Insurance Agency" EAD at the expense of the state is carried out in accordance with the Export Insurance Act, as the company carries out insurance of the following risks: non-market commercial and political risk related to production and export of Bulgarian goods and services in a foreign country outside the list of countries with market risk; loans and financing of small and medium enterprises; pre-export financing; investments abroad. The activity at the expense of the state also covers insurance against market risk of export credits related to the production and export of Bulgarian goods and services or the realization of Bulgarian investments abroad, which cannot be insured on the insurance market freely, in cases of significant interest for the national economy, based on a decision of the Supervisory Board of the "Bulgarian Export Insurance Agency" EAD.

With regard to "Bulgarian Export Insurance Agency" EAD, the amount of approved and spent funds and the projects for which they were spent in connection with Art. 9, para. 1 of the Export Insurance Act, according to Art. 10, para. 4 of the same Act, in the State budget for 2021 for the "Bulgarian Export Insurance Agency" EAD activities has been set aside BGN 130 million at the expense of the state. The allocated funds are subject to condition and "Bulgarian Export Insurance Agency" EAD can dispose of them only after permission from the Minister of Finance. In 2021, the "Bulgarian Export Insurance Agency" EAD did not use the allocated BGN 130 million.

#### ***"Eko Antratsit" EAD***

"Eko Antratsit" EAD is financed annually from the budget of the Ministry of Economy and Industry with a purposely determined budget in accordance with Article 69 of the Public Finances Act. According to the approved annual program, the funds determined under Council of Ministers' Decree No.140/1992 for the restructuring of mining and the phased closure of inefficient production facilities amount to BGN 1 750,990 thousand. BGN 1 204,922 thousand were absorbed, of which 66% were spent on the rehabilitation of the correction of the river Medetska in the hollow section of the "Medet" mine, and 50% were absorbed under a project for the implementation of investment activities and investor control by "Eko Antratsit" EAD.

#### ***"Ecoengineering-RM" EOOD***

"Ecoengineering-RM" EOOD received from the Ministry of Economy and Industry funding in the amount of BGN 4 312 thousand, of which 75% was used for continuous processes for the purification of waters contaminated with natural uranium and manganese from the former mines and sites of uranium mining, as well as tailings management.

#### ***Financing (subsidy) of public enterprises from the Water Supply and Sewerage (Water supply & Sewerage) sector***

For the water supply and sewerage sector companies, it is characteristic that they provide their services in designated territories. Their activity shall be treated as a natural monopoly, so state regulation by EWRC is applied to the prices and quality of water supply services. These enterprises function as "quasi" market entities, forming their costs according to market prices, but providing services at regulated prices, which cannot exceed the socially acceptable price of the water supply service for the respective area. It refers to access to water which is an unconditional and inviolable human right, from which is derived the priority of providing water and sanitation services to society, requiring the implementation of a policy by the state to ensure the continuity of the process.

In order to minimize the negative effect of the increase in electricity prices, the Council of Ministers adopted a series of measures at the national level to mitigate the economic consequences of the suddenly occurring price volatility in the energy market.

In 2021, financing (subsidy) was carried out from the additional costs under the Ministry of Energy's budget of all economic entities from the water supply sector to compensate for the unforeseen and uncompensated in 2021 electricity costs of the companies (including for public



enterprises from the system of the Ministry of Regional Development and Public Works - 29 water supply and sewerage operators) - the funds, amounting to BGN 61 million were approved by Council of Ministers' Decree No. 476/2021, amended by Council of Ministers' Decree No. 10/01.02.2022.

The subsidy was granted after establishing the difference between the actual costs of electricity carried out by the respective water supply and sewerage operator, and the costs of electricity calculated and approved by EWRC in the prices of water supply and sewerage operators, for the period from 01.01.2021 to 31.12.2021. The amounts allocated by the state for compensation for all final non-household customers of electricity with a fixed amount for 1 MWh, granted in the last quarter of 2021 under Decisions No. 739 of 2021, amended by Decisions No. 771, No. 885 and No. 15 of 2022 of the Council of Ministers have also been deducted (from which measure also benefited the companies from the water supply and sanitation sector).

An individual program approved by Decision No. 40 of the Council of Ministers of February 1, 2022, administered by the Ministry of Regional Development and Public Works, has been adopted to provide financial support to companies in the water supply and sanitation sector. Subject of this of specific measure are 54 companies providing water and sanitation services. The total amount of funds paid for compensation under the Program for 2021 is BGN 57 million, and the funds were used purposefully to repay their unpaid obligations for electricity for 2021. The companies have been rehabilitated and intercompany indebtedness has decreased.

### ***“National Electric Company” EAD***

In 2021, “National Electric Company” EAD performed the functions of a public supplier of electric energy for the regulated market in accordance with the Energy Act, and according to the price decisions of EWRC. This activity of the "National Electric Company" EAD directly depended on the funds provided by the "Security of the Energy System" Fund, which represent funds provided by the state in connection with the reimbursement of the costs incurred by the public supplier resulting from its obligations to purchase electric energy. For the period from January 1, 2021 to December 31, 2021, “National Electric Company” EAD has recognized revenues to compensate the costs of the public supplier in the amount of BGN 1 628,038 thousand. (2020: BGN 978 293 thsd.).

### ***“Bulgargaz” EAD***

The activity of “Bulgargaz” EAD, as a public natural gas supplier, is regulated by the Energy Act and by-laws. From 01.01.2020, “Bulgargaz” EAD supplied natural gas at regulated prices only to natural gas end suppliers and to a person who has been issued a license for the production and transmission of thermal energy. The company purchases natural gas at market prices, and selling part of the purchased quantities at regulated prices. The discrepancy between the purchase and sale price creates risks for the company in fulfilling its functional obligations. Regarding the regulated market, the regulations regulate the pricing method of “Bulgargaz” EAD for sales on the regulated market.

The main challenges facing “Bulgargaz” EAD are related, on the one hand, to the company's role as a public supplier and trader in the conditions of a liberalized market, and on the other hand, to its role in the transition to a carbon-neutral economy (Green Deal). Under these conditions, “Bulgargaz” EAD should continue its activities as a European trader of natural gas, which supplies gas at free prices and (like each of its competitors) strives for a leading role in the Bulgarian market, but also for an increasingly substantial presence in the markets of the region.

#### **4. COMPLIANCE OF THE PUBLIC ENTERPRISES’ ACTIVITY WITH THE APPLICABLE STANDARDS FOR CORPORATE GOVERNANCE AND DISCLOSURE**

The state exercises its functions as an owner by working to establish norms for corporate governance of public enterprises. The OECD Guidelines for Corporate Governance of State-Owned Enterprises set the standard for ensuring the efficient, transparent and equal functioning of state-owned enterprises with private companies. State efforts to improve corporate governance are important for the competitiveness of the economy. The application of a single standard for the state-owned enterprises’ governance shall lead to the overcoming of a number of existing shortcomings in their management compared to the private sector. The legal forms under which enterprises shall operate should be standardized and their operational practices should follow generally accepted corporate norms. To avoid unfair competition between enterprises operating in the public and private sectors, the corporate governance guidelines recommend that publicly enterprises, performing commercial activity should take the same legal form as private companies.

##### ***Conversion of state-owned enterprises, established by special laws pursuant to art. 62, para 3 of the Commercial Act.***

For state-owned enterprises established by special laws on the basis of Art. 62, para. 3 of the Commercial Act, the provisions of these laws shall apply, each of which shall determine the powers of the sector minister in relation to the relevant state enterprise.

With Decision No. 231/18.03.2021 of the Council of Ministers is approved an Analysis prepared by PECA on the state-owned enterprises established by special laws created on the basis of Art. 62, para. 3 of the Commercial Act for clarification of the their activities’ nature - mainly commercial or mainly public functions and policies. In 2021, workshops were organized and held with representatives of the Ministry of Finance, PECA and relevant ministries, where the future status and transformation of state-owned enterprises was discussed.

As of 31.12.2021, the functional analyzes of 5 State-owned enterprises were prepared.

##### ***Disclosure and announcement of information***

Ensuring a high quality of transparency and higher standards of accountability of public enterprises contribute to improving the efficiency of the work of public enterprises. Disclosure of information including both financial and non-financial data is essential for the government so that it can be an effective owner.

A significant contribution for information disclosure about public enterprises has been the built: Electronic information system for public enterprises, which has been operational since April 2021. The system enables the publication of quarterly and annual financial statements, analyzes and reports on the activity of public enterprises, required under the Implementing Rules of the Public Enterprises Act. PECA monitors the timely and complete disclosure of information, promptly notifying line ministers and public enterprises themselves in case of delays and incompleteness. Public enterprises categorized as "large" are subject to increased information disclosure requirements, including maintaining their own website on which they publish additional information according to the Implementing Rules of the Public Enterprises Act.

Good corporate governance means professional, loyal and responsible corporate governance bodies, transparency and independence, as well as corporate responsibility to stakeholders and society. The implementation of a policy in this direction affects the reputation of the enterprise and is an advantage for it in its work on projects with foreign participation. Examples of this include the following public enterprises:

The group of “Bulgarian Energy Holding” EAD complies with the National Corporate Governance Code, approved by Decision No. 461-KKY dated 30.06.2016 of the Financial Supervision Commission and adopted by the National Corporate Governance Commission.

Public enterprises in the system of the Ministry of Regional Development and Public Works comply with applicable corporate governance and disclosure standards. There are differences in the degree of implementation of the regulatory requirements - some of the enterprises apply public disclosure policies to a high degree and scope, for others they are still in the process of completion and unification. These are the enterprises in which the authority exercising the rights of the state is "Bulgarian W&S Holding" EAD. A unified methodology for disclosing information about companies, operators from the holding group is to be introduced.

“Fund Manager of Financial Instruments” EAD complies with the principles on which the rules laid down in the National Corporate Governance Code are based, without having expressly adopted the Code, given the absence of an explicit legal commitment within this sense. The enterprise has submitted a corporate governance statement related to the certification of the annual financial report for 2021, has prepared a Code of Conduct, Conflict of Interest Rules, and a Data Protection Policy. An Information Disclosure Policy is in the process of being drafted.

State-owned enterprise "Bulgarian Air Traffic Services Authority" also implements the National Corporate Governance Code in the applicable aspects. The necessary procedures and requirements for compliance with the basic principles of good corporate governance are laid down in the internal acts applicable to the enterprise's activities.

In the State Enterprise “Port Infrastructure”, a new Code of conduct for the employees and workers of the enterprise has been approved, which defines the ethical norms and rules of conduct that the employees and workers should observe. The Code aims to increase public confidence in their professionalism and morality, as well as to raise the prestige of the enterprise. A mechanism for detecting and reporting violations has been prepared.

A Code of conduct has been adopted and is in effect at “Kozloduy NPP” EAD, defining the expected behavior of employees working in the enterprise, describing basic moral and ethical norms, principles and rules. The Code of conduct is aimed to develop an organizational culture based on shared values, which helps to establish the enterprise as a socially responsible company.

### ***Personnel development in public enterprises***

At the end of 2021, public enterprises employed about 122 000 persons. For 2020, they were about 127 500. The largest number are the employed in the healthcare sector – 37 000, in the transport sector and posts services sector – 31 000 employees, in the energy sector – 21 000.

In most of the enterprises there is a decrease in the number of workers, as well as a shortage of personnel in others. The following enterprises reported the most significant reductions:

In “Mini Maritsa Iztok” EAD, the number of employees has decreased by 3.67% compared to 2020. The dismissal of workers is mainly due to natural reasons, mainly due to the acquisition of the right to a pension, and the appointment – according to expediency and according to scheduled procedures. By decision of the Board of Directors, from 2020 and towards the end of 2021, the admission of new workers and employees has been suspended, with the exception of professions requiring specific skills and competences.

State Enterprise “National Railway Infrastructure Company” EADS is the enterprise with the largest number of personnel. At the end of 2021, the roll number was 10 796, which is 0.6% less than in 2020. And in 2021, there were more departures than arrivals, resulting in high turnover and permanent staff shortages, amounting to 921 as of 31.12.2021, which is 7.9% of the total number according to the staff schedule. The enterprise carries out a consistent policy of internal retraining and training of personnel in order to minimize the shortage of operating personnel and overcome the deficits in competences. The enterprise has signed contracts for cooperation with higher education institutions and vocational high schools in the country. A student program is conducted, under which 21 contracts are in force with students studying in specialties related to the company's activities, training by work (dual system of training) is conducted with students from vocational high schools in the city of Karlovo and Gorna Oryalovitsa.

From the beginning to the end of 2021, 374 employees were laid off and 142 were appointed at “BDZ – Cargo Services” Ltd.

After the start date of the “Sofia Airport” EAD concession, in 2021, about 2 300 people was moved from the state-owned enterprise to the concessionaire. The company's average roll number of 2,334 employees remains at 24.

The aging of the nation and the ever-increasing need for skilled personnel are forcing enterprises in some sectors to recruit personnel through their own efforts. "Electricity System Operator" EAD, although it recognizes that it is not able to offer young people the conditions offered by private companies in the energy sector, the company strives to provide skilled personnel for its needs. The pilot implementation of the Internship Program aimed at students studying at technical universities in the country in the summer of 2021 has caused significant

interest and positive evaluation by students. Following the policy aimed at popularizing the enterprise's activities in 2021, "Electricity System Operator" EAD is also targeting another challenge – the possibility of including students from vocational high schools in electrical engineering in the country in dual training.

The creation of future professional personnel in the railway is one of the priority tasks of “BDZ - Passenger Services” Ltd. Cooperation with vocational high schools in railway transport is being expanded, with the aim of attracting more young people to railway transport. For the academic year 2021/2022, “BDZ - Passenger Services” Ltd concluded its first contracts for dual training with students from its first dual class in a vocational high school in the city of Mezdra. The students are trained and work in a real working environment in one of the company's locomotive depots - in the city of Mezdra.

## **5. COMPOSITION OF THE MANAGEMENT AND CONTROL BODIES AND THE CHANGES MADE IN THEM**

According to the Public Enterprises Act, all members of the management and control bodies are selected and appointed after holding a competition. The law creates conditions for the election of members of the governing bodies with high qualities, professionalism and operational independence. The competitive procedures for their election are based on predetermined selection criteria and clearly defined requirements for filling the position. The Public Enterprises Act shall set requirements for the composition of the management and control bodies to have both state representatives and independent members, the latter of which should be no less than one-third but no more than one-second of the body's composition.

The process of selecting members of the management and control bodies started in 2020.

The approval and election of the members of the management and control bodies of public enterprises, compliance with the rules for their remuneration, which attract and motivate qualified specialists, is a prerequisite for the appointment of professional and independent management bodies.

During the operation in 2021 of two successive official and one regular government, multiple changes were made in the management and control bodies of public enterprises, in some cases already elected members after competitive procedures were replaced by others appointed temporarily until holding new competitions.

In the Action Plan with measures to address the subsequent commitments of the Republic of Bulgaria after joining the Monetary Mechanism II(ERM II), the requirement that the composition of the management and control bodies of public enterprises has been brought into line with the selection procedures specified in the Public Enterprises Act and in the Implementing Rules of the Public Enterprises Act.

Part of the commitments for investments and reforms included in the National Plan for Recovery and Sustainability of the Republic of Bulgaria, in the part – “Improving the framework for the management of state-owned enterprises” are that the management and control bodies of public enterprises, categorized as “large” should be appointed in accordance with the selection

procedures laid down in the Public Enterprises Act and the Implementing Rules of the Public Enterprises Act.

In the course of the performed by OECD, in the period 2018-2019, review of the framework for corporate governance of state-owned enterprises, in comparison with the OECD Guidelines for corporate governance of state-owned enterprises, it was found that the management bodies of public enterprises are not sufficiently well structured to fulfill their main roles, due to limitations in their size, independence and responsibilities, as well as the lack of a structured and transparent process of nominating candidates based on their professional and personal qualities.

In connection with the implementation of its functions as a coordinating unit in relation to public enterprises, PECA regularly requests and summarizes information from the relevant ministries on the degree of bringing the composition of the management boards of public enterprises into compliance with the selection procedures specified in the Public Enterprises Act and the Implementing Rules of the Public Enterprises Act.

Table 6 presents the public enterprises as of 31.12.2021, in which the management and control bodies were selected in whole or in part after holding tender procedures according to the procedure referred to in the Implementing Rules of the Public Enterprises Act, according to the information provided to PECA on the basis of Art. 37, para. 5 of the Implementing Rules of the Public Enterprises Act.

**Table 6**

<b>Competitions held by:</b>	<b>Elected members of the management and control bodies of:</b>	<b>Members of the management and control bodies - elected partially by competition or appointed without competitive procedures:</b>
Ministry of Energy	SE “Radioactive Waste”, “Minproekt” EAD, “Kozloduy NPP” EAD, “TPP Maritsa Iztok 2” EAD, “Electricity System Operator” EAD, “National Electric Company” EAD, “Bulgargaz” EAD, “Bulgartransgaz” EAD	“Bulgarian Energy Holding” EAD, “Mini Maritsa Iztok” EAD.
Ministry of Economy and Industry	“National Company Industrial Zones” EAD, “Industrial Sites and Warehouses” PLC, “Ecoengineering-RM” EOOD, NITI EOOD, “Rousse Free Zone” JSC, “Industrial and Logistic Park” – Burgas AD, SE “State Oil Company”, “Bulgarian Export Insurance Agency” EAD, “Market for fruit, vegetables and flowers” JSC, “Fruit and vegetable” EOOD	“Kintex” EAD, “State Consolidation Company” EAD, “Vazovski Machinostroitelni Zavodi” EAD



Ministry of Transport and Communication	SE "Bulgarian Air Traffic Services Authority", "Gorna Oryahovitsa Airport" EOOD, "Port Complex Ruse" J.S.Co., "Port Vidin" EOOD, "Holding Bulgarian State Railways" EAD, Bulgarian Posts" EAD, "Transport Construction and Recovery" EAD, "Communicative Construction and Rehabilitation" EAD, "Information Services" AD, "Transport Diagnostic-Consulting Center" EOOD, Burgas, Multiprofile hospital for active treatment" EOOD, Varna	SE "Port Infrastructure", State enterprise "National Railway Infrastructure Company" EAD, "BDZ – Passenger Services" Ltd, "Sofia Airport" EAD, Plovdiv Airport EAD, "Port Varna" EAD, "Port Burgas" EAD, "Bulgarian Maritime Training Centre" EAD
Ministry of Defense	Terem- Holding" EAD, Sofia; "Terem – Ivailo" EOOD; "Terem–Letets" EOOD; "Terem–Khan Krum" EOOD; "Diagnostics-Consultation Centre Saint George the Victorious" EOOD, Burgas, "Specialized Hospital for rehabilitation VITA" EOOD, "Specialized Hospital for rehabilitation Sv.Bogoroditsa" EOOD	
Ministry of Youth and Sports	SE "Bulgarian Sports Totalizer"	"Specialized Hospital for Active Treatment in Orthopedics, Traumatology and Sports Medicine - Prof. Dr Dimitar Shoilev" EAD
Ministry of Education and Sciences	"Student Recreation and Sports" EAD	
Ministry of Regional Development and Public Works	"Water Supply and Sewerage" EAD, Smolyan; "Water Supply and Sewerage" EAD, Isperih; "Water Supply and Sewerage" EAD, Pernik; "Water Supply and Sewerage" EAD, Kardzhali; "Avtomagistrali" EAD	75% of the appointed management bodies of the public enterprises, are subsidiaries of "Bulgarian W&S Holding" EAD
Ministry of Culture		"National Music Agency" EOOD, "Vreme Film Studio" EOOD, "Restavracia" EAD, "Audiovideo Orpheus" Inc., "Alliance" OOD, "National Palace of Culture - Congress Centre Sofia (NDK)" EAD
Ministry of Innovation and Growth	"Sofia Tech Park" AD	"Fund Manager of Financial Instruments in Bulgaria" EAD, SOFIA

Ministry of Agriculture	“Sistema za Agropazarna Informatsiya” EOOD, “Agrolesprojekt” EOOD, “Fisheries Stock” EOOD, “Sortovi Semena-Elit” EAD	Directors of South-Central State Enterprise, Smolyan, "North-West State Enterprise", Vratsa, “North East State Enterprise”, Shumen, "North-Central State Enterprise", Gabrovo, South-East State Enterprise", Sliven, South-West State Enterprise, Blagoevrad, “Kabiuk”, “Agrovodinvest” EAD, “Vrana”EAD, “Zeminvest”EAD, "Irrigation Systems” EAD.
Ministry of Foreign Affairs		“Diplomatic Properties in the country Agency (ADIS)” EOOD
Ministry of Interior		“Contactless Multiplexing Systems” OOD
Ministry of Justice		SE “Prisons Production”
Ministry of Labor and Social Policy		SE “Bulgarian-German Vocational Training Centre”,
Ministry of Health	43 hospitals with over 50% state participation in the capital, SPA center “Kamena”EAD, Velingrad and “Bul Bio - NCIPD” EOOD	For the remaining 20 hospitals with over 50% state participation in the capital

Within the year, the bodies exercising the rights of the state in public enterprises made changes in the direction of increase or decrease in the number of members in the management and control bodies of public enterprises:

- By decision according to the Minutes of meeting of 05.11.2021 of the Minister of Energy, the Board of Directors of "Bulgarian Energy Holding" EAD has been supplemented by 4 members and increased to 9 members, as well as the Executive Directors presently are two.
- By decision according to the Minutes of meeting of 10.08.2021 of the Minister of Defense, the Board of Directors of "Terem Holding" EAD is increased from 5 to 8 members, and with a decision according to the minutes of 22.11.2021, a 5-member composition is determined.
- By decision according to the Minutes of meeting dated 12.08.2021 of the Minister of Education and Science, the sole owner of the capital of “Student Recreation and Sport” EAD, determines the Board of Directors to consist of 3 to 7 members, with a decision by Minutes of meeting dated 12.11. In 2021, the enterprise's statutes were amended, reducing the number of members of the Board of Directors from 7 to 3.
- With Order No. 2 of the Council of Ministers dated 15.07.2021, a new statute of "Fund Manager of Financial Instruments in Bulgaria" EAD was adopted, which adopted a change in the structure of the enterprise from a two-tier with a Supervisory Board of 7 members to a one-tier form of management with a Board of Directors consisting of 3 members.

The maintenance of high standards of corporate governance includes gender equality in the management and control bodies of public enterprises.



The analysis made as of 31.12.2021 showed the following distribution, Table 7:

**Table 7**

<b>Gender distribution in management and control bodies in public enterprises</b>	
<i>Managers and executive directors</i>	<i>Members of the management and control boards</i>
<b>Women / Men</b> <b>22 % / 78 %</b>	<b>Women / Men</b> <b>31 % / 69 %</b>

The information to the report on the performance of public enterprises in 2021 indicates the remuneration paid to the management and control bodies of public enterprises, which includes paid salaries and other short-term income, including social security, social allowances, bonuses and etc.

## **6. SIGNIFICANT EVENTS IN 2021**

### ***In “Healthcare” sector***

And in 2021, the complicated epidemic situation caused by the spread of COVID-19 poses serious challenges to all medical facilities in the country, but in the most difficult situation are the state hospitals, which bear the brunt of the crisis. As the epidemic situation worsens and the number of people infected with COVID-19 increases, there is a shortage of medical personnel, which requires timely measures to be taken to solve the problem. According to the orders of the regional health inspectorates, during the year were periodically transformed clinics and wards for the treatment of patients with COVID-19. The restrictions, as a result of the measures introduced to prevent the spread of the disease, lead to a significant reduction in the admission and treatment of planned patients. The flow of patients significantly has reduced, which results in lost benefits, unrealized financial results from conducting diagnostics and treating patients in the usual rhythm of hospital work.

### ***In “Energy” sector***

Some changes in the regulatory framework in 2021 had impact on the activity of some of the companies from the "Bulgarian Energy Holding" EAD economic group (BEH Group).

#### ***○ Amendments to the Energy Act***

With the legislative amendments, producers with a total installed electrical capacity of 500 kW to 1 MW, from 1 July 2021 are moved to the free market through a concluded "premium contract" with the "Security of the Electricity System" Fund, thereby terminating the obligation of the public supplier "National Electric Company" EAD to purchase the energy produced by them at preferential prices. In this way, the volumes of electricity, which the company directs to realization on the free market at significantly more competitive prices, have been increased.

- *Market unification of the electricity market of Bulgaria with neighboring countries*

On May 11, 2021, Bulgaria joins the single European electricity market "Day Ahead" (SDAC) through the border with Greece, and on October 28, 2021, "Bulgarian Independent Energy Exchange" EAD starts successfully operating under the conditions of market unification at the border with Romania as part of the single European market "Day Ahead".

Realized market unifications enable the efficient use of the energy system and cross-border interconnectors as a result of greater coordination between energy markets, which adds value to the benefit of all market participants. In this way, the degree of convergence between the prices of the European stock exchanges and the realized electricity on the platforms of the "Bulgarian Independent Energy Exchange" EAD is strengthened, and hence the possibility of realizing the produced electricity by the BEH Group companies at more favorable price levels.

- *Program for compensation of final non-household customers of electricity*

At the end of 2021, in order to mitigate the economic consequences of price volatility in the energy market, with Decision No. 739 of 26.10.2021, the Bulgarian government adopted a Program for compensation of final non-household customers of electricity. For the implementation of the program, the Minister of Energy, exercising the rights of the state in the capital of "Bulgarian Energy Holding" EAD, shall take the necessary actions to ensure the provision of grants in the amount of BGN 450 million from the "Kozloduy NPP" EAD to the central budget under account of the Ministry of Finance. Subsequently, the program was extended until the end of 2022.

### ***In "Water supply and sewerage" sector***

Procedures were organized and carried out by the Minister of Regional Development and Public Works (respectively the General Assembly of partners/shareholders) and permits were issued for the transfer/contribution of the right of ownership to the state on the shares/stocks of the capital of 14 Water supply and Sewerage companies, through a non-monetary contribution to the capital of "Bulgarian W&S Holding" EAD. Of these, 6 companies have become 100% property of the holding (Water supply and Sewerage EOOD – Smolyan, Water supply and Sewerage EOOD – Sofia, Water supply and Sewerage EOOD – Pleven, Water supply and Sewerage EOOD – Stara Zagora, Water supply and Sewerage EOOD – Pazardzhik, Water supply and Sewerage EOOD Blagoevgrad) and 6 entities are with 51% participation of the holding and 49% of the respective municipality (Water supply and Sewerage EOOD – Gabrovo, Water supply and Sewerage EOOD – Targovishte, Water supply and Sewerage EOOD – Varna, Water supply and Sewerage EOOD – Montana, Water supply and Sewerage EOOD – Vratsa and Water supply and Sewerage EOOD – Pernik).

- From "Bulgarian W&S Holding" EAD have been granted 16 loans to 11 water supply and sewerage companies, with a total value of BGN 61 574 thousand, in order to repay their arrears for electricity, water usage fees to the Ministry of Environment and Water, public obligations and etc., for which the relevant permits have been issued by the holding and contracts for the provision of the loans have been concluded;

- A procedure was carried out by "Bulgarian W&S Holding" EAD and an increase in the capital of "Water supply and Sewerage - Sliven" OOD was carried out, with a cash

contribution from “Bulgarian W&S Holding” EAD in the amount of BGN 11 557 thousand, and the holding acquired new shares from the capital of the company, as a result of which the shareholding of the holding has become 90.6%. These actions and measures have been implemented for the targeted financial support of “Water supply and Sewerage - Sliven” OOD as a company in a difficult financial situation. The Water supply and Sewerage entity’s obligations to key creditors have been repaid, which has provided an opportunity for its normal functioning and implementation of its investment program.

- As a result of its activities in 2021, “Bulgarian W&S Holding” EAD succeeded in purposefully rehabilitating its subsidiaries, achieving a significant reduction in their overdue debts, lowering interest costs on these debts and opportunities to secure additional financing from banking institutions of the companies' own contribution, for their effective participation in building infrastructure.

### ***In “Transport” sector***

At the State Enterprise “Bulgarian Air Traffic Services Authority” a work organization has been introduced, which limits morbidity among the operational and administrative staff, as a result of which flight safety is ensured and no delays are allowed. In 2021, the immediate measures adopted in 2020 to prioritize capital projects and optimize operating costs were continued and further developed, as a result of which the enterprise continues to perform without interruption the assigned state functions and priority investment projects related to critical infrastructure, the safety of flights and airspace capacity (including improving overview coverage, upgrading communication systems and networks, upgrading navigation aids, etc.). Regardless of the unprecedented crisis as a result of the COVID-19 pandemic, the State Enterprise “Bulgarian Air Traffic Services Authority” managed on its own, without using external funding and financial assistance from the state, preserving its full potential of qualified human resources (flight managers, engineering and technical staff and specialized administration).

As of December 2021, all fifteen "Smartron" locomotives under the contract with Siemens Tron have been delivered. With the delivery of the newly purchased locomotives, “BDZ- Passenger Services” Ltd ensured the accident-free and reliable service of all high-speed trains on the main lines.

With the inclusion of a total of 15 recycled passenger wagons, “BDZ – Passenger Services” Ltd is increasing the number of its air-conditioned wagons, thereby increasing the comfort of passengers' travel. After the repair, the wagons are with maximum speed of 140 km/h. All the main units and components of the wagons were replaced by new ones, the interior was completely replaced, a new brake system and new axles were installed. An installation has been built for charging mobile and portable devices.

In 2021, “BDZ – Passenger Services” Ltd continues to fulfill its investment intentions for the renewal of the available rolling stock, with the aim of increasing the quality of the service offered by reducing train delays and cancellations. The 15 new locomotives are in operation, which travel in rolling stocks along the routes Sofia-Burgas-Sofia, Sofia-Varna-Sofia, Sofia-Svilengrad-Sofia and Sofia-Kulata-Sofia.

## 7. POLICY ON STATE PARTICIPATION IN PUBLIC ENTERPRISES

**By Decision No. 776 of October 12, 2022 of the Council of Ministers on the grounds of Art. 10, para. 1 of the Public Enterprises Act, the Policy on State Participation in Public Enterprises has been approved.**

The policy was developed by the Public Enterprises and Control Agency under the project “Support to the implementation of the reform of state-owned public enterprises in Bulgaria”, implemented by the Organization for Economic Cooperation and Development (OECD) together with the European Commission, started in the second half of 2020. The policy reflects the recommendations of the OECD and was prepared jointly with the line ministers of several governments, given the complex political situation in the country in the period from 2021 to the present moment.

The policy on state participation in public enterprises contains a rationale for the reasons why the state owns participation in public enterprises and the objectives it sets for this participation, the role of the state in the public enterprises’ governance, the implementation of the policy, as well as the role and responsibilities of the ministers exercising the rights of the state, and other state organizations involved in the implementation.

The Policy on state participation in public enterprises specifies the long-term financial and non-financial goals that the state sets for itself by its participation in public enterprises, as well as indicators for their implementation.

For the purposes of evaluating the implementation of business programs, all public enterprises fill out forms-models representing Appendix No. 2, an integral part of the Policy on State Participation in Public Enterprises, in which they indicate the indicators for the implementation of financial goals, as well as non-financial goals, arising from the strategic objective with indicators for their implementation.

In the Decision No. 776 of October 12, 2022 of the Council of Ministers approving the Policy, a deadline was set until December 31, 2022 for each public enterprise to complete and submit to PECA model forms representing Annex No. 2 to the Policy, in which are specified the indicators for the fulfillment of the financial goals, as well as the non-financial goals resulting from the strategic goal with indicators for their fulfillment. Within the same period, public enterprises should update their business programs in accordance with the approved Policy.

Currently, the Methodology according to Art. 17 of the Implementing Rules of the Public Enterprises Act on the procedure, method and criteria for assessing the achievement of the financial and non-financial goals of state public enterprises based on the indicators laid down in the business programs.

*Problems found in the review of the business programs of the "large" public enterprises:*

- business programs are generally very heterogeneous in structure, content and volume, ranging from voluminous reports to one-page tables;
- in most business programs, a significant part of the mandatory elements for their content, determined by Art. 58, para. 2 of Implementing Rules of the Public Enterprises Act (IRPEA);

- some business programs lack a descriptive and/or analytical part, some present several indicators in a tabular structured form of 1 page;
- in some business programs, the exposition of various aspects of the activity and a retelling of the sectoral legislation, which, although important, are not always directly related or relevant to the business program, prevail in content;
- in a number of cases, the business programs do not have the nature of a document, there is no information about preparer, they are not signed by the representative of the enterprise or otherwise duly authenticated.

Regarding the status of the 2021 business program performance reports, a different approach and differences were found, from being excessively detailed and repeating part of the program content to one-page tables with few data, most of the notes being the same as those for the business programs.

## CONCLUSION

The Public Enterprises Act, prepared with the support of the EC and the OECD, introduces the OECD guidelines for corporate governance of state-owned enterprises in Bulgaria. The purpose of the Act is to create a harmonized legal framework in which public enterprises shall operate and in which the rules for corporate governance and disclosure are the same for all.

The law shall regulate the way of determining and public disclosure of state policy in the field of state-owned public enterprises, the introduction of standards for good corporate governance of enterprises, as well as the obligation to disclose and make transparent the activities of public enterprises and their management bodies. Determines the activity of the Agency for Public Enterprises and Control as a coordinating unit in relation to public enterprises.

Good corporate governance practice requires consideration of stakeholders in accordance with the principles of transparency, accountability and business ethics.

The current annual summary report for state-owned public enterprises has been prepared in accordance with the above and fulfilling the requirements of the regulatory framework. The report shall provide a review of the results of the enterprises' activities, as well as an analysis of the activities of the enterprises by sector and of all public enterprises categorized as "large". **The summary report also presents public companies' compliance with applicable corporate governance and disclosure standards.**

The companies in which the state has a share of less than 50 percent and those that are in bankruptcy or liquidation proceedings are not included in this report. Included are state-owned enterprises established on the ground Art. 62, para. 3 of the Commercial Act. The "Bulgarian Development Bank" AD is not included in this report because it is excluded from the scope of the Public Enterprises Act.

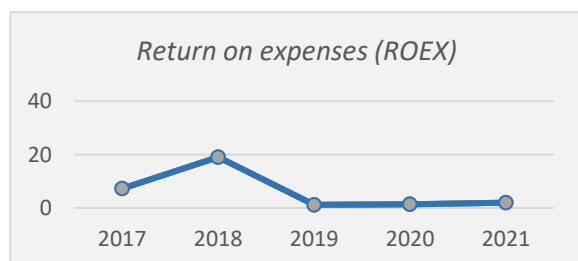
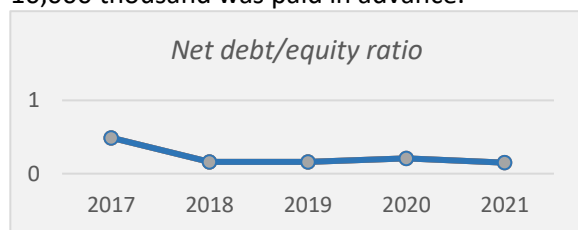
**INFORMATION ON PUBLIC ENTERPRISES  
CATEGORIZED AS "LARGE"**

## STATE CONSOLIDATION COMPANY EAD (SCC EAD)

“State Consolidation Company” EAD is the sole owner or majority shareholder in the capital of sixteen commercial companies. According to their activity, financial status and significance for the Bulgarian economy, they can be divided into two main streams – strategic subsidiaries and subsidiaries in the process of restructuring.

SCC EAD is a commercial company with a holding structure, which carries out activities related to the acquisition, management and sale of shares in the capital of commercial companies, acquisition, management and leasing and sale of real estate, implementation of strategic projects, etc. activities. By decisions of the Council of Ministers from 2018 and 2019, SCC EAD was designated as a commercial company to implement strategic projects - commissioning, repair and reconstruction of critical hydrotechnical infrastructure, as well as design and construction of a new government complex of buildings for the needs of the state administration.

In 2021, SCC EAD realized a good collection of receivables; finances key investment projects as a priority; invest in profitable projects. The main risks facing the company include external factors resulting from: inability of operating subsidiaries to generate sufficient profits, respectively to distribute a dividend in favor of SCC EAD; financial difficulties of subsidiaries and other counterparties, respectively inability to collect the receivables from them; lack of investor interest regarding the assets offered for sale owned by SCC EAD. Part of the dividend for 2021 in the amount of BGN 10,000 thousand was paid in advance.



**100% state-owned**  
**Minister of Economy and Industry**

**Board of Directors as of 31.12.2021** Appointed after a competitive procedure:

Vanya Ivanova Karagneva,  
Chavdar Yankov Hristozov

Appointed without competitive procedure:  
Ventsislav Mario Dimitrov, Rositsa Istilianova  
Bacheva-Tsvetanova, Borislava Plamenova Peneva

**CEO:** Vanya Ivanova Karagneva

**Independent auditor:** ABVP-Audit Standard OOD,  
Reg. No.165

**Remuneration paid to the Board of Directors for 2021:** BGN 377 000

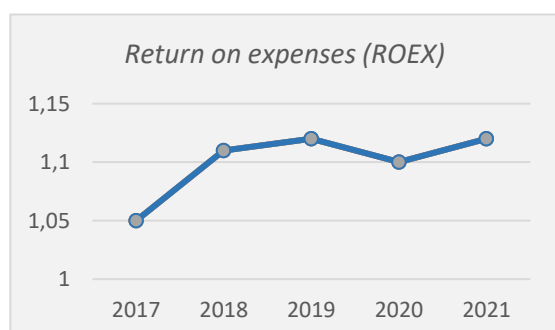
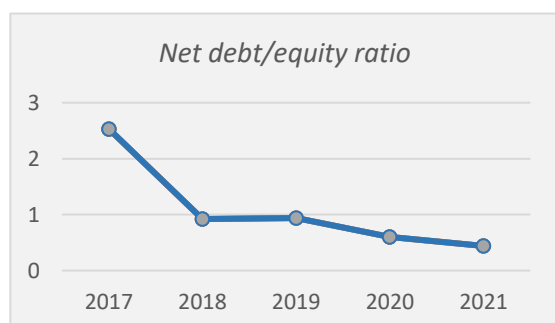
**List of the staff composition as of 31.12.2021:**  
19 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	64 014	52 412
Revenues from operating activity	25 889	17 550
Net profit/loss	18 440	29 690
<b>Balance sheet, BGN thsd.</b>		
Total assets	1 255 777	1 270 972
Long-term assets	443 848	484 678
Short-terms assets	811 929	786 042
Total liabilities	214 598	207 780
Long-term liabilities	162 565	150 247
Short-term liabilities	52 033	57 533
Equity	1 041 179	1 063 192
<b>Financial ratios</b>		
Return on expenses	1.40	2.31
Liquidity ratio	15.60	13.66
Indebtedness ratio	0.21	0.2
Return on equity	0.02	0.03
Dividend, BGN thsd.	-	10 000
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes



**KINTEX EAD** has a subject of activity import, export and re-export of special production, engineering activity, technical assistance and training, technology transfer, industrial cooperation in the field of special production, marketing, services, advertising, commission and representative activity in the country and abroad.

The company successfully exports special production in the conditions of strong competition from Bulgarian and international traders. In 2021, the revenues from sales of goods for special purposes amount to BGN 100,008 thousand. KINTEX EAD reports net profit, amounting to BGN 11,274 thousand which is a decrease by BGN 9,337 thousand compared to the net profit of the previous year. Funds have been set aside for provisions to secure foreign trade contracts that are in the process of being implemented or those for which the guarantee contracts have not expired. The successful implementation of trade agreements provides an opportunity to expand cooperation in various areas and shall implies good trade results in the future. The company is also exposed to risks in view of the international political situation in its export markets, as well as the macroeconomic environment of the same and in particular in Africa, India and Ukraine. These risks have a significant effect on the operations and financial position of KINTEX EAD.



**100% owned by "State Consolidation Company" EAI  
Minister of Economy and Industry**

**Board of Directors as of 31.12.2021** Appointed after a competitive procedure:

Anita Petkova Velikova – Chairmperson, Stefka Ivanova Gramatikova, Vasil Stoyanov Risov, Desislava Georgieva Gospodinova - Hristova

Appointed without competitive procedure:  
Alexander Zdravkov Mihaylov

**CEO:** Alexander Zdravkov Mihaylov

**Independent auditor:** Audit company "ABVP – Audit Standard" OOD, Reg. No.165

**Remuneration paid to the Board of Directors for 2021**  
BGN 403 261

**List of the staff composition as of 31.12.2021:**  
78 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	233 916	118 647
Revenues from operating activity	226 795	108 675
Net profit/loss	20 611	11 274
<b>Balance sheet, BGN thsd.</b>		
Total assets	152 974	138 595
Long-term assets	6 275	6 385
Short-terms assets	146 699	132 210
Total liabilities	57 396	42 077
Long-term liabilities	24 213	24 935
Short-term liabilities	33 183	17 142
Equity	95 578	96 518
<b>Financial ratios</b>		
Return on expenses	1.10	1.12
Liquidity ratio	4.42	7.71
Indebtedness ratio	0.60	0.44
Return on equity	0.22	0.12
Dividend, BGN thsd.		10 306
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes

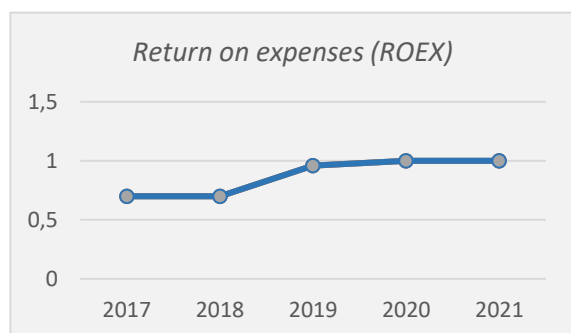
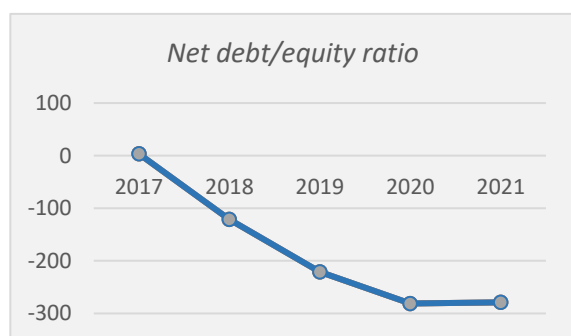


## MONTAGI EAD

A single-person joint stock company with state property in the capital, as its sole owner is "State Consolidation Company" EAD. As of 31.12.2021, the company's activities are carried out in a registered branch - Varna Branch and twelve bases.

In 2021, the efforts of the management of MONTAGI EAD are aimed at protecting the environment from adverse impacts, improving the organization of work, strengthening control over the activities of all divisions, renewing the material base, attracting young and qualified employees, and most - already developing new projects and expanding the spectrum of offered services.

As of 31.12.2021, the company reported a significant improvement in all main activity indicators, a reduction in liabilities and an increase in profit. The net value of the company's equity is a negative value - BGN 1,591 thousand, and the value of this indicator is below the amount of the registered capital for more than one year, which does not comply with the requirements of Art. 252 of the Commercial Act.



**100% owned by "State Consolidation Company" EAD**  
**Minister of Economy and Industry**

### Board of Directors as of 31.12.2021

Appointed after conducting a competitive procedure:

Alexandra Boteva Sariyska, Georgi Hristov Hristov, Tihomir Bonev Dimitrov

**CEO:** Tihomir Bonev Dimitrov

**Independent auditor:** Audit company "ABVP – Audit Standard" OOD, Reg. No.165

**Remuneration paid to the Board of Directors for 2021:** BGN 91,000

**List of the staff composition as of 31.12.2021:** 179 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	88 139	116 585
Revenues from operating activity	88 137	116 577
Net profit/loss	199	320
<b>Balance sheet, BGN thsd.</b>		
Total assets	535 187	442 384
Long-term assets	3 614	3 432
Short-terms assets	531 573	438 952
Total liabilities	537 098	443 975
Long-term liabilities	51 588	202
Short-term liabilities	485 510	443 773
Equity	-1 911	-1 591
<b>Financial ratios</b>		
Return on expenses	1.00	1.00
Liquidity ratio	1.09	0.98
Indebtedness ratio	-281,06	-279,05
Return on equity	-0,10	-0,20
Dividend, BGN thsd.	-	-
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	No	No

## VAZOVSKI MACHINOSTROITELNI ZAVODI EAD (VMZ)

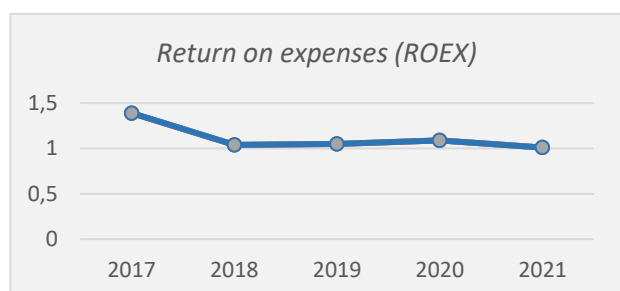
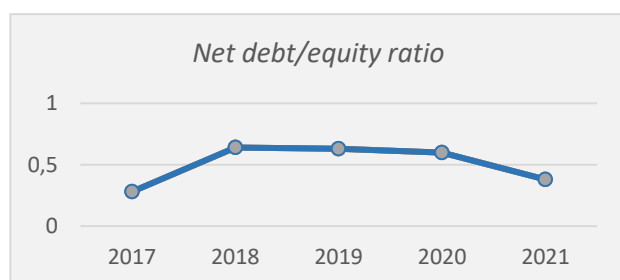
mainly manufactures special products, including anti-tank guided and unguided projectiles; aviation unguided missiles; artillery ammunition; explosives; tools and non-standard equipment for special production, re-export of goods, special products, provision of services — repair of special products, disposal of special products, etc.

In 2021, the investment of funds continued, leading to the expansion and modernization of the production process. A line for chemical preparation of steel parts and a line for alkaline cyanide-free galvanizing of steel parts have been commissioned. A latest generation radar for measuring ammunition velocity and a specialized speed camera for in-flight surveillance have been implemented.

Regarding reducing and stopping the pollution of the river Manastirska from domestic water at the Sopot site, a project was prepared for the removal of wastewater to the city collector and its subsequent treatment, and concerning the pollution from industrial wastewater, reconstruction and modernization of the treatment plant at the Sopot site was carried out.

A plan has been drawn up for own monitoring of the harmful substances released into the atmospheric air at the two sites of the plant. Were carried out activities in connection with the environmentally friendly management of all waste from the production activity of "VMZ" EAD.

For 2021, "VMZ" EAD has realized revenues from sales of special products and services constituting 93.30% of the total value of revenues from operating activity. There are trends of increased demand for certain types of ammunition. A significant part is also the income from repairs and other specialized services. Boring of 155 mm, 125 mm and 100 mm shells, the production of a 152mm round with smoke grenade and the fitting of a 152 mm round with a HE-FRAG grenade for the DANA system were mastered.



100% owned by "State Consolidation Company" EAD

Minister of Economy and Industry

### Board of Directors as of 31.12.2021

Appointed after conducting a competitive procedure:

Ivan Yordanov Getsov, Nikola Rumenov Stoyanov;

Appointed without competitive procedure: Nikolay Alexandrov Nikolov, Ivan Delev Angelov, Marin Dochev Dochev

CEO: Marin Dochev Dochev

Independent auditor: MGI Delta LLC No.177

Remuneration paid to the Board of Directors for 2021: BGN 218,028

Average staff composition for 2021: 3 602 persons

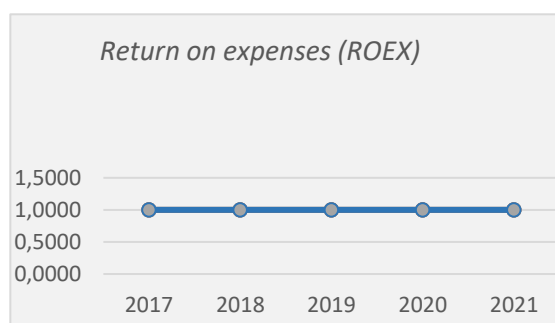
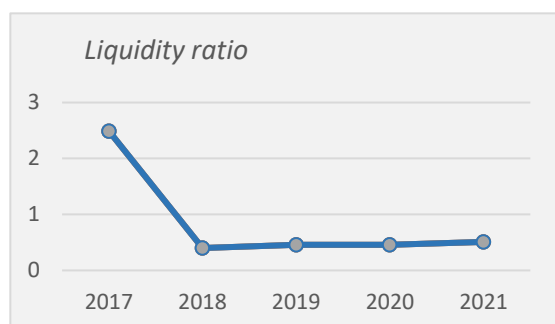
	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	254 882	191 779
Revenues from operating activity	252 814	189 152
Net profit/loss	21 407	1 073
<b>Balance sheet, BGN thsd.</b>		
Total assets	490 886	464 348
Long-term assets	130 655	122 251
Short-term assets	360 231	342 097
Total liabilities	184 976	128 068
Long-term liabilities	26 044	11 133
Short-term liabilities	158 932	116 935
Equity	305 910	336 280
<b>Financial ratios</b>		
Return on expenses	1.09	1.01
Liquidity ratio	2.27	2.92
Indebtedness ratio	0.60	0.38
Return on equity	0.07	0.00
Dividend, BGN thsd.	-	-
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes

## STATE ENTERPRISE "RADIOACTIVE WASTE"

The enterprise's mission is the safe management of radioactive waste generated by "Kozloduy NPP" and nuclear applications in medicine, industry, science and education on the territory of the Republic of Bulgaria. The activities and maintenance of the enterprise are secured by funding from the "Radioactive waste" fund (RAWF) and the "Nuclear Facilities Decommissioning Fund" (NFD) to the Minister of Energy under the conditions and the provisions of Safe Use of Nuclear Energy Act

In 2021 the enterprise performed its obligations under the "Strategy for Managing the Spent Nuclear Fuel and Radioactive Waste until 2030", by implementing the Scheme of operations for 2021, approved by the Management Board of RAW Fund and the NFD Fund. The decommissioning of units 1 to 4 of "Kozloduy NPP" is also financed with funds from the "Kozloduy International Fund" through the European Bank for Reconstruction and Development.

In implementation of the enterprise's investment program, activities were carried out on the construction of the National repository for low- and intermediate-level radioactive waste's first stage, modernization of the Specialized Division "Radioactive Waste – Kozloduy", "Warehouse for Storage of Conditioned Solid RAW"; retrofitting of the existing facilities for radioactive waste storage.



100% state-owned  
Minister of Energy

### Management Board as of 31.12.2021

Appointed after conducting competitive procedures:  
Sergey Kirilov Tsochev, Margarita Ivanova Korkinova,  
Dilyan Milkov Petrov

CEO: Dilyan Milkov Petrov

Independent auditor: Veles Audit Ltd., Reg. No.170

Remuneration paid to the Management Board for  
2021: BGN 208,890

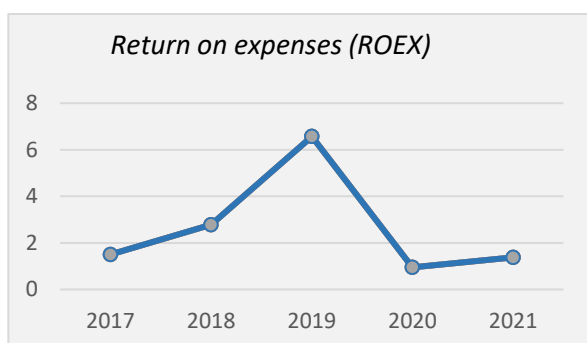
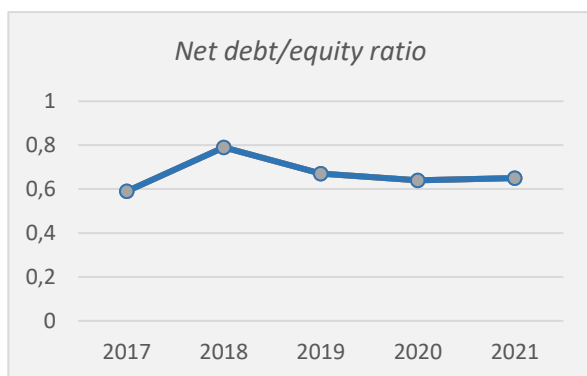
List of the staff composition as of 31.12.2021: 1,012  
persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	78 433	86 417
Revenues from operating activity	78 433	86 411
Net profit/loss	68	56
<b>Balance sheet, BGN thsd.</b>		
Total assets	253 044	262 765
Long-term assets	235 943	244 930
Short-terms assets	17 101	17 835
Total liabilities	256 970	266 532
Long-term liabilities	220 151	231 868
Short-term liabilities	36 819	34 664
Equity	-3,926	-3,767
Deductions for The State, BGN thsd.		68
<b>Financial ratios</b>		
Return on expenses	1.00	1.00
Liquidity ratio	0.46	0.51
Indebtedness ratio	-65.45	-70.75
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

## BULGARIAN ENERGY HOLDING EAD /BEH EAD/

On the company's activities in 2021 affects the conclusion of the Commitment under case AT.39767-BEH electricity. According decision made by the European Commission (EC) in 2015, the company undertook to separate "Bulgarian Independent Energy Exchange" EAD from its structure (the change of ownership was entered on 15.02.2018 in the Commercial Register, as the sole owner of the company is "Bulgarian Stock Exchange" -Sofia AD). According to the commitments made, the subsidiaries of BEH EAD should provide certain volumes of electricity on the "day-ahead" market for a period of five years, in order to ensure liquidity and competitiveness of the energy exchange. At the end of January 2021, the controlling manager "ADVOLIS" submitted to the attention of the EC a final report on the case, in which it is stated that the commitments in the case were respected by BEH and its subsidiaries.

In 2021, the following also had an impact on the company's activity: amendments to the Energy Act; market unification of the electricity market of Bulgaria with neighboring countries; program for compensation of final non-household customers of electricity; officially submitted draft of the National Recovery and Resilience Plan for approval to the EC, in which energy and the challenges related to climate change take a leading place.



**100% state-owned**  
**Minister of Energy**

### Board of Directors as of 31.12.2021

Appointed after conducting a competitive procedure:  
Valentin Alexiev Nikolov; Diyan Stanimirov Dimitrov;  
Ivan Todorov Andreev; Steliyan Penchev Koev  
Appointed without competitive procedure:  
Alexander Plamenov Tsarnorechky; Veselina  
Lachezarova Kanatova-Buchkova; Zheko Mihaylov  
Zhekov; Plamen Dilkov Dilkov

**CEO:** Ivan Todorov Andreev

**Audit Committee:** Hadezhda Sandolova Chairperson,  
Vanya Georgieva, Magdalena Lateva

**Independent auditor:** ODIT BEKH DZZD with with  
participants in the grouping audit companies "Grant  
Thornton" Ltd and "Zaharinova Nexia" Ltd, registered  
under reg. No. 032 and Reg.No. 138

**Remuneration paid to the Board of Directors 2021r.:**  
BGN 377 000

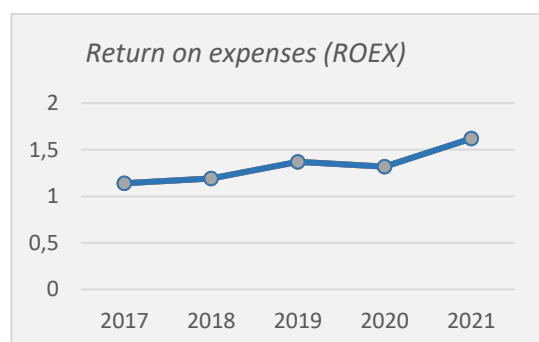
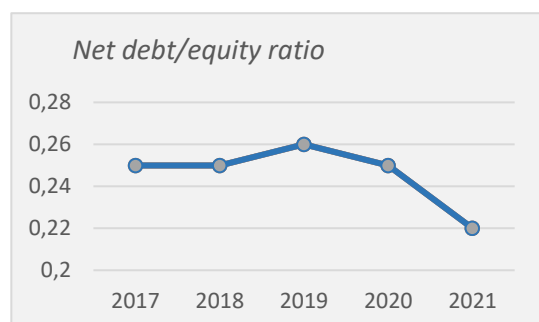
**List of the staff composition as of 31.12.2021:** 80  
persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	314 392	983 067
Revenues from operating activity	169 909	763 804
Net profit/loss	3 007	320 828
<b>Balance sheet, BGN thsd.</b>		
Total assets	6 175 225	6 768 391
Long-term assets	4 431 007	5 615 053
Short-term assets	1 744 218	1 153 338
Total liabilities	2 403 427	2 675 787
Long-term liabilities	1 283 622	2 572 585
Short-term liabilities	1 119 805	103 202
Equity	3 771 798	4 092 604
<b>Financial ratios</b>		
Return on expenses	0.95	1.38
Liquidity ratio	1.56	11.18
Indebtedness ratio	0.64	0.65
Return on equity	0.00	0.08
Dividend, BGN thsd.	-	-
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

## “KOZLODUY NPP” EAD

The company is a nuclear power plant and is the largest producer of electricity in the country, providing more than a third of the national annual electricity production. In 2021, a rapid development pace of European economies has been observed, with growth in consumption and prices of both long-term and short-term energy products, including growth in prices of basic fuels. To a large extent, price trends are also determined by changes in climatic conditions, as well as by the significant growth of carbon emission prices. At the end of 2021, the company provides BGN 450 million in grants to the Ministry of Finance, in compliance with the Decision of the Ministry of Finance No. 739/26.10.2021. as a government measure for compensation of final non-household customers of electricity in the crisis of increased electricity prices. An event of an unusual nature, having a significant impact on the financial result and representing 27% of the company's expenses.

The operation of the nuclear facilities at the Kozloduy NPP is carried out in full compliance with the conditions of the licenses, the requirements of the technological regulations and the operating instructions. The results of the monthly functional tests of the safety systems are in accordance with the regulatory requirements. During the reporting period, there were no violations of the limits and conditions for safe operation.



**100% owned by "BEH" EAD  
Minister of Energy**

**Board of Directors as of 31.12.2021**  
Appointed after conducting a competitive procedure:

Ilya Todorov Iliev, Chairperson; Iva Eduard Nikolova; Nasko Asenov Mihov; Alexander Hristov Nikolov; Vladimir Andreev Uruchev

**CEO:** Nasko Asenov Mihov

**Independent auditor:** ODIT BEKH DZZD with participants in the grouping audit companies "Grant Thornton" Ltd and "Zaharinova Nexia" Ltd, registered under reg. No. 032 and Reg.No. 138

**Remuneration paid to the Board of Directors 2021r.:** BGN 668 000

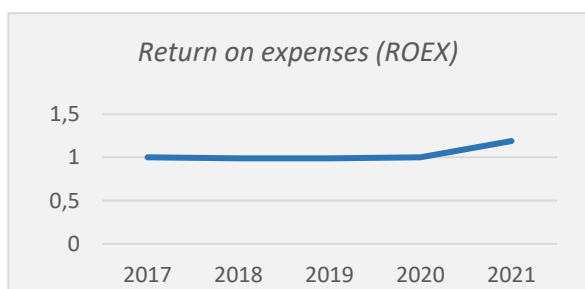
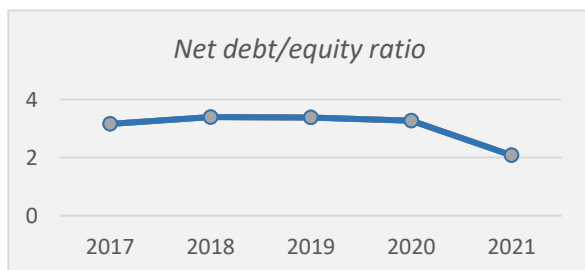
**List of the staff composition as of 31.12.2021:** 3 706 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	1 273 996	2 718 653
Revenues from operating activity	1 271 826	2 716 879
Net profit/loss	275 810	890 304
<b>Balance sheet, BGN thsd.</b>		
Total assets	3 481 607	4 072 723
Long-term assets	2 368 992	2 509 599
Short-term assets	1 112 615	1 563 124
Total liabilities	686 012	745 380
Long-term liabilities	340 009	376 528
Short-term liabilities	346 003	368 852
Equity	2 795 595	3 327 343
<b>Financial ratios</b>		
Return on expenses	1.32	1.62
Liquidity ratio	3.22	4.42
Indebtedness ratio	0.25	0.22
Return on equity	0.10	0.27
Dividend, BGN thsd.	162 446	607 905
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

## NATIONAL ELECTRIC COMPANY" EAD /NEK EAD/

The significant events in 2021 that had an impact on the company's activities are related to changes in the regulatory framework and legislation, including changes concerning the company's purchases; market circumstances for producers; market circumstances for consumers; market unification and liberalization of ancillary services. From 01.07.2021 The National Electric Company buys electricity only from producers from renewable energy sources (RES) and high efficiency cogeneration producers (HE CHP) with preferential prices with installed capacities of less than 500 kW, the long-term contracts with TPP AeS 3C Maritza East I and TPP ContourGlobal Maritza East 3 as well as from plants with certain availability for the regulated market by EWRC. NEK, in its capacity as a Public Supplier, will continue to purchase from the final suppliers the energy of RES and HE CHP producers with a total installed capacity of less than 500 kW, and will submit a request to the "Security of the Electricity System" Fund for costs compensation up to the price in full, at which buys/sells energy to the final supplier.

The company annually evaluates and analyzes customer satisfaction with the service and the products and services offered. The study of the degree of satisfaction is carried out on the basis of certain indicators covering the activities under the licenses issued to the company. Comprehensive assessment and analysis of customer satisfaction with the products and services offered confirms that processes are performed in accordance with requirements and are effective and efficient.



100% owned by "BEH" EAD  
Minister of Energy

**Board of Directors as of 31.12.2021**  
Appointed after conducting a competitive procedure:

Ivan Todorov Yonchev; Momchil Vekilov Vanov; Hristo Velichkov Georgiev; Vasya Mihaylova Nikolovska; Svetoslav Ivanov Spasov

**CEO:** Ivan Yonchev

**Independent auditor:** Audit companies "Grant Thornton" Ltd and "Zaharinova Nexia" Ltd, registered respectively under reg. No. 032 and Reg.No. 138

**Remuneration paid to the Board of Directors 2021r.:** BGN 261 163

**List of the staff composition as of 31.12.2021:** 2 041 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	2 518 934	4 075 756
Revenues from operating activity	2 518 934	4 075 756
Net profit/loss	46 314	650 096
<b>Balance sheet, BGN thsd.</b>		
Total assets	5 288 093	6 042 693
Long-term assets	4 892 644	4 997 763
Short-term assets	395 449	1 044 930
Total liabilities	4 050 725	4 082 282
Long-term liabilities	1 534 146	3 448 759
Short-term liabilities	2 516 579	633 523
Equity	1 237 368	1 960 411
<b>Financial ratios</b>		
Return on expenses	1.00	1.19
Liquidity ratio	0.16	1.62
Indebtedness ratio	3.27	2.08
Return on equity	0.04	0.33
Dividend, BGN thsd.	-	-
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

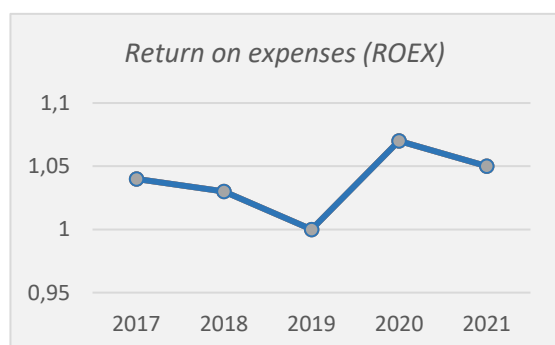
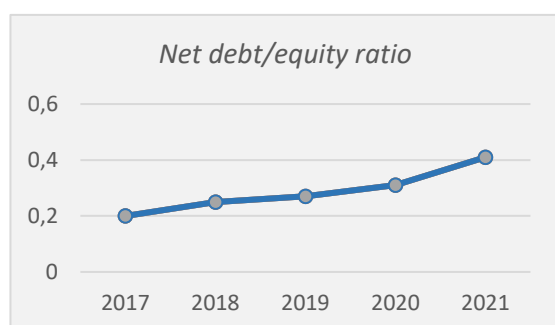


## ELECTRICITY SYSTEM OPERATOR EAD (ESO EAD)

The main priorities in the activity of "Electricity System Operator" EAD (ESO EAD) in 2021 are also aimed at fulfilling its license obligations, to ensure the operational reliability of the electricity energy system (EES) in terms of the balance of capacities and the adequacy of the network. The management of electricity energy system's activities include centralized operational management, control and coordination of the EES regimes, the joint parallel work with the electricity systems of the countries of continental Europe and the organization of tenders for the allocation of inter system transmission capacities. The company carries out its activities under the conditions of regulated prices for access to the electricity transmission network and for transmission through the electricity transmission network.

ESO EAD is a full member of the European Organization of European Network of Transmission System Operators (ENTSO-E) and carries out synchronous work with the rest of the electricity systems in Europe. ESO EAD has a leading role in the process of liberalization of the electricity market in the country, as well as in fulfilling the requirements of the regulations of the European Union governing the creation of a common European market.

The enterprise serves power lines with a total length of 15,770 km. In 2021, the construction and reconstruction of a total of 126 km of power lines was completed, power lines of common European interest with a total length of 367 km were built.



100% owned by "BEH" EAD  
Minister of Energy

### Supervisory Board as of 31.12.2021

Appointed after conducting a competitive procedure:

Alexander Alexandrov Trichkov; Kostadin Ivanov Popov; Plamen Georgiev Radonov; Evden Todorov Nikolov; Petar Statev Petrov

### Management Board:

Appointed after conducting a competitive procedure:

Anton Penkov Slavov; Angelin Nikolaev Tsachev; Plamen Veselinov Yordanov

**CEO:** Angelin Nikolaev Tsachev

**Independent auditor:** HLB Bulgaria Ltd, reg. No.017

Remunerations paid to the Management and Supervisory Boards for 2021: BGN 455 000

**List of the staff composition as of 31.12.2021:**  
3 732 persons

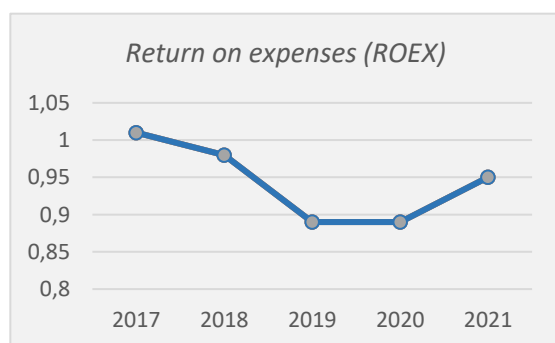
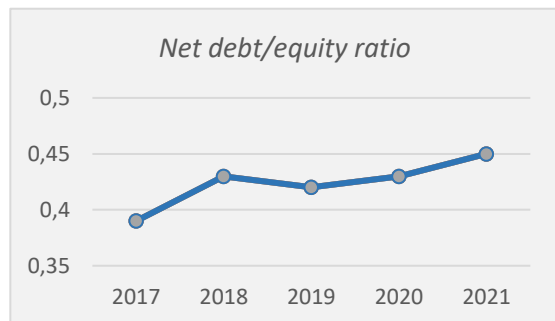
	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	617 032	946 840
Revenues from operating activity	616 744	946 815
Net profit/loss	50 736	79 460
<b>Balance sheet, BGN thsd.</b>		
Total assets	2 839 294	3 181 667
Long-term assets	2 588 460	2 808 086
Short-term assets	250 834	373 581
Total liabilities	672 340	926 968
Long-term liabilities	527 611	674 924
Short-term liabilities	144 729	252 044
Equity	2 166 954	2 254 699
<b>Financial ratios</b>		
Return on expenses	1.07	1.05
Liquidity ratio	1.73	1.48
Indebtedness ratio	0.31	0.41
Return on equity	0.02	0.04
Dividend, BGN thsd.	5 778	60 368
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

## MINI MARITSA IZTOK EAD

The enterprise exploits the largest deposit of lignite coal in Bulgaria with a productive area of 240 sq. km. The production program of the company depends on the load and the development of the electrical production capacities in the "Maritsa-East" Complex, the thermal power plants-TPP "Maritsa-East 2" EAD, "ContourGlobal Maritsa-East 3" AD, "TPP AeS 3C Maritza East I" Ltd and "Brickel" EAD, the condition and possibilities of the available equipment to meet the future consumption, the available reserves and coal resources, the mining-technical and geological conditions for their preparation for seizure. The specificity of the coal from the deposit predetermines a limited circle of customers, and its low calorific value makes transporting it over longer distances economically unprofitable, which leads to the limitation of the coal market within the complex. In addition, the load on coal mining facilities is irregular due to the seasonality of lignite consumption.

The coal is mined in an open pit manner, under a Concession Agreement for 35 years concluded with the Bulgarian government in July 2008.

"Mini Maritsa-Iztok" EAD is the largest coal mining enterprise, providing about 98% of the coal used in the country.



**100% owned by "BEH" EAD**  
**Minister of Energy**

### Board of Directors as of 31.12.2021

Appointed after conducting competitive procedures:  
Svetoslav Mitkov Minevsky; Tsvetolin Ventsislavov Bogdanov; Nikolay Stefanov Dikov; Georgi Ivanov Koev;

Appointed without competitive procedure:

Andon Petrov Andonov

**CEO:** Andon Petrov Andonov

**Audit Committee:** Miglena Miteva - Chairperson;  
Elena Dobрева; Violeta Karayazova.

**Independent auditor:** Audit companies "Grant Thornton" Ltd and "Zaharinova Nexia" Ltd, registered respectively under reg. No. 032 and Reg.No. 138.

**Remuneration paid to the Board of Directors for 2021:** BGN 318 701

**List of staff composition as of 31.12.2021:**

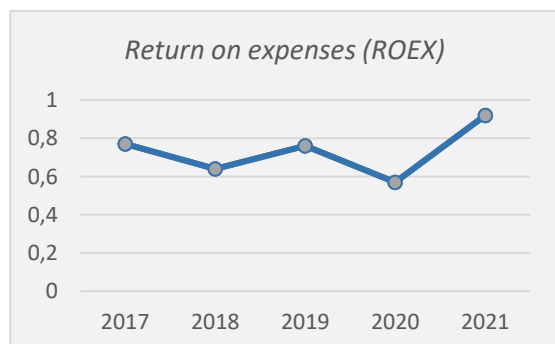
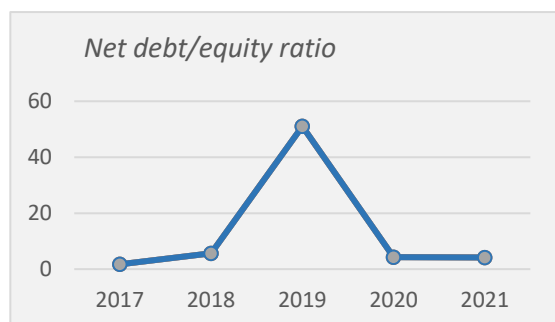
6 823 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	462 042	604 649
Revenues from operating activity	461 754	602 038
Net profit/loss	-32 108	-17 089
<b>Balance sheet, BGN thsd.</b>		
Total assets	1 141 942	1 170 574
Long-term assets	768 022	775 801
Short-term assets	373 920	394 773
Total liabilities	344 010	362 707
Long-term liabilities	251 607	245 090
Short-term liabilities	92 403	117 617
Equity	797 932	807 867
<b>Financial ratios</b>		
Return on expenses	0.89	0.95
Liquidity ratio	4.05	3.36
Indebtedness ratio	0.43	0.45
Return on equity	-0.04	-0.02
Dividend, BGN thsd.	28	-
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

## TPP MARITSA IZTOK 2 EAD

The enterprise is the largest thermal power plant in the Republic of Bulgaria and on the Balkan Peninsula. The plant consists of eight power units, all of which operate with modern desulphurization plants.

The plant meets all Bulgarian and European requirements for environmental protection. The transformation of the wholesale electricity market, in which a greater part of the market participants changed their portfolios by abandoning the conclusion of bilateral contracts and bet on the "Day Ahead" trading platform to secure the quantities of electricity they need; the sharp rise in wholesale electricity prices at the beginning of the third quarter of 2021; the increase in electricity prices on the stock market in 2021, also influenced by the sharp increase in the price of the main energy carriers on the international markets; increase in the prices of carbon emissions, which in just a few months (July/December 2021) reached levels from 50 EUR/ton to over 80 EUR/ton, lead to a significant increase in the exchange prices of electrical energy and create favorable conditions for the company to effectively restore its participation in the free market.



100% owned by "BEH" EAD  
Minister of Energy

### Board of Directors as of 31.12.2021

Appointed after conducting a competitive procedure:

Zhivko Dimitrov Dinchev; Boncho Ivanov Bonchev; Ruslan Tanev Germanov; Boyan Ivanov Boev; Milan Angelov Milanov

**CEO:** Zhivko Dimitrov Dinchev

**Independent auditor:** ODIT BEKH DZZD with participants in the grouping audit companies "Grant Thornton" Ltd and "Zaharinova Nexia" Ltd, registered under reg. No. 032 and Reg.No. 138.

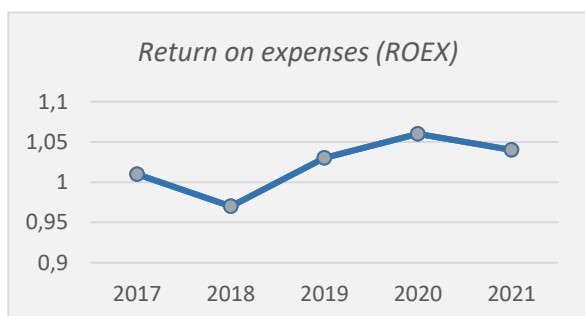
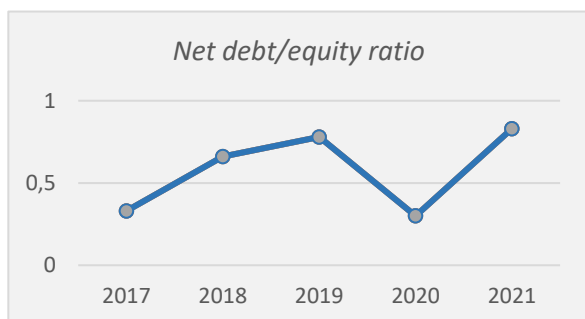
**Remuneration paid to the Management Board for 2021:** BGN 350 967

**List of the staff composition as of 31.12.2021:**  
2 291 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	458 616	1 341 842
Revenues from operating activity	458 479	1 341 730
Net profit/loss	-328 625	-137 426
<b>Balance sheet, BGN thsd.</b>		
Total assets	1 595 419	1 894 129
Long-term assets	1 428 675	1 597 896
Short-terms assets	166 744	296 233
Total liabilities	1 294 974	1 525 604
Long-term liabilities	632 864	1 129 721
Short-term liabilities	662 110	395 883
Equity	300 445	368 525
<b>Financial ratios</b>		
Return on expenses	0.57	0.92
Liquidity ratio	0.25	0.75
Indebtedness ratio	4.31	4.14
Return on equity	-1.09	-0.37
Dividend, BGN thsd.	-	-
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

**BULGARGAZ EAD** holds the only license for the activity “public supply of natural gas on the territory of the Republic of Bulgaria” issued for a period of 35 years, and from 16.09.2021 and a license to trade natural gas for a period of 10 years.

The company carries out its activity as follows: on a regulated market at prices regulated by ; on an organized stock market - at freely agreed prices; under the Gas Release Programme on an organized exchange market under the terms of the Agreement for Implementation of Gas Release Programme approved by EWRC; outside an organized stock market (domestic and international markets) at freely negotiated prices. Pursuant to the Natural Gas Trading Rules, the company binds the terms of delivery under the contracts with its customers to the terms of its long-term contracts. As a result of negotiations and signed agreements, deliveries from Azerbaijan also began, with the company receiving these deliveries at a temporary delivery point in Greece and transporting them through the Greek gas transmission network to the Bulgarian border. To guarantee the security and continuity of natural gas supplies for its customers, the company uses the capacity of the underground gas storage facility in the village of Chiren, owned by “Bulgartransgaz” EAD. To meet the natural gas needs of its customers in 2021, the company purchased 34 050 420 MWh of natural gas (25 038 266 MWh for 2020).



**100% owned by "BEH" EAD**  
**Minister of Energy**

#### **Board of Directors as of 31.12.2021**

Appointed after conducting competitive procedures:  
Nikolay Angelov Pavlov; Nikolay Atanasov Donchev;  
Ilyan Kirilov Dukov; Diyana Stoyanova Boneva;  
Svetoslav Tanev Delchev.

**CEO:** Nikolay Angelov Pavlov

**Audit Committee:** Ilin Krivoshiev – Chairperson; Irena Mihaylova; Vladimir Penevsky.

**Independent auditor:** ODIT BEKH DZZD with with participants in the grouping audit companies "Grant Thornton" Ltd and "Zaharinova Nexia" Ltd, registered under reg. No. 032 and Reg.No. 138.

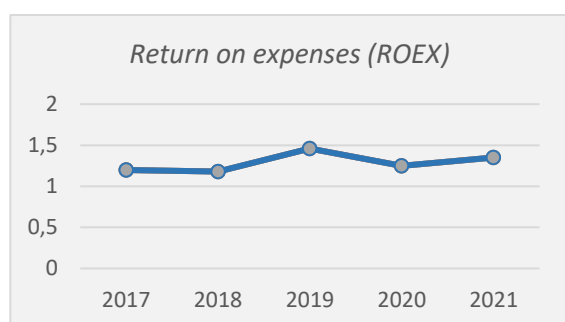
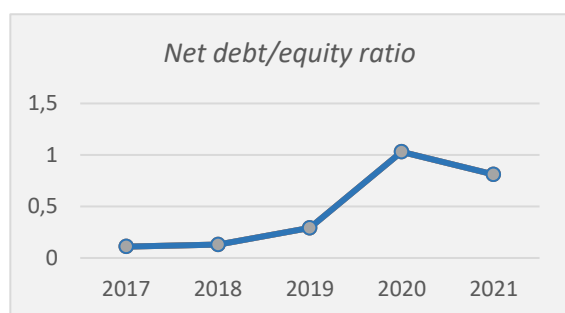
**Remuneration paid to the Management Board for 2021:** BGN 406 000

**List of the staff composition as of 31.12.2021:** 51 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	699 889	2 135 643
Revenues from operating activity	698 762	2 135 224
Net profit/loss	39 657	63 905
<b>Balance sheet, BGN thsd.</b>		
Total assets	363 198	601 033
Long-term assets	13 826	2 032
Short-terms assets	349 372	599 001
Total liabilities	83 903	272 120
Long-term liabilities	51 689	52 467
Short-term liabilities	32 214	219 653
Equity	279 295	328 913
<b>Financial ratios</b>		
Return on expenses	1.06	1.04
Liquidity ratio	10.85	2.73
Indebtedness ratio	0.30	0.83
Return on equity	0.14	0.19
Dividend, BGN thsd.	-	14 275
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

**BULGARTRANGAZ EAD** is a state-controlled enterprise and has 40 years of history and experience in the field of natural gas transmission and storage. The company is a combined gas operator and holds licenses for the transmission and storage of natural gas on the territory of the Republic of Bulgaria, issued by the regulatory body EWRC for a period of 35 years. By EWRC's decision, the company is certified as an Independent transmission operator of Bulgaria's gas transmission system under the requirements of Directive 2009/73/EC of the European Parliament and of the Council concerning common rules for the internal market in natural gas.

In 2021 the company's capital was increased to BGN 1,414,786,264 by issuing 189,267,109 new ordinary registered shares with a nominal value of BGN 1 each. The average daily reserved capacity of entry and exit points of the gas transmission network owned by the company increased by 149% – to 1,242,254 mWh, in the fourth quarter of 2021, compared to the same period in 2020.



**100% owned by "BEH" EAD**  
**Minister of Energy**

#### **Supervisory Board as of 31.12.2021**

Appointed after conducting competitive procedures:  
Kiril Georgiev Georgiev – Chairperson; Delyan Ivanov Koynov; Snezhana Bobeva Yovkova-Markova; Nikolay Ivanov Stefanov; Stefan Milenov Iliev

**Management Board:** Darina Hristova Koleva – Chairperson; Delyan Valentinov Dimitrov; Vladimir Asenov Malinov

**CEO:** Vladimir Malinov

**Independent auditor:** RSM BG Ltd, Reg. No.173

**Remuneration paid to the Management Board for 2021:** BGN 727 000

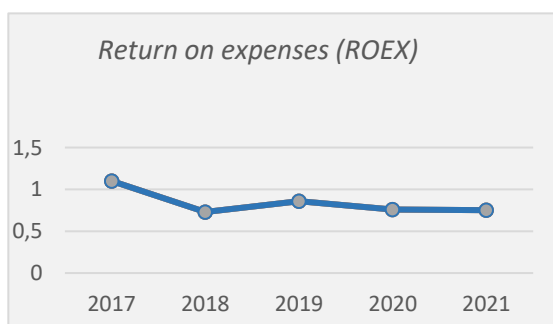
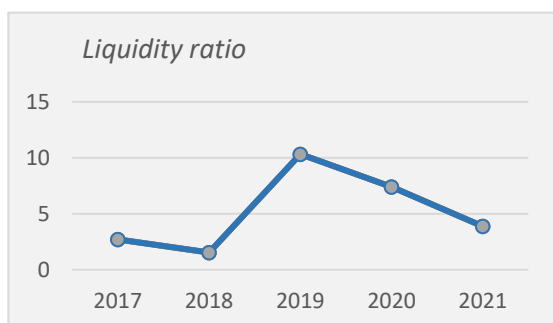
**List of the staff composition as of 31.12.2021:**  
1 076 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	400 145	605 605
Revenues from operating activity	393 644	582 600
Net profit/loss	72 478	140 701
<b>Balance sheet, BGN thsd.</b>		
Total assets	5 080 234	6 452 636
Long-term assets	4 546 870	5 719 950
Short-term assets	533 364	732 686
Total liabilities	2 571 641	2 891 029
Long-term liabilities	2 163 336	2 117 870
Short-term liabilities	408 305	773 159
Equity	2 508 593	3 561 607
<b>Financial ratios</b>		
Return on expenses	1.25	1.35
Liquidity ratio	1.31	0.95
Indebtedness ratio	1.03	0.81
Return on equity	0.03	0.04
Dividend, BGN thsd.	-	79 601
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

## STATE ENTERPRISE “PORT INFRASTRUCTURE”

In 2021, in the port terminal Ruse – East, the Port Terminal Petrol, the Port Terminal TPP Ezerovo, the Silistra Ferry Terminal and the Port Terminal Ferry Complex - Varna were handled 360,615 physical tons of cargo from 5,605 vessels and 42 wagons, 30,665 motor vehicles; 604 passengers. Revenues from port services for 2021 amount to BGN 4,594 thousand or 66.27% more compared to 2020. International agreements were reached between the Republic of Romania and the Republic of Bulgaria for the recovery in March 2021 of the activity of the Silistra Ferry Terminal.

Among the main reforms and most significant events in 2021, should be specified: the scope of the Vessel Traffic Management Information System (VTMIS) has been improved and expanded by implementing cutting-edge digital infrastructure meeting the highest standards; the process of delivery of facilities for receiving waste resulting from shipping activities, as well as facilities for prevention and response to operational and emergency pollution, has begun; activities were carried out to prepare the infrastructure for supplying ships with electricity from the shore in order to reduce the pollution generated by vessels in Bulgarian ports; the upgrade of the high-tech system for risk prevention and for increasing the security of the territory of our seaports begins.



100% state-owned

Minister of Transport and Communication

Management Board as of 31.12.2021.  
Appointed without competitive procedure:  
Dobromir Georgiev Yanev; Ivaylo Stoyanov  
Ivanov; Geogi Iliev Dimitrov

**General Director:** Dobromir Yanev

**Independent auditor:** Audit Consult 2004 OOD,  
reg. No.122

**Remunerations paid to the Management Board for 2021:** BGN 419,209

**List of the staff composition as of 31.12.2021:** 404 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	38 764	40 759
Revenues from operating activity	37 903	40 320
Net profit/loss	-11 281	-12 050
<b>Balance sheet, BGN thsd.</b>		
Total assets	1 298 406	1 385 475
Long-term assets	1 136 715	1 274 540
Short-terms assets	161 691	110 935
Total liabilities	82 297	77 384
Long-term liabilities	60 431	48 816
Short-term liabilities	21 866	28 568
Equity	1 216 109	1 308 091
Deductions for The State, BGN thsd.		-
<b>Financial ratios</b>		
Return on expenses	0.76	0.75
Liquidity ratio	7.39	3.88
Indebtedness ratio	0.07	0.06
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No



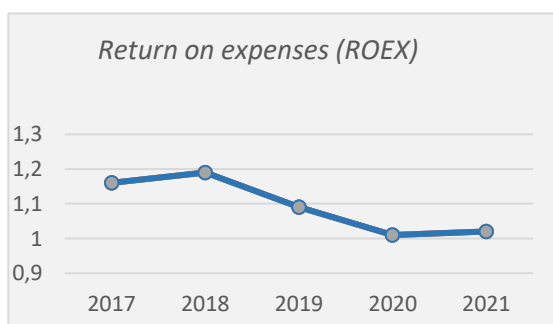
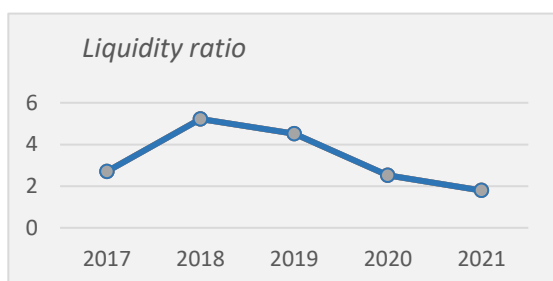
## BULGARIAN AIR TRAFFIC SERVICES AUTHORITY /BULATSA/

BULATSA provides air navigation services on the territory of the Republic of Bulgaria and over part of the Black Sea.

In 2021 a total of 526,947 flights were served, which is 36.17% more than in 2020. The number of international flights to and from Bulgarian airports increased by 24.32% compared to 2020. The most significant impact on the overall activity of the enterprise and on the on air traffic had the Covid-19 pandemic. A number of geopolitical events continue to impact aircraft flows.

In 2021, the measures adopted in 2020 to prioritize capital projects and optimize operating costs were continued and further developed, as a result of which the enterprise continues to perform without interruption the assigned state functions and priority investment projects related to critical infrastructure, the safety of flights and airspace capacity; including improving overview coverage, upgrading communication systems and networks, upgrading navigation aids, etc.

BULATSA has established rules for managing customer relations. The enterprise takes an active part in the activities related to environmental protection, participating in the activities of the forum "Joint management of the environmental impact of aviation activities in the area of airports".



100% state-owned

Minister of Transport and Communication

**Management Board** as of 31.12.2021

Appointed after conducting a competitive procedure:  
Veselina Vasileva Karamileva – Todorova –  
Chairperson; Yanko Genadiev Stoimenov, Georgi  
Genchev Peev

**General director** – Georgi Peev

**Independent auditor:** "Brain Storm Consult - OD" Ltd,  
reg." No.148

**Remunerations paid to the Management Board for  
2021:** BGN 279,000

**List of the staff composition as of 31.12.2021:** 1,129  
persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	179 954	187 866
Revenues from operating activity	179 854	185 723
Net profit/loss	2 552	3 033
<b>Balance sheet, BGN thsd.</b>		
Total assets	404 156	402 095
Long-term assets	280 400	328 021
Short-term assets	123 756	74 074
Total liabilities	62 026	59 317
Long-term liabilities	12 987	17 822
Short-term liabilities	49 039	41 495
Equity	342 130	342 778
Deductions for The State, BGN thsd.	18 252	1 276
<b>Financial ratios</b>		
Return on expenses	1.01	1.02
Liquidity ratio	2.52	1.79
Indebtedness ratio	0.18	0.17
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

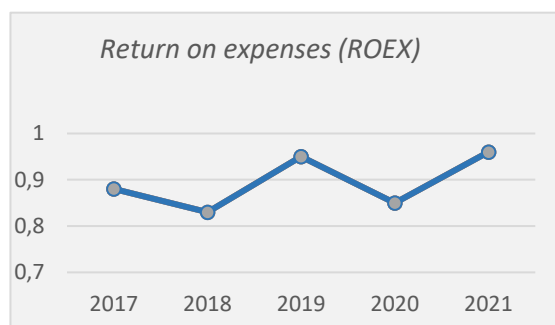
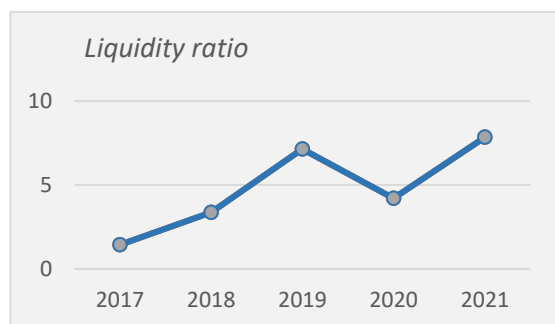
## STATE ENTERPRISE “NATIONAL RAILWAY INFRASTRUCTURE COMPANY” EAD

The main objective of the company is to manage the railway infrastructure and provide equal access to it to all railway carriers. The enterprise is entrusted with the governance and management of public state-owned property and the provision of services and activities in the interest of society.

The state enterprise actively participates in the implementation of the set goals of the policy in the field of transport to build the basic transport infrastructure as an important condition for maintaining sustainable economic growth. The company's priorities are determined by the main principles laid down in the EU's strategic documents until 2030.

Among the changes that occurred in 2021, the following should be noted: changes in the structure and amount of capital; structural and organizational changes; changes in the structure and amount of the fee under Art. 35 of the Railway Transport Act and the price for the distribution of traction electricity.

One of the main goals of the enterprise is to conduct an active technological and commercial policy to satisfy the customers' needs for quality service - security, reliability, continuity and environmental friendliness of the offered services. Customer satisfaction is measured by passenger and freight train punctuality index as of 2021 were reported respectively 96.03% and 96.09%.



100% state-owned

Minister of Transport and Communication

### Management Board as of 31.12.2021

Appointed after conducting a competitive procedure:

Krasimir Hristov Papukchyiski - Chairmperson

Appointed without competitive procedure:

Tsvetelina Hantova-Andreeva

Director General Krasimir Hristov Papukchyiski

**Independent auditor:** ABVP-Audit Standard OOD, Reg. No.165

**Remuneration paid to the key management personnel for 2021:** BGN 328 000

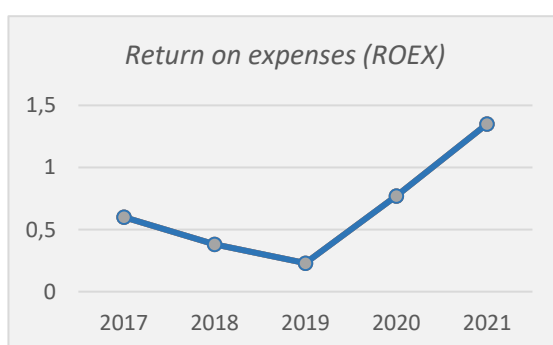
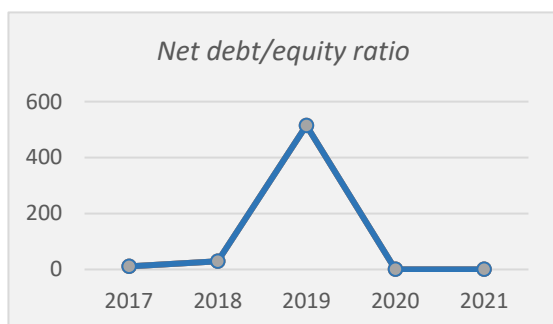
**List of the staff composition as of 31.12.2021:**  
10 796 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	453 260	513 248
Revenues from operating activity	452 498	511 547
Net profit/loss	-76 127	-14 440
<b>Balance sheet, BGN thsd.</b>		
Total assets	4 380 005	4 560 326
Long-term assets	4 155 343	4 262 071
Short-terms assets	224 662	298 255
Total liabilities	3 104 595	3 305 217
Long-term liabilities	3 051 097	3 267 401
Short-term liabilities	53 498	37 816
Equity	1 275 410	1 255 109
Deductions for The State, BGN thsd.		-
<b>Financial ratios</b>		
Return on expenses	0.85	0.96
Liquidity ratio	4.20	7.84
Indebtedness ratio	2.43	2.63
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes

## HOLDING BDZ EAD

The main activity of the holding is the management and administration of the activities of the two subsidiaries "BDZ-Cargo" EOOD and "BDZ Passenger Services" EOOD, as well as the sale of non-operating assets. The company mainly provides services between related parties in the BDZ Group. Works purposefully to achieve sustainable development and permanent growth by restoring competitiveness and increasing the market share of the holding group and railway transport as a whole.

In 2021, the following significant events occurred for the company: funding was received under the "60/40" measure to preserve the employment of workers at the Panichishte Personnel Rehabilitation Center for the period from January to May 2021; the investment in the subsidiary companies was increased, as a result of non-cash receivables and spare parts in the capital of "BDZ-Cargo Services" Ltd and "BDZ-Passenger transport" Ltd.



**100% state-owned**

**Minister of Transport and Communication**

### Board of Directors as of 31.12.2021

Appointed after a competitive procedure:

Margarita Dobрева Petrova-Karidi -  
Chairperson, Svetlomis Vasilev Nikolov,  
Georgi Drumev

**CEO:** Georgi Drumev

**Audit Committee:** Marieva Parusheva -  
Chairperson, Petar Stefanov - member,  
Gergana Mihaylova-Borisova - member

**Independent auditor:** HLB Bulgaria Ltd, reg.  
No.017

**Remuneration paid to the Board of  
Directors for 2021:** BGN 336,000

**Average staff composition for 2021:** 91  
persons

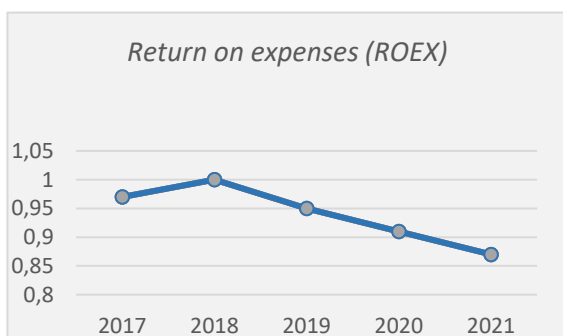
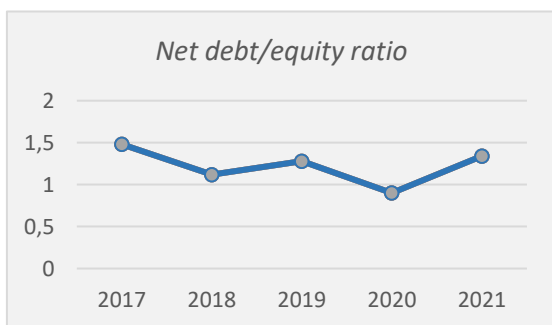
	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	6 524	5 684
Revenues from operating activity	6 411	5 635
Net profit/loss	558	2,540
<b>Balance sheet, BGN thsd.</b>		
Total assets	250,919	253,344
Long-term assets	227,884	232,841
Short-term assets	23,035	20,503
Total liabilities	32,070	32,181
Long-term liabilities	21,017	20,783
Short-term liabilities	11,053	11,398
Equity	218,849	221,163
<b>Financial ratios</b>		
Return on expenses	0.77	1.35
Liquidity ratio	2.08	1.80
Indebtedness ratio	0.15	0.15
Return on equity	0.00	0.01
Dividend, BGN thsd.	-	-
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

## BDZ PASSENGER SERVICES LTD

"BDZ Passenger Services" EOOD is part of a holding structure, in which the parent company "Holding BDZ" EAD represents the governance center, sets common guidelines and goals, and the subsidiaries - "BDZ Passenger Services" Ltd and "BDZ Cargo Services" Ltd follow the management strategy and carry out the main business activities of railway carriers.

The company is specialized in carrying out passenger railway transport in domestic and/or international traffic, renting locomotive traction and wagons for railway passenger transport, maintenance and repair of rolling stock (locomotive and wagons). The trips of citizens regulated by government regulations (students, senior citizens, mothers of many children, disabled and blind citizens of the I and II groups of disabilities, war veterans, group trips) make up 17% of the total number of trips by rail transport. From these groups of passengers, 2.842 million passengers were transported and 222.227 million passenger kilometers were realized with an average transport distance of 78 km, which is 6% less compared to 2020.

In 2021, the company continued to fulfill its investment intentions for renewal of the available rolling stock to increase the quality of the service offered. Currently, fifteen new "Smartron" locomotives are in operation under a contract with "DZZD Siemens Tron". With decisions of the sole owner, with two non-monetary contributions in 2021, the capital of the company was increased to BGN 13,004,550.



**100% owned by Holding BDZ EAD**

**Minister of Transport and Communication**

### Manager:

Appointed without competitive procedure:  
Konstantin Azov

**Audit Committee:** Bozhana Stoeva – Chairperson;  
Philip Stoyanov; Ulya Angelova

**Independent auditor:** HLB Bulgaria Ltd,  
reg. No.017

**Remuneration paid to the key management personnel for 2021:** BGN 215 000

**Average staff composition for 2021:** 5 313 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	250 597	272 982
Revenues from operating activity	250 416	272 936
Net profit/loss	-10 830	-32 523
<b>Balance sheet, BGN thsd.</b>		
Total assets	533 301	583 918
Long-term assets	450 758	500 277
Short-terms assets	82 543	83 641
Total liabilities	253 311	333 918
Long-term liabilities	192 231	249 857
Short-term liabilities	61 080	84 061
Equity	279 990	250 000
<b>Financial ratios</b>		
Return on expenses	0.91	0.87
Liquidity ratio	1.35	1.00
Indebtedness ratio	0.90	1.34
Return on equity	-0.04	-0.12
Dividend, BGN thsd.	-	-
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

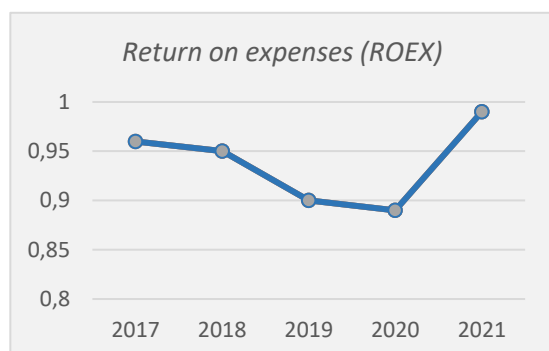
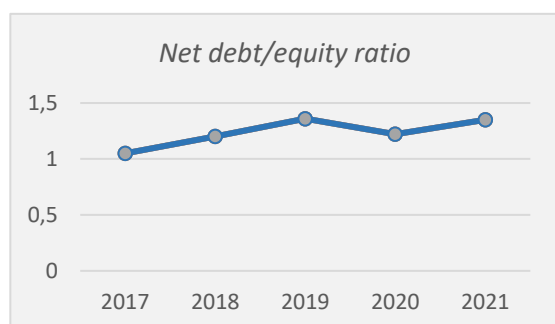
## BDZ Cargo Services LTD

"BDZ Cargo Services" Ltd specializes in carrying out rail freight transports, hiring locomotive traction and wagons for carrying out rail freight transports, maintenance and repair of rolling stock (locomotives and wagons).

In 2021, the company's core capital has been increased by BGN 2,540,000, based on a decision of the Board of Directors of "Holding BDZ" EAD. The company carries out constant monitoring to assess the quality of the "cargo transportation" service. To analyze satisfaction, the customers are periodically sent a survey card according to an approved model. The following indicators are studied and analyzed: assistance in case of problems during transportation; security and reliability of transportation; staff responsibility and commitment; information security in relation to the offered transport service.

The company's vision for the future of freight rail transport in the country is within the context of the European Commission's policy to build a single railway area, which will be based on an integrated infrastructure network, interoperability and free competition to ensure efficient, safe and sustainable freight transport services in the EU and the region.

Despite the increased revenue from the sale of rail transport in 2021 due to the sharp increase in fuel and electricity prices in the last quarter, the enterprise ends the reporting year with deteriorated financial results compared to the previous 2020 year.



**100% owned by Holding BDZ EAD**  
**Minister of Transport and Communication**

### Manager:

Appointed without competitive procedure:  
Hristyan Krastev

**Audit Committee:** Petar Blagoev - Chairperson,  
Hristina Nikolova, Petar Dimitrov

**Independent auditor:** HLB Bulgaria Ltd, reg.  
No.017

**Remuneration paid to the key management personnel for 2021:** BGN 80 000

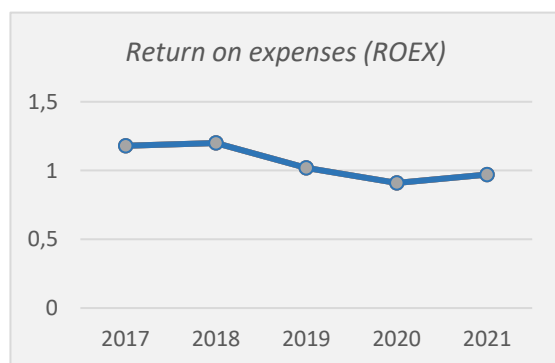
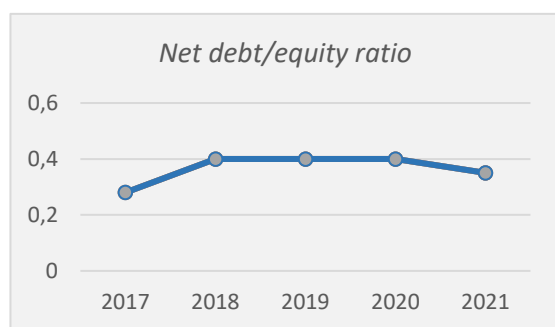
**List of the staff composition as of 31.12.2021:** 2 286 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	119 303	126 083
Revenues from operating activity	119 126	126 017
Net profit/loss	-2 186	-7 046
<b>Balance sheet, BGN thsd.</b>		
Total assets	215 204	215 014
Long-term assets	177 134	176 036
Short-term assets	38 070	38 978
Total liabilities	118 126	123 574
Long-term liabilities	61 979	79 083
Short-term liabilities	56 147	44 490
Equity	97 078	91 441
<b>Financial ratios</b>		
Return on expenses	0.89	0.99
Liquidity ratio	0.68	0.87
Indebtedness ratio	1.22	1.36
Return on equity	-0.02	-0.08
Dividend, BGN thsd.	-	-
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

## PORT VARNA EAD

The main activity of the Port of Varna EAD is transshipment and storage of cargo, port services, and ship servicing. In 2021, 8 270 thsd. tons of cargo were processed, as the Varna-East and Varna-West port terminals are mainly for export - 57% of the cargo turnover is loaded onto ships (exports) and 43% is unloaded (imports). The number of ships visited and handled at the port terminals was 908. Compared to the previous year, an increase of 71 ships was recorded, taking into account an increase in the volume of the ship batch, which is a positive trend. A 15.47% increase in cargo turnover is reported, the main factors for this being the increase in processed cargo of the enterprise's strategic customers. In the export of the grain harvest a growth in the processed tonnage and the percentage of revenues is reported.

The company continuously monitors customer satisfaction with the offered goods and services and their results. For this purpose, a comprehensive "Procedure for surveying and analyzing customer satisfaction with port services" has been developed and implemented, which is an integral part of the ISO 9001:2015 Quality Management System.



**100% state-owned**

**Ministry of Transport and Communication**

### Board of Directors as of 31.12.2021

Appointed after a competitive procedure:  
Tihomir Iliev Todorov – Chairperson, Petar Ivov Seferov

Appointed without conducted competitive procedure: Alexander Miladinov Alexandrov

**CEO:** Petar Ivov Seferov

**Independent auditor:** Svrakov i Milev Ltd,  
reg. No.087

**Remuneration paid to the Board of Directors for 2021:** BGN 189,000

**List of the staff composition as of 31.12.2021:** 1,241 persons

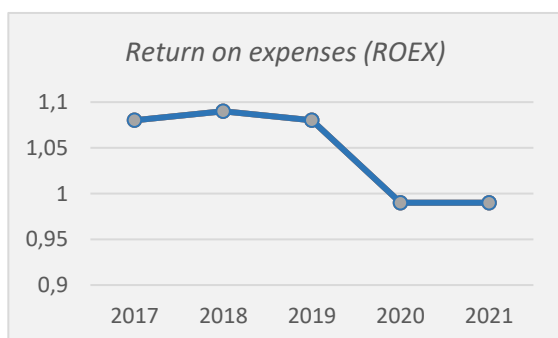
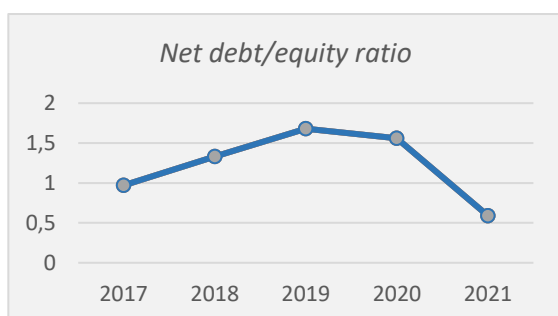
	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	51 884	56 376
Revenues from operating activity	51 822	56 376
Net profit/loss	-5 116	-1 532
<b>Balance sheet, BGN thsd.</b>		
Total assets	63 381	58 927
Long-term assets	38 650	34 607
Short-term assets	24 731	24 320
Total liabilities	18 092	15 170
Long-term liabilities	8 112	6 440
Short-term liabilities	9 980	8 730
Equity	45 289	43 757
<b>Financial ratios</b>		
Return on expenses	0.91	0.97
Liquidity ratio	2.48	2.79
Indebtedness ratio	0.40	0.35
Return on equity	-0.11	-0.04
Dividend, BGN thsd.	541	-
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes



## SOFIA AIRPORT EAD

On April 20, 2021, the start date of the Sofia Airport concession occurred, within the meaning of the Agreement concluded on July 22, 2020 between the Government of the Republic of Bulgaria and the selected concessionaire "Sof Connect" JSC. "Sofia Airport" EAD ceased all its aviation and commercial activities on the territory of Sofia Airport. According to the terms of the concession contract, all the personnel of "Sofia Airport" EAD have been transferred to the Concessionaire under the terms of the Labor Code, with the exception of the personnel of Balchik Airport and Cosmos Hotel, which are not part of the concession site. According to tripartite agreements concluded in the previous concession period, the company's contracts with customers and suppliers, the subject of which is related to the object of the concession, were transferred to the company. With the activities carried out at Sofia airport and with the personnel transferred to the concessionaire, the contract for the terms and conditions for the use of Sofia civil airport for public use has been terminated according to Art. 43e of the Civil Aviation Act, concluded between "Sofia Airport" EAD and the Ministry of Transport and Communications on 10.09.2016.

Pursuant to Article 24, Paragraph 5 of the State Budget Act of the Republic of Bulgaria for 2021, by order of the Ministry and in accordance with the received instructions of the Minister of Finance, the company makes payments to the Ministry of a total of BGN 85,467,902.40 airport fees, collected and reported in the estimates under the contract with the ministry until the date of revocation of the company's license as an airport operator.



**100% state-owned**

**Minister of Transport and Communication**

**Board of Directors as of 31.12.2021** Appointed after a competitive procedure:

Hristina Iliyanova Yankova – Chairperson of the Board of Directors, Ivan Hristov Dimitriev, Hristo Stoyanov Handzhiev

**CEO:**

Hristo Stoyanov Handzhiev

**Independent auditor:** Grant Thornton Ltd, reg. No.032

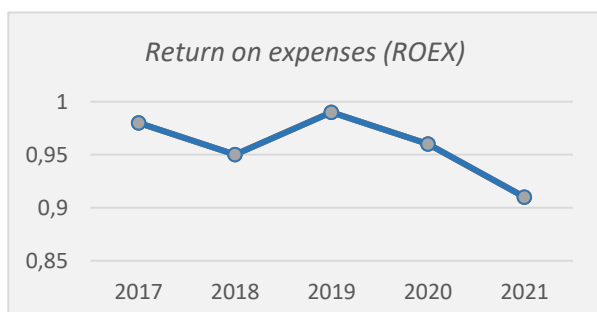
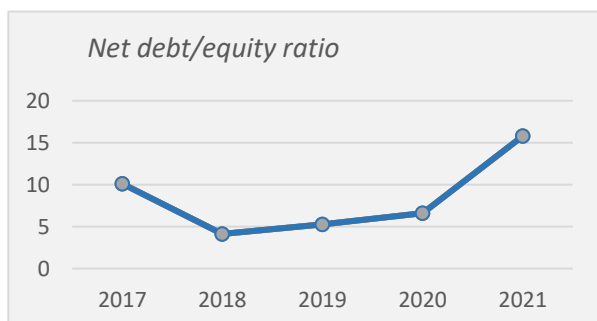
**Remuneration paid to the Board of Directors for 2021– BGN 300 000**

**After the start date of the concession, the average staff roster as of 31.12.2021: 24 persons**

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	132 094	34 327
Revenues from operating activity	131 488	33 595
Net profit/loss	-1 662	-633
<b>Balance sheet, BGN thsd.</b>		
Total assets	272 803	168 045
Long-term assets	9 942	8 705
Short-term assets	262 861	159 340
Total liabilities	166 201	62 076
Long-term liabilities	-	-
Short-term liabilities	166 201	62 076
Equity	106 602	105 969
<b>Financial ratios</b>		
Return on expenses	0.99	0.99
Liquidity ratio	1.58	2.57
Indebtedness ratio	1.56	0.59
Return on equity	-0.02	-0.01
Dividend, BGN thsd.	6 450	-
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

**BULGARIAN POSTS EAD**'s main activity is building, using, and maintaining the national postal network, providing domestic and international postal services, money transfer and payment activities, postage stamps' printing and distribution, and document books under control, etc.

In 2021, in the direction of information and communication technologies, existing and new projects are implemented to automate and increase the quality of the services offered by the company. The main goal is to improve the quality of existing services by renewing their technology, by applying modern IT solutions, and digitizing processes. The Postal Services system has been developed and expanded, and business processes related to new services imposed on the postal market are constantly being developed and added to the system, while changes in some outdated technological processes are proposed. The postal activities delivering universal and non-universal postal services at all levels for receiving, processing, and delivering e-commerce ("E-Packet") shipments have been automated. The Portal ART 1.0 has been implemented with interfaces to provide an environment for the inclusion of all merchants whose business is e-commerce to deliver orders to their customers through the company's services. A modern call center was built to automate the process of incoming and outgoing telephone calls and to serve the information systems for receiving, transmitting, and paying out shipments, money transfers, Customs Representation and EMS Bullpost.



**100% state-owned**

**Minister of Transport and Communication**

**Board of Directors as of 31.12.2021** Appointed after conducting a competitive procedure:

Krasimir Krachunov – Chairperson; Emilya Facheva; Deyan Daneshki; valentin Asenov; Biser Hristov

**CEO:** Deyan Daneshki

**Independent auditor:** Grant Thornton Ltd, reg. No.032

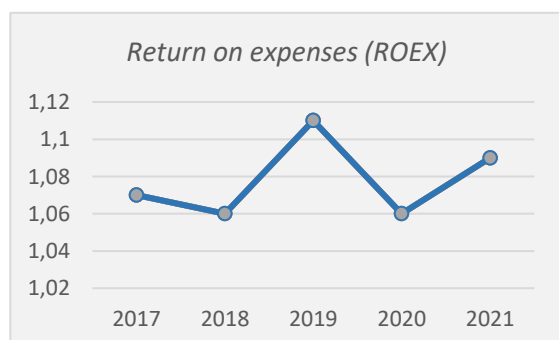
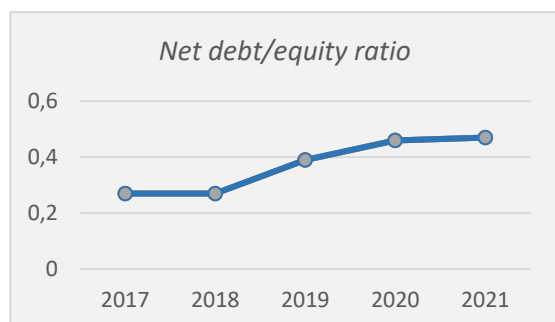
**Remuneration paid to the Board of Directors for 2021:** BGN 441,000

**List of the staff composition as of 31.12.2021:** 9,061 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	213 299	233 576
Revenues from operating activity	212 661	223 292
Net profit/loss	-5 155	-13 792
<b>Balance sheet, BGN thsd.</b>		
Total assets	219 825	232 490
Long-term assets	136 994	112 066
Short-term assets	82 831	120 424
Total liabilities	190 992	218 637
Long-term liabilities	38 360	29 542
Short-term liabilities	152 632	189 095
Equity	28 833	13 853
<b>Financial ratios</b>		
Return on expenses	0.96	0.91
Liquidity ratio	0.54	0.64
Indebtedness ratio	6.62	15.78
Return on equity	-0.18	-1.00
Dividend, BGN thsd.	-	-
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

**INFORMATION SERVICES AD** is among the leaders of the Bulgarian IT sector in the field of system integration of information systems in the central and local administrations, the development, implementation and maintenance of new technological solutions. With its scale and significant experience in the implementation of high-tech projects, the company is the only one in the Bulgarian market with experience and expertise in the processes in state structures, the interrelationships, the manner and principles of functioning, which is of crucial importance for the effective implementation of IT projects at the national level. The company has high-tech resources, a team of highly qualified professionals, and competencies in business processes, through which it can effectively implement projects in the central and local administration and the judicial authorities related to digital transformation.

The key activities performed by the company in 2021 are as follows: activities as a National System Integrator, which include building, maintaining, developing, and monitoring the operability of information systems used by administrative bodies; construction and management of information and communication infrastructure; computer processing of voting data and results of all elections held; provision of services for development, upgrading, implementation and maintenance of information systems and management of ICT services for customers under commercial contracts; provision of authentication services (electronic signatures) to the administration, businesses and citizens, under the trade name StampIT; contracts for implementation and subscription support of software products owned by the company.



**99.49% state-owned**  
**Minister of e-Governance**

**Board of Directors as of 31.12.2021**

Appointed after a competitive procedure:

Ivaylo Borisov Filipov, Ulyana Petrova  
Kalcheva, Valentina Stefanova Nedyalkova

**CEO:** Ivaylo Filipov

**Independent auditor:** Veles Audit Ltd., Reg. No.170

**Remuneration paid to the Board of Directors for 2021:** BGN 523,000

**Average staff composition for 2021:** 580 persons

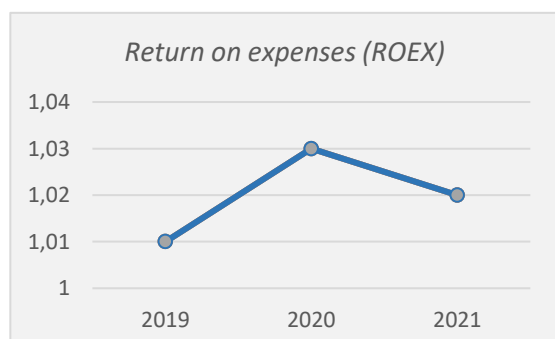
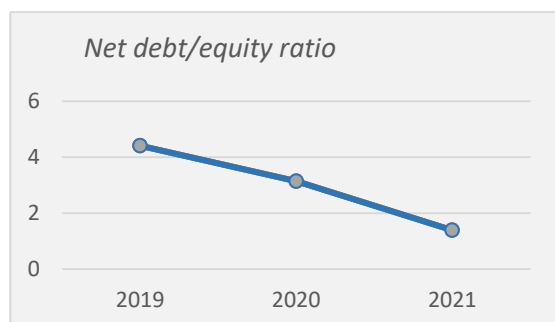
	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	83 877	111 663
Revenues from operating activity	83 876	111 658
Net profit/loss	4 031	8 748
<b>Balance sheet, BGN thsd.</b>		
Total assets	40 023	50 014
Long-term assets	22 435	24 426
Short-term assets	17 588	25 588
Total liabilities	12 617	16 030
Long-term liabilities	2 656	2 844
Short-term liabilities	9 961	13 186
Equity	27 406	33 984
<b>Financial ratios</b>		
Return on expenses	1.06	1.09
Liquidity ratio	1.77	1.94
Indebtedness ratio	0.46	0.47
Return on equity	0.15	0.26
Dividend	1 394	2 005
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

## TRANSPORT CONSTRUCTION AND RECOVERY EAD (TCR-EAD)

The company's business scope is construction, maintenance and restoration of transport facilities, activities in the field of transport communications, rail freight, etc.

TCR-EAD works mainly in the Bulgarian railway/road construction services market, where the volume of orders directly depends on the state budget, the municipalities' budget, and European programs for project funding. And in 2021 the main contracting authority in the sector is the SE "National Railway Infrastructure Company" EAD, as well as the Municipalities with approved financing under Operational Programs. Among the sites completed in 2021. should be specified: repair of sites of the railway infrastructure of "Sofia Mel"; rehabilitation of the railway, artificial facilities, the facilities and devices of the electricity supply system from the railway infrastructure in the area of the Koprivshtitsa station; design and construction of a railway crossing with remote control in the area of "Neochim" Plc., etc.

It is evident from the completed questionnaires for the client satisfaction assessment that all sites handed over to the state reception commission are implemented with appropriate professionalism with a good assessment of work organization, neatness, and order during the execution of construction and assembly works.



**100% state-owned**  
**Minister of Transport and Communication**

**Board of Directors as of 31.12.2021**  
Appointed after a competitive procedure:  
Todor Kondakov, Marin Hristov, Bozhidar Dzhelebov

**CEO:** Bozhidar Dzhelebov

**Audit Committee:** Veik Zanchev, Atanas Pachelichki Valentin Bozhkov

**Independent auditor:** Radka Boevska, reg. No.0270

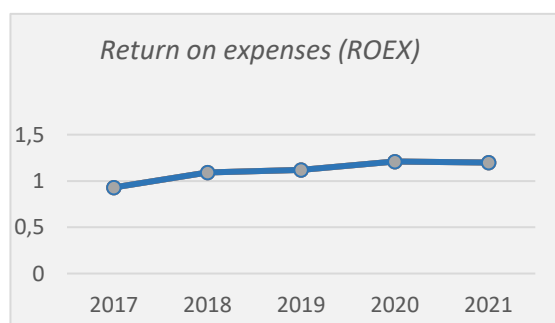
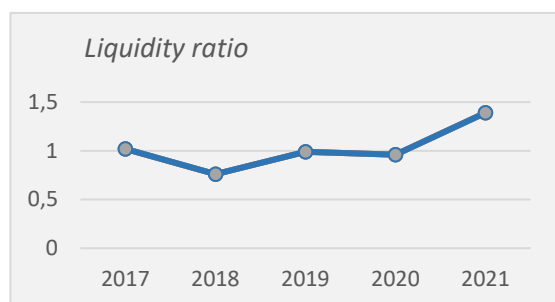
**Remuneration paid to the Board of Directors 2021r.:** BGN 261 000

**Average staff composition for 2021:** 614 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	173 816	183 352
Revenues from operating activity	173 816	183 352
Net profit/loss	4 140	3 628
<b>Balance sheet, BGN thsd.</b>		
Total assets	196 919	122 958
Long-term assets	52 021	49 619
Short-term assets	144 898	73 339
Total liabilities	149 316	71 024
Long-term liabilities	2 022	2 249
Short-term liabilities	147 294	68 775
Equity	47 603	51 231
<b>Financial ratios</b>		
Return on expenses	1,03	1,02
Liquidity ratio	0.98	1.06
Indebtedness ratio	3.14	1.39
Return on equity	0.09	0.07
Dividend, BGN thsd.	-	38
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes

**SE “BULGARIAN SPORTS TOTALIZER”** is a legal entity, a state enterprise within the meaning of Art. 62, para. 3 of the Commercial Act, established under the provisions of the Gambling Act, and with scope of business: Organization of traditional lottery, number lottery games, instant lotteries, and betting on results of sports competitions and horse and dog races on the country's territory.

In 2021 the enterprise carries out its activity in accordance with an implemented quality system, according to the ISO 9001:2015 standard. A control audit was passed on the developed Integrated Information Security Management System (ISMS), according to two international standards: ISO/IEC 27001:2013 and WLA SCS:2016 (a standard specific to lottery organizers and internationally recognized as best practice in the industry). The performance of the enterprise's activity according to the implemented ISMS is a necessary condition for the eventual inclusion of the enterprise in the internationally organized Eurojackpot game, the intention to participate in which has been confirmed. In 2021, a functional task was prepared for the renewal of the central computer system used for the main activity of the state enterprise. The period is distinguished by active control activity of financial discipline and compliance with service standards by the receiving network. In 2021, in the state enterprise was performed digital transformation, which is expressed in: Provision of the necessary software licenses — to centralize activities and for employees; creation of a cloud-based active directory and a cloud-based email server in compliance with the highest information security standards; replacement of computer equipment and system software licenses for employees in the administration; delivered and implemented modern communication equipment for the continuity of business processes in compliance with the best practices for achieving information security.



**100% state-owned**  
**Minister of Youth and Sports**

**Board of Directors as of 31.12.2021**  
Appointed after conducting a competitive procedure:

Luydmila Kostova Petkova – Chairperson,  
Lyubomir Stefanov Petrov, Goshko Petkov  
Ginchev, Hristo Georgiev Yovov, Valentin  
Strahilov Tochev

**CEO:** Lyubomir Petrov

**Independent auditor:** ABVP-Audit Standard  
OOD, Reg. No.165

**Remunerations paid to the Management**

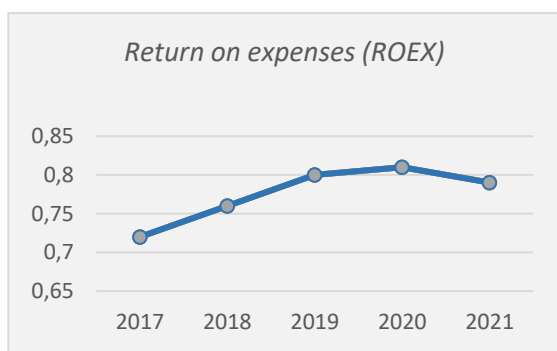
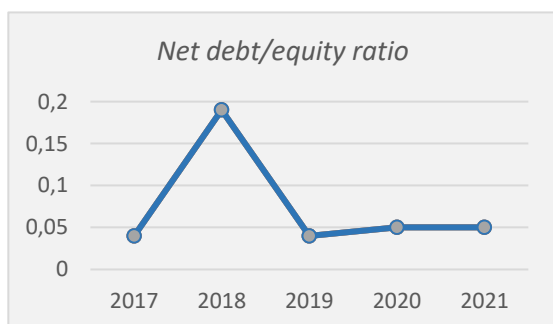
**Board for 2021:** BGN 358 515

**Average staff composition for 2021:** 1 195  
persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	251 851	294 038
Revenues from operating activity	251 849	294 038
Net profit/loss	7 561	5 351
<b>Balance sheet, BGN thsd.</b>		
Total assets	138 207	158 706
Long-term assets	105 609	102 746
Short-term assets	32 598	55 960
Total liabilities	87 652	102 817
Long-term liabilities	53 551	62 431
Short-term liabilities	34 101	40 386
Equity	50 555	55 889
<b>Deductions for The State, BGN thsd.</b>		31 000
<b>Financial ratios</b>		
Return on expenses	1.21	1.20
Liquidity ratio	0.96	1.39
Indebtedness ratio	1.73	1.84
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

## NATIONAL SPORTS BASE EAD

The company's scope of business is the servicing of Bulgarian and foreign national club teams, marketing of sports and other events, sports services for the population, advertising and information activities, accompanying production and services, transfer of athletes and sports know-how, scientific service of sports, domestic and international sports tourism, hospitality and catering, organization of sports commodity exchange and games of chance, capo and rental of sports equipment, sports facilities and their adjacent premises and other long-lasting tangible assets. As of 31.12.2021, the company maintains its positions in the market, regardless of the challenges caused by the health and financial crisis that occurred due to the global pandemic situation. Cash flows from the core business provide a source of funds to continue the policy of investing in new market segments and products. During the reporting period, investment programs were fully completed and realized investments in the amount of BGN 305 000 were reported. The company's development policy is oriented towards improving the conditions in the managed sports facilities in order to maintain its leading position in the market.



**100% state-owned**  
**Minister of Youth and Sports**

### Management Board as of 31.12.2021:

Appointed without conducted competitive procedure:

Emilya Asenova Grueva – Chairpeson, Plamen Tsvetkov Manolov, Krasimir Zdravkov Keresov, Anton Nikolov Popov, Stoyan Trayanov Tanev

**CEO:** Plamen Tsvetkov Manolov

**Independent auditor:** "Brain Storm Consult - OD" Ltd, reg." No.148

**Remunerations paid to the Management Board for 2021:** BGN 219 000

**Average staff composition for 2021:** 257 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	11 189	11 198
Revenues from operating activity	11 118	11 188
Net profit/loss	-2 934	-3 448
<b>Balance sheet, BGN thsd.</b>		
Total assets	203 374	200 233
Long-term assets	193 448	189 629
Short-term assets	9 926	10 604
Total liabilities	9 030	9 339
Long-term liabilities	6 016	6 341
Short-term liabilities	3 014	2 998
Equity	194 344	190 894
<b>Financial ratios</b>		
Return on expenses	0.81	0.79
Liquidity ratio	3.29	3.54
Indebtedness ratio	0.05	0.05
Return on equity	-0.02	-0.02
Dividend, BGN thsd.	-	-
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No



## SOUTH-WEST STATE ENTERPRISE BLAGOEVGRAD

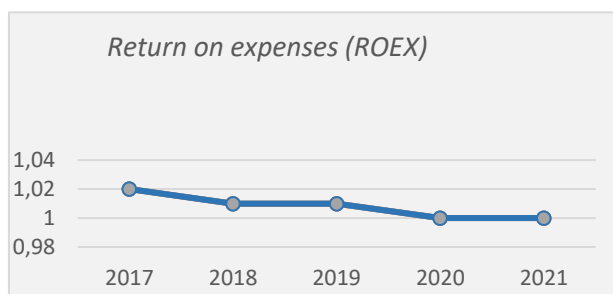
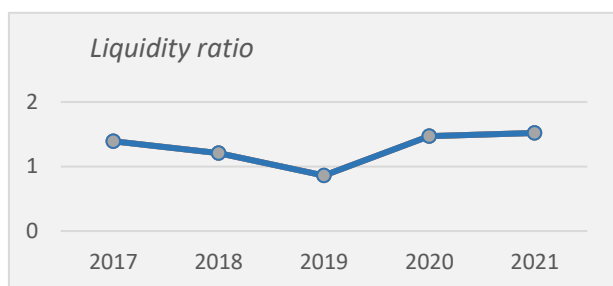
manages the state forest territories falling within the boundaries of eight administrative districts - Blagoevgrad, Kyustendil, Pernik, Sofia city, Sofia, and small parts of Loveshka, Pazardzhik and Plovdiv regions. The enterprise includes 38 territorial divisions, of which 32 state forestry farms and 6 state hunting farms. Their total area is 952 442 ha, of which 670 083 ha are state forest territories (70%).

In 2021, the enterprise realized 1 077 096 cubic meters of wood, or 98% of the planned amount for the year in the amount of 1 100 971 cubic meters, or 95% of the average annual use according to the forestry plans of the farms.

The afforested areas in 2021 are 4 781 ares, with 5 000 ares planned, or the implementation is 96%.

Funds from the "Investments in Forests" fund were spent on afforestation activities, on the design and construction of forest roads and transport technical infrastructure - BGN 951 008, as well as on the purchase of 535 ares of private forest territories worth BGN 450 000.

With funds from the economic activity, 7 means of transport were purchased for BGN 732 922.



**100% state-owned**  
**Minister of agriculture**

### Management Board as of 31.12.2021

Appointed after conducting a competitive procedure:

Damyan Damyanov

Appointed without competitive procedure:

Petar Petrov, Marin Kantatdzhiev

**Director** Damyan Damyanov

**Independent auditor:** Nadka Spasova, No. 143

**Remunerations paid to the Management Board for 2021:** BGN 234 000

**Average staff composition for 2021:** 1 602 persons

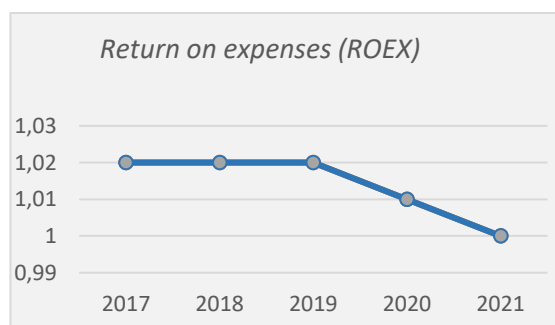
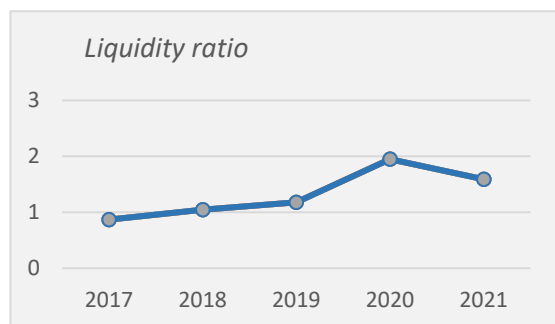
	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	66 375	66 248
Revenues from operating activity	66 174	66 062
Net profit/loss	189	142
<b>Balance sheet, BGN thsd.</b>		
Total assets	289 419	292 189
Long-term assets	265 808	264 220
Short-term assets	23 611	27 969
Total liabilities	94 230	97 279
Long-term liabilities	78 170	78 891
Short-term liabilities	16 060	18 388
Equity	195 189	194 910
Deductions for The State, BGN thsd.	85	64
<b>Financial ratios</b>		
Return on expenses	1.00	1.00
Liquidity ratio	1.47	1.52
Indebtedness ratio	0.48	0.49
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes

**SOUTH-EAST STATE ENTERPRISE – SLIVEN** manages the state forest territories in five administrative districts - Burgas, Sliven, Stara Zagora, Haskovo and Yambol.

For the period 01.01.2021 - 31.12.2021 a total of 908,539 cubic meters (root wood plus harvested wood from storage) were realized from the State forestries/ State hunting farms, which represents 100% of the annual estimate according to the financial plan for the enterprise.

The planned areas for soil preparation in 2021. are 3 290 ares. By the end of the year, 3 266 ares were completed, and the implementation was 99%. The planned areas for afforestation in 2021 are 3 790 ares, of which 3 780 ares (96%) have been completed. The Tundzha State Forestry is with the largest volume of afforestation – 1 301 ares, followed by Stara Zagora State Forestry – 516 ares, Elhovo State Forestry – 432 ares, Nova State Forestry – 219 ares and Svilengrad State Forestry – 295 ares.

To improve the condition and maintenance of the forest road network for ensuring the possibility of transporting wood, carrying out activities in the forests and the movement of fire-fighting equipment, were repaired 128,000 lm of temporary forest roads, for BGN 196 382, and to ensure access to the sites and the basins for extraction and sale of wood – 67 000 lm for BGN 121 571.



**100% state-owned**  
**Minister of agriculture**

**Board of Directors as of 31.12.2021**  
Appointed after conducting a competitive procedure:

Albena Tudzharova, Dimcho Radev

Appointed after conducting a competitive procedure:

Teodor Todorov

**Director** Dimcho Radev

**Independent auditor:** BISICOM 61 Ltd., Reg. No.019

**Remunerations paid to the Management Board for 2021:** BGN 272 000

**Average staff composition for 2021:** 1 518 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	59 530	60 325
Revenues from operating activity	59 327	60 175
Net profit/loss	289	127
<b>Balance sheet, BGN thsd.</b>		
Total assets	61 992	63 808
Long-term assets	41 664	41 471
Short-term assets	20 328	22 337
Total liabilities	37 832	39 623
Long-term liabilities	27 404	26 482
Short-term liabilities	10 428	13 141
Equity	24 160	24 185
Deductions for The State, BGN thsd.	602	57
<b>Financial ratios</b>		
Return on expenses	1.01	1.00
Liquidity ratio	1.95	1.59
Indebtedness ratio	1.57	1.64
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes

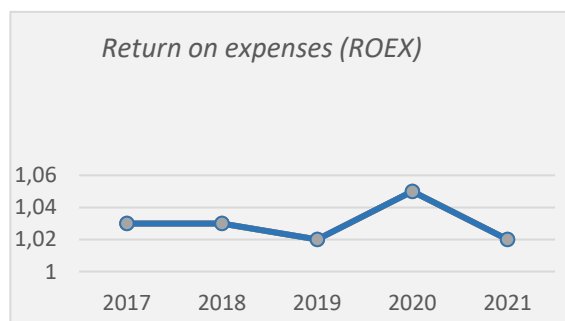
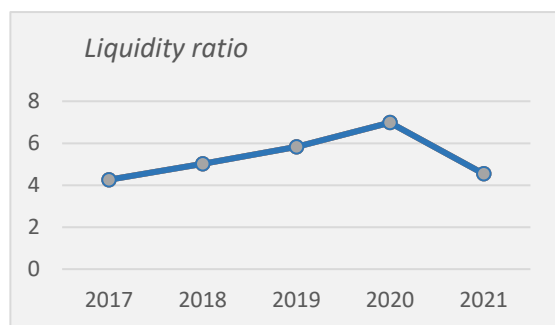
## SOUTH-CENTRAL STATE ENTERPRISE – SMOLYAN

in the territorial scope of activity of the company there are 35 forestries, of which 28 are state forestry and 7 state hunting farms. The average annual use of wood from the state forest territories provided by the Farms' forestry plans is 1 128,048 cubic meters, which is 50% of the annual growth. According to the company's financial plan in 2021 it is planned to use wood in the amount of 1 189,441 cubic meters or 53% of the average annual increase and 105% of the planned average annual use. By the end of 2021, were realized 1 160,356 cubic meters, with a total value of BGN 75 090 thousand.

Afforestation – 1,321 ares were afforested as of the end of December, or 75% of the planned 1 751 ares for the year.

The revenues from organized hunting tourism and other types of tourism have been fulfilled in the amount of 78% of what was foreseen in the financial plan for 2021, namely, of the planned BGN 1 448 thousand, were reported – BGN 1 125 thousand.

The perspective for the enterprise's development is in making investments in the material and technical base of the Territorial divisions and the Central Management, maintaining and developing the transport and technical infrastructure on the territory of the enterprise.



**100% state-owned**  
**Minister of agriculture**

**Board of Directors as of 31.12.2021** Appointed after conducting a competitive **procedure:** Zdravko Bakalov

Appointed without competitive procedure: Nikolina Cholakova, Alexander Neychev

**Director** Zdravko Bakalov

**Independent auditor:** BISICOM 61 Ltd., Reg. No.019

**Remunerations paid to the Management Board for 2021:** BGN 250 000

**Average staff composition for 2021:** 1 909 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	86 896	94 607
Revenues from operating activity	86 676	94 374
Net profit/loss	3 018	972
<b>Balance sheet, BGN thsd.</b>		
Total assets	161,305	173,946
Long-term assets	80,661	88,297
Short-term assets	80 644	85 649
Total liabilities	122 578	135 598
Long-term liabilities	111 025	117 259
Short-term liabilities	11 553	18 339
Equity	38 727	38 348
Deductions for The State, BGN thsd.	1 121	1 358
<b>Financial ratios</b>		
Return on expenses	1.05	1.02
Liquidity ratio	6.98	4.54
Indebtedness ratio	3.17	3.54
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes

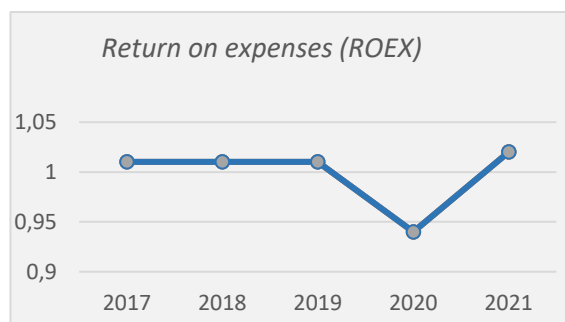
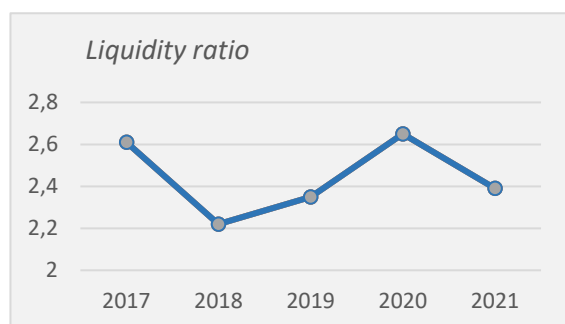
## NORTH-EAST STATE ENTERPRISE – SHUMEN

manages the state forest territories in 4 administrative districts - Shumen, Varna, Dobrich and Targovishte. The total area of the state forest territories included in the area of activity of the North-East State Enterprise – Shumen is 323 182 hectares, as the afforested forest territories amount to 94,36% with an area of 304 899 hectares

The estimate for the sale of wood from state forest territories for 2021 amounted to 628 061 cubic meters in kind and their corresponding value is in the amount of BGN 38 982 thousand. As of 31.12.2021, from the state forest territories were realized 592 136 cubic meters and were reported revenues amounting to BGN 36 931. Contracts for the management of municipal forest territories have been concluded with Territorial Division "State Forestry Palamara", TD "State Forestry Shumen", TD "State Forestry Preslav" and TD "State Forestry Targovishte", from which realization of 8 444 cubic m has been reported, and the income received is in the amount of BGN 483 thousand.

In 2021, from storage were sold 387 852 cubic meters of wood. The quantity of softwood is 37 845 cubic meters, and the share of hardwood is 350 005 cubic meters.

Forest management activities in 2021 were aligned with the current forest management plans. In the territorial divisions, mainly those that are at the end of their revision periods, it was necessary to prepare and present to the Regional Forest Directorate plan-excerpts for changing the type of felling. Plan-excerpts were also presented for sanitary and technical felling. In perspective, the expected future development of the enterprise is related to the continuation of the main types of activities carried out during the reporting period, preserving and strengthening the place of the state-owned enterprise in the industry.



**100% state-owned**  
**Minister of agriculture**

**Board of Directors as of 31.12.2021** Appointed after conducting a competitive **procedure**: Radi Ivanov

Appointed without competitive procedure:  
Veselin Penchev, Borislav Zahariev

**Director** Radi Ivanov

**Independent auditor**: Svetla Petrova, Reg. No.0632

**Remunerations paid to the Management Board for 2021**: BGN 256 000

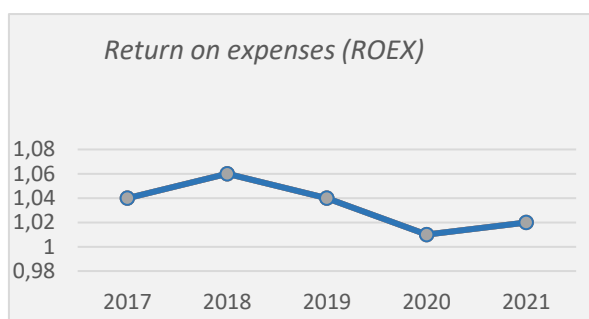
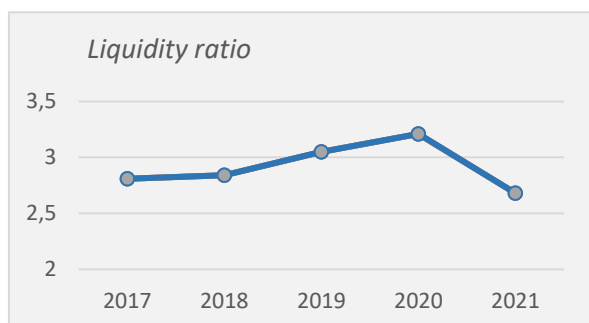
**Average staff composition for 2021**: 923 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	42 302	46 110
Revenues from operating activity	42 287	46 110
Net profit/loss	-2 454	801
<b>Balance sheet, BGN thsd.</b>		
Total assets	63 463	66 535
Long-term assets	44 054	43 724
Short-term assets	19 409	22 811
Total liabilities	39 625	41 896
Long-term liabilities	32 304	32 380
Short-term liabilities	7 321	9 516
Equity	23 838	24 639
Deductions for The State, BGN thsd.	246	-
<b>Financial ratios</b>		
Return on expenses	0.94	1.02
Liquidity ratio	2.65	2.39
Indebtedness ratio	1.66	1.70
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes

## NORTH-CENTRAL STATE ENTERPRISE - GABROVO

The enterprise manages the state forest territories in five administrative districts - Gabrovo, Veliko Tarnovo, Ruse, Silistra and Razgrad. The enterprise includes 16 territorial divisions, of which 12 state forestry farms and 4 state hunting farms. The total area of the forest territories included in the scope of the North Central State Enterprise is 359 870 ha, of which 245 316 ha are the state forest territories (63%) under the enterprise governance. Of the foreseen from the financial plan for 2021 funds, amounting to BGN 322 770 for the conservation of the forest territories, were spent BGN 206,228. It were harvested 166 042 cubic meters of wood, representing 100% of the total planned amount. The enterprise maintains stable business relations with the large processors "Svilotsel" EAD and "Kronoshpan Bulgaria" EOOD. As of 31.12.2021 long-term contracts have been concluded with the indicated processors for 55 000 cubic meters of timber for root sale and 20 000 tonnes of timber for sale loaded per vehicle.

At the beginning of the reporting period, the funds available in the "Investments in Forests" fund were BGN 10 086 thousand. In 2021 the territorial divisions transferred funds to the fund in the amount of BGN 2 375 thousand and have invested funds from the Fund in the amount of BGN 1 932 thousand. The availability in the "Investments in forests" fund as of 31.12.2021 is in the amount of BGN 10 529 thousand.



**100% state-owned**  
**Minister of agriculture**

**Board of Directors as of 31.12.2021** Appointed after conducting a competitive **procedure**: Tsvetelin Milanov

Appointed without competitive procedure: Stanislava Genova – Chairperson, Dilyana Pironkova

**Director** Tsvetelin Milanov

**Independent auditor:** Accounting Auditing Ltd, reg. No.150

**Remunerations paid to the Management Board for 2021:** BGN 248 000

**Average staff composition for 2021:** 822 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	31 507	36 264
Revenues from operating activity	31 486	36 248
Net profit/loss	52	475
<b>Balance sheet, BGN thsd.</b>		
Total assets	78 522	81 653
Long-term assets	53 305	53 231
Short-term assets	25 217	28 422
Total liabilities	26 215	28 908
Long-term liabilities	18 371	18 403
Short-term liabilities	7 844	10 505
Equity	52 307	52 745
Deductions for The State, BGN thsd.	517	23
<b>Financial ratios</b>		
Return on expenses	1.01	1.02
Liquidity ratio	3.21	2.68
Indebtedness ratio	0.5	0.55
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes

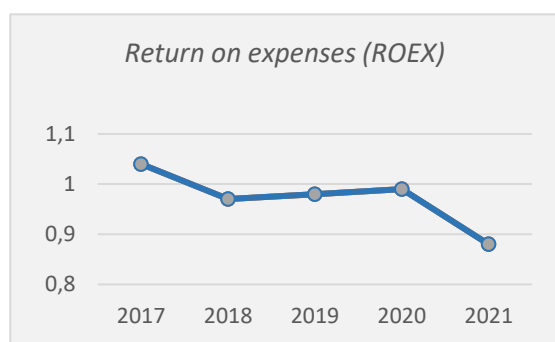
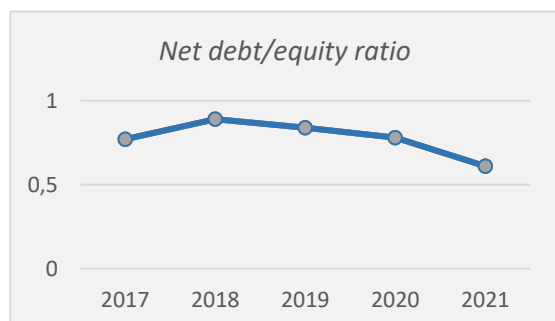
## IRRIGATION SYSTEMS EAD

In 2021, the main subject of the company's activity is preserved. "Irrigation Systems" EAD performs maintenance of water management facilities to protect against the harmful effects of water: protective dikes, corrections of rivers, drainage systems — public state property, according to Art. 13, item 3 of Water and Retention Dams Act. Irrigation Systems EAD is structured in a Central Office and 14 branches in the country, through which it carries out its business.

For the performance of a public service for protection against the harmful effects of water, funds in the amount of BGN 24 000 thousand have been approved by the State Budget Act for 2021. The funds are provided for unforeseen and/or urgent expenses to prevent the consequences of disasters, to carry out emergency recovery activities.

In 2021, the revenues are in the amount of BGN 39 282 thousand. and are by BGN 2 151 thousand less than the revenues in 2020. In the revenue structure, the largest share has the revenue from services in the amount of BGN 37 544 thousand. In their main part, they are formed by water supply and drainage.

The company reports accumulated losses from previous years in the amount of BGN 2 300 thousand and current profit amounting to BGN 56 thousand. As of this date, its current liabilities exceed current assets by BGN 6 241 thousand. (For 2020 they are BGN 6 295 thousand).



**100% state-owned  
Minister of agriculture**

### Board of Directors as of 31.12.2021

Appointed after conducting a competitive procedure:

Krasya Petkova Kolcheva, Svetoslav Ivanov Lazarov, petar Todorov Todorov

Appointed without competitive procedure: Georgi Raychev Stoyanov – Chairperson, Dimo Ivanov Chopkov

**CEO:** Dimo Ivanov Chopkov

**Independent auditor:** ECOVIS AUDIT OOD, Reg. No.114

**Remuneration paid to the Board of Directors for 2021:** BGN 340 000

**Average staff composition for 2021:** 1 489 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	41 433	39 282
Revenues from operating activity	41 433	39 282
Net profit/loss	518	56
<b>Balance sheet, BGN thsd.</b>		
Total assets	91 894	83 459
Long-term assets	69 701	68 517
Short-term assets	22 193	14 942
Total liabilities	40 227	31 725
Long-term liabilities	11 739	10 542
Short-term liabilities	28 488	21 183
Equity	51 667	51 734
<b>Financial ratios</b>		
Return on expenses	0.99	0.88
Liquidity ratio	0.78	0.71
Indebtedness ratio	0.78	0.61
Return on equity	0.01	0.00
Dividend, BGN thsd.	-	-
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

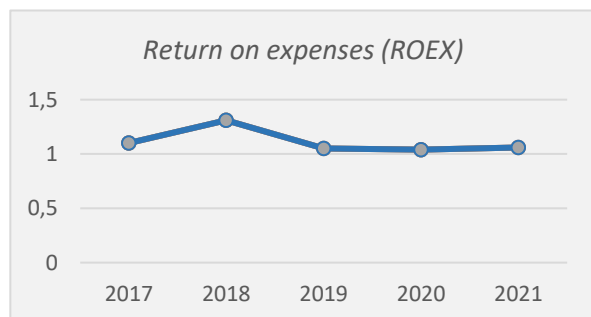
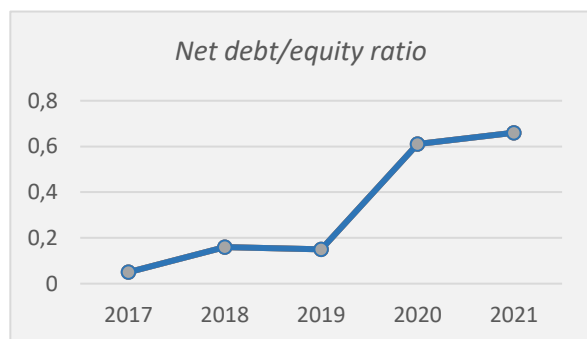
**TEREM – HOLDING EAD** is a holding company that governs investments in subsidiaries with the main activity of: carrying out basic and intermediate repairs and production of military equipment, weapons, ammunition and other military-technical property, equipment, apparatus and machines, which activity is carried out after obtaining and maintaining a valid and proper authorization – license.

"TEREM – Holding" EAD maintains and develops an integrated management system in accordance with leading international standards for quality (ISO 14001), health and safety at work (ISO 45001).

"TEREM – Holding" EAD received a subsidy from the budget of the Ministry of Defense in the amount of BGN 1 213 thousand for the financing of the activities of maintaining the wartime capacities, the implementation of defense-mobilization training tasks, and other activities. During the reporting financial period (2021), the company did not use government funding, as a state measure to mitigate the impact of the Covid-19 pandemic.

The company ends 2021 with a net profit in the amount of BGN 1 995 thousand and in the previous year 2020, the realized profit was in the amount of BGN 1 207 thousand.

The operating revenues are in the amount of BGN 17 632 thousand, and compared to the previous year, they have increased by BGN 708 thousand. Operating expenses (in the amount of BGN 17 531 thousand) were reduced by BGN 379 thousand compared to the previous year.



**100% state-owned  
Minister of Defence**

**Board of Directors as of 31.12.2021** Appointed after a competitive procedure:

Vanyo Konstantinov Uruchev, Milen Belchev Rousev, Anton Metodiev Lazarov, Dimitar Spiridonov Stoychev, Krastyo Krastev Krastev  
**CEO:** Krastyo Krastev Krastev

**Independent auditor:** AUDIT CONSULT MD EOOD, Maria Daskalova, Reg. No.0387

**Remuneration paid to the Board of Directors for 2021:** BGN 132 316

**List of the staff composition as of 31.12.2021:** 32 persons

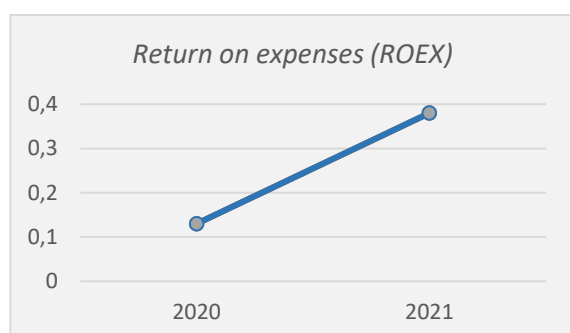
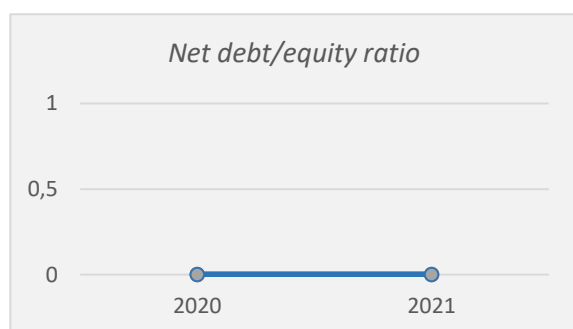
	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	17 765	18 502
Revenues from operating activity	16 924	17 632
Net profit/loss	1 207	1 995
<b>Balance sheet, BGN thsd.</b>		
Total assets	191 297	200 821
Long-term assets	101 818	103 855
Short-term assets	89 479	96 966
Total liabilities	72 274	79 804
Long-term liabilities	106	44
Short-term liabilities	72 168	79 760
Equity	119 023	121 017
<b>Financial ratios</b>		
Return on expenses	1.04	1.06
Liquidity ratio	1.24	1.22
Indebtedness ratio	0.61	0.66
Return on equity	0.01	0.02
Dividend, BGN thsd.	-	-
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No



## BULGARIAN W&S HOLDING EAD

The company has been established on the basis of and in compliance with Order No. 1 of the Council of Ministers dated 22.01.2020 and was entered in the Commercial Register and the Register of non-profit legal entities on 05.05.2020.

The Holding's activity is related to the long-term provision of a sustainable model for financing the water supply and sewerage industry sector, as well as the related strategic goals, including, but not limited to, guaranteeing quality water supply and sewerage services while ensuring a socially acceptable price for the public services provided by the water supply and sewerage operators to the users. The financial support of the subsidiaries is a main direction in the subject of the company's activity and, accordingly, in the reporting period it is of priority importance. In 2021, the main focus of the activity and the main challenge for the Holding's management was to deal with the negative consequences of the drastic rise in electricity prices / the dynamics of the free market / and the regulated price of water, putting water and sanitation companies at risk of financial bankruptcy and the impossibility of carrying out their activities.



100% state-owned

Ministry of Regional Development and Public Works

### Supervisory Board as of 31.12.2021

Appointed without competitive procedure:  
Atanas Nikolov Paskalev, Georgi Stoyanov  
Georgiev, Nadezhda Stanimirova Nikolova

### Management Board as of 31.12.2021:

Appointed without competitive procedure:  
Kancha Dimitrov Kanchev, Ivaylo Todorov  
Vankov, Asya Stoyanova Stoyanova

CEO: Kancha Dimitrov Kanchev

Independent auditor: Ralitsa Mihova, registered auditor, reg. No.0837

Remunerations paid to the Supervisory Board for 2021: BGN 206 326

Remunerations paid to the Management Board for 2021: BGN 191 661

List of the staff composition as of 31.12.2021: 44 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	77	1 456
Revenues from operating activity	0	232
Net profit/loss	-530	-2 228
<b>Balance sheet, BGN thsd.</b>		
Total assets	1 012 116	1 038 208
Long-term assets	64 007	137 949
Short-term assets	948 109	900 259
Total liabilities	108	224
Long-term liabilities	0	0
Short-term liabilities	108	224
Equity	1 012 008	1 037 984
<b>Financial ratios</b>		
Return on expenses	0.13	0.38
Liquidity ratio	8 778.79	4 019.01
Indebtedness ratio	0.00	0.00
Return on equity	0.00	0.00
<b>Dividend, BGN thsd.</b>		
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

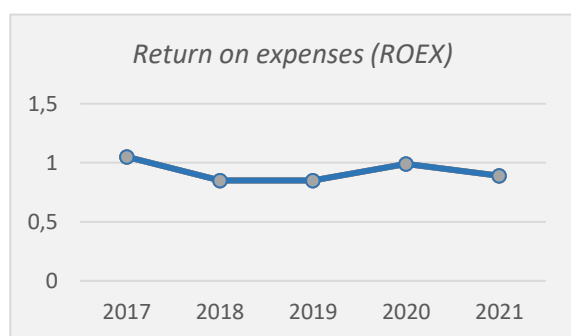
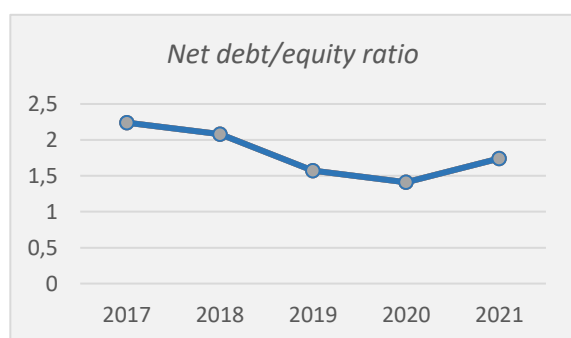
## WATER SUPPLY AND SEWERAGE EAD, BURGAS /“W&S” EAD/

The company is the only supplier of drinking water to the population in the Burgas region and a responsible factor for the protection of the environment and ecological balance in the region.

In 2021 the replacement of the water supply network continues, new sites have been added for operation - the Aheloy Dam and the Poroy Dam, and the Aytos Water Treatment Plant, built by the Aytos Municipality, has been handed over for operation.

The company carries out its functions in accordance with environmental norms by operating, maintaining, modernizing and reconstructing facilities owned by the state and municipalities, observing the regulations in the field of water supply and the ecological balance in underground and surface waters.

The company's main revenues are related to the sale of drinking water supply, waste water discharge and treatment services. The price of these services is state regulated and determined by a decision of the EWRC.



100% by Bulgarian W&S Holding  
Minister of Regional Development and Public Works

### Board of Directors as of 31.12.2021

Appointed without competitive procedure:  
Yoanis Parmenion Parteniotis – Chairperson,  
Krassimir Atanasov Zhelev, Nasko Nikolov  
Drakov, Gancho Yovchev Tenev  
**CEO:** Gancho Yovchev Tenev

**Independent auditor:** RSM BG Ltd,  
Reg. No.173

**Remuneration paid to the Board of Directors for 2021:** BGN 274 000

**List of the staff composition as of 31.12.2021:** 1 266 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	58 886	60 562
Revenues from operating activity	57 843	60 551
Net profit/loss	1 817	2 558
<b>Balance sheet, BGN thsd.</b>		
Total assets	77 524	100 379
Long-term assets	35 453	38 538
Short-term assets	42 071	61 841
Total liabilities	45 419	63 730
Long-term liabilities	26 845	37 995
Short-term liabilities	18 574	25 735
Equity	32 105	36 649
<b>Financial ratios</b>		
Return on expenses	0.99	0.89
Liquidity ratio	2.27	2.40
Indebtedness ratio	1.41	1.74
Return on equity	0.06	0.07
Exempt from payment of dividend		
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

## WATER SUPPLY AND SEWERAGE – PLOVDIV EQOQ

The company provides regulated services: supply of water to consumers; sewage disposal; joining users. In 2021 sixty investment projects were developed for all operational areas of the company. A thorough inspection of the complete electrical equipment and hydro-technical equipment of the main pumping stations in the city was carried out in Plovdiv and the big cities in the region. In 2021 the investments made by the company are in the amount of BGN 12 892 thousand. The funds invested in the reconstruction of public assets are in the amount of BGN 6 262 thousand. As of 31.12.2021 the certified funds under the Operational Program "Environment 2014-2020" are in the amount of BGN 12 184 thousand, indicated as government funding in the company's financial statements.

100% by Bulgarian W&S Holding  
Minister of Regional Development and Public Works

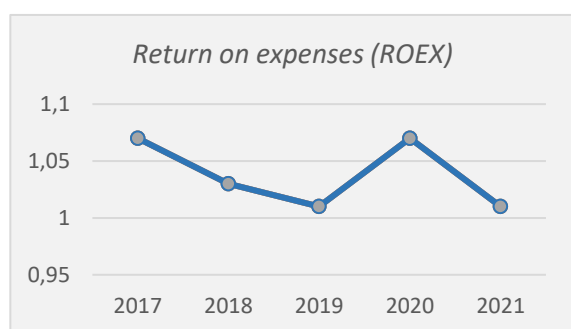
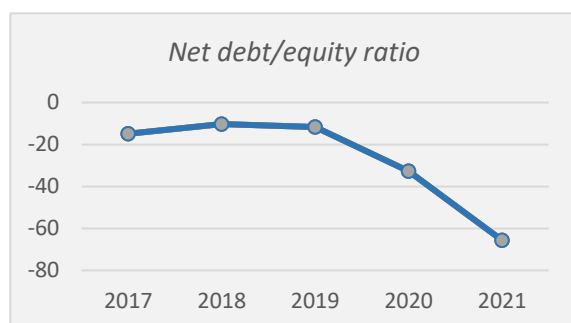
### Manager:

Appointed without competitive procedure:  
Ognyan Tsvetanov Kulishev

**Independent auditor:** ZAHARINOVA NEXIA Ltd., Reg. No.138

**Remunerations paid to the Manager for 2021:** BGN 101 000

**List of the staff composition as of 31.12.2021:** 1 141 persons

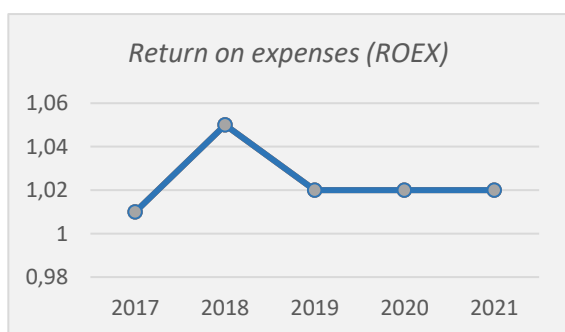
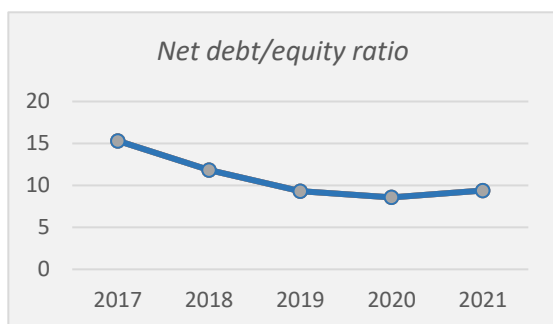


	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	63 647	77 588
Revenues from operating activity	63 647	77 588
Net profit/loss	3 545	978
<b>Balance sheet, BGN thsd.</b>		
Total assets	52 430	78 732
Long-term assets	32 811	38 299
Short-term assets	19 619	40 433
Total liabilities	54 084	79 950
Long-term liabilities	41 805	47 614
Short-term liabilities	12 279	32 336
Equity	-1 654	-1 218
<b>Financial ratios</b>		
Return on expenses	1.07	1.01
Liquidity ratio	1.60	1.25
Indebtedness ratio	-32.70	-65.64
Return on equity	-2.14	-0.80
Exempt from payment of dividend		
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

## WATER SUPPLY AND SEWERAGE – VARNA AD

Operating enterprise for water supply and sewage services with a separate territory corresponding to the territory of the Varna region. Partners in the company's capital are "Bulgarian W&S Holding", which owns 51% of the company's shares, and 10 municipalities in the Varna region.

Investment intentions in 2021 are aimed at increasing the efficiency of water use, reducing water losses in water networks and fulfilling the obligations under Directive 98/83/EC of the Council, regarding the quality of water intended for human consumption. The company implemented a systematic policy in the field of ecology by operating an installation for anaerobic fermentation of sediments released in the process of wastewater treatment. As a result, energy efficiency is achieved and methane emissions in the atmosphere are reduced.



51% by Bulgarian W&S Holding

Minister of Regional Development and Public Works

Appointed without competitive procedure:

**Manager:** Valentin Donev Valkanov

**Independent auditor:** Finance Audit Consult 2002 Ltd, Reg. No.101

**Remunerations paid to the Manager for 2021:** BGN 106 000

**List of the staff composition as of 31.12.2021:** 1 399 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	68 203	72 507
Revenues from operating activity	67 296	71 389
Net profit/loss	1 126	804
<b>Balance sheet, BGN thsd.</b>		
Total assets	69 920	84 473
Long-term assets	35 088	33 091
Short-term assets	34 832	51 382
Total liabilities	62 613	76 335
Short-term liabilities	47 233	61 991
Short-term liabilities	15 380	14 344
Equity	7 307	8 138
<b>Financial ratios</b>		
Return on expenses	1.02	1.02
Liquidity ratio	2.26	3.58
Indebtedness ratio	8.57	9.38
Return on equity	0.15	0.10
Exempt from payment of dividend		
AFS certified by an independent auditor		
	Yes	Yes
AFS prepared in accordance with IAS		
	Yes	Yes
AFS prepared in accordance with the NAS		
	No	No

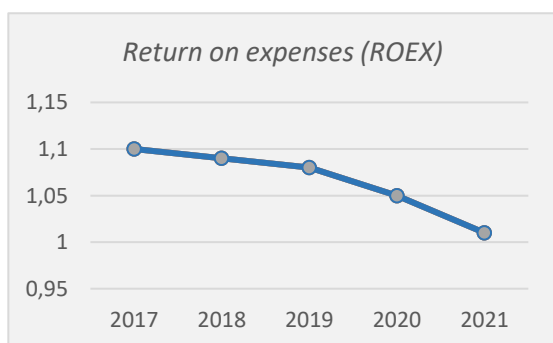
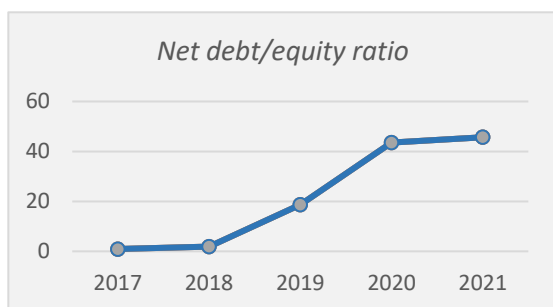
## AVTOMAGISTRALI EAD

The company carries out construction, repair, preventive, current and winter maintenance of all types of roads in the country and operation of road sites, bases and facilities for them, construction, reconstruction and repair of bridges, bridge facilities and tunnels.

The enterprise has been assigned priority tasks in terms of ensuring the winter maintenance of significant sections of the republican road network, its maintenance and rehabilitation, including the construction and construction of new road sections.

"Automagistrali" EAD is the only "large" enterprise from the "Construction" branch of the MRDPW system. Its relative share in the sector is almost 100%.

The company's activity is of great significance for the country and for all other transits passing through the main road arteries – the highways. In the month of October 2021 agreements were signed with the "Road Infrastructure" Agency for the termination of four contracts and the negotiation of terms and methods of payment of the amounts due for the completed works. During the year, the company executed nine contracts with the contractor "Road Infrastructure" Agency and two – with the contractor "Geodesy, Cartography and Cadastre" Agency. The company acquired long-term tangible assets for the execution of the construction contracts in the amount of BGN 5 981 thousand.



**100% state-owned**

**Minister of Regional Development and Public Works**

**Board of Directors as of 31.12.2021**, Appointed after conducting a competitive procedure:

Vladimir Dobrev Trifonov – Chairperson, Geno Ivanov Georgiev, Georgi Zaharinin Popov, Tsvetan Georgiev Petrov, Evgeni Stefanov Genchev

**CEO:** Evgeni Stefanov Genchev

**Independent auditor:** EXISTRA Ltd, Reg. No.143

**Remuneration paid to the Board of Directors for 2021:** BGN 395 000

**Average staff composition for 2021:** 435 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	277 236	419 476
Revenues from operating activity	277 204	419 432
Net profit/loss	11 179	4 836
<b>Balance sheet, BGN thsd.</b>		
Total assets	1 507 318	1 544 016
Long-term assets	18 015	20 201
Short-term assets	1 489 303	1 523 815
Total liabilities	1 473 517	1 510 932
Long-term liabilities	4 291	1 012 625
Short-term liabilities	1 469 226	498 307
Equity	33 801	33 084
<b>Financial ratios</b>		
Return on expenses	1.05	1.01
Liquidity ratio	1.01	3.00
Indebtedness ratio	43.59	45.67
Return on equity	0.33	0.15
Dividend, BGN thsd.	3 382	5 587
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes

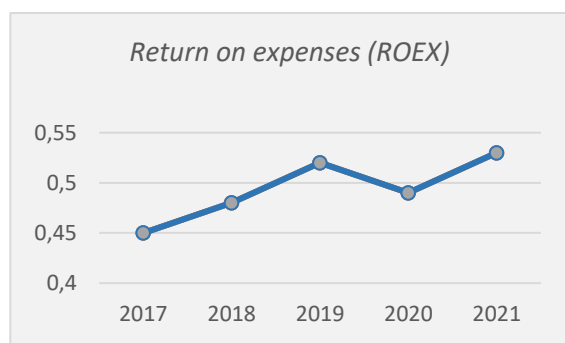
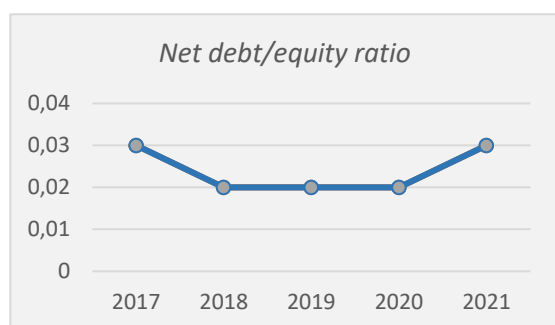
## NATIONAL PALACE OF CULTURE – CONGRESS CENTER SOFIA EAD

The enterprise was established to manage and govern the National Palace of Culture (NPC). Within 2021, the company continued its main activity related to the organization and conduct of cultural, scientific, educational, congress-conference, entertainment, socio-political events, and manifestations.

The direct impact and negative effect of the spread of the coronavirus (Covid-19) on the company continues in 2021, affecting all aspects of the activity - financial, economic, economic, public reputational. This necessitated the adoption of anti-crisis measures in order to preserve part of the activity and revenues. Maintenance expenses were reviewed and reduced to a minimum minimum functioning of building systems, property protection, sanitary and anti-epidemic measures, salary fund and emergency repairs. To preserve the workers and employees' employment, "National Palace of Culture - Congress Center Sofia" EAD has used the socio-economic program "60/40". The revenues under the "60/40" measure amounted to BGN 1 871,000.

In 2021, there were occurred changes in the fixed capital compared to the previous reporting period. The company does not use borrowed capital to perform its activities.

At the end of 2021, a higher collection of rent arrears was observed. The company reported an increase in operating revenues for 2021 compared to 2020.



100% state-owned  
Minister of Culture

### Board of Directors as of 31.12.2021

Appointed without competitive procedure –  
Rositsa Atanasova Velkova-Zheleva –  
Chiarperson, Peni Petrova Raeva, Elena  
Georgieva Karapaunova

CEO: Peny Petrova Raeva

Independent auditor: Ralitsa Mihova, reg. No.  
0837

Remuneration paid to the Board of Directors  
for 2021: BGN 135 866

Average staff composition for 2021: 244  
persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	8 698	9 983
Revenues from operating activity	8 698	9 983
Net profit/loss	-9 238	-8 799
<b>Balance sheet, BGN thsd.</b>		
Total assets	355 404	357 934
Long-term assets	353 320	347 556
Short-term assets	2 084	10 378
Total liabilities	7 604	10 892
Short-term assets	600	3 547
Short-term liabilities	7 004	7 345
Equity	347 800	347 042
<b>Financial ratios</b>		
Return on expenses	0.49	0.53
Liquidity ratio	0.30	1.41
Indebtedness ratio	0.02	0.03
Return on equity	-0.03	-0.03
Dividend, BGN thsd.	-	-
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	Yes	Yes
AFS prepared in accordance with the NAS	No	No

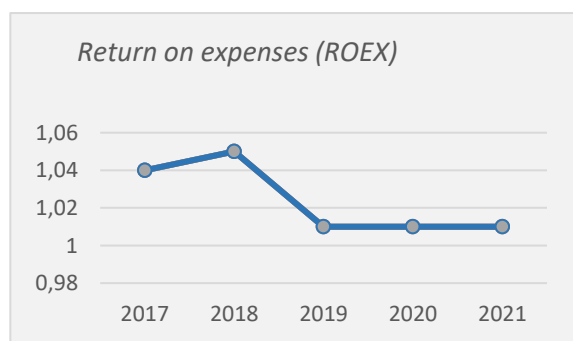
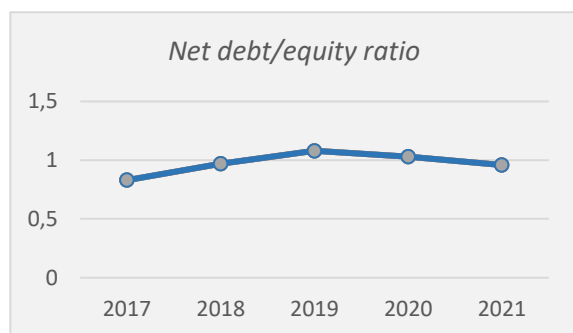
## ST. IVAN RILSKI UNIVERSITY MULTIPROFILE HOSPITAL FOR ACTIVE TREATMENT EAD, SOFIA

The permission to carry out treatment activities of the hospital, issued by the Ministry of Health, defines the third (highest) level of competence in the implementation of medical standards in Gastroenterology, Neurosurgery, Rheumatology, Anesthesiology and intensive care, Nephrology, Dialysis treatment, Occupational diseases, Physical and rehabilitation medicine, Imaging, Nuclear medicine, Clinical laboratory, Clinical immunology.

All structural units have modern high-quality equipment, exceeding the requirements for the third level of implementation of the established medical standards, according to which the University Multiprofile Hospital for Active Treatment (UMHAT) "Sv.Ivan Rilski" EAD works.

The medical facility has developed, implemented and maintains a Quality Management System that meets the requirements of the international standard ISO 9001:2008 from 2009, standard ISO 9001:2015 from 2021.

In 2021 at UMHAT "St. Ivan Rilski" are employed and trained 54 doctors – specialists in 15 medical specialties. Practical training was conducted for 89 external specialists from other medical institutions.



100% state-owned  
Minister of Health

### Board of Directors as of 31.12.2021

Appointed after conducting a competitive procedure:

Dr.Petar Milchev Markov, prof. Atanas Ivanov Kundurdzhiev, Dr. Decho Petrov Dechev

CEO: Dr. Decho Petrov Dechev

**Independent auditor:** Radka Boevska,  
Reg. No.0270

**Remuneration paid to the Board of Directors for 2021:** BGN 232 000

**List of the staff composition as of 31.12.2021:** 709 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	90 207	108 888
Revenues from operating activity	90 102	108 795
Net profit/loss	1 153	1 449
<b>Balance sheet, BGN thsd.</b>		
Total assets	57 329	59 703
Long-term assets	32 353	29 641
Short-term assets	24 976	30 062
Total liabilities	29 033	29 230
Short-term assets	13 499	13 404
Short-term liabilities	15 534	15 826
Equity	28 296	30 473
<b>Financial ratios</b>		
Return on expenses	1.01	1.01
Liquidity ratio	1.61	1.89
Indebtedness ratio	1.03	0.96
Return on equity	0.04	0.05
<b>Exempt from payment of dividend</b>		
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes



## DR. GEORGI STRANSKI UNIVERSITY MULTIPROFILE HOSPITAL FOR ACTIVE TREATMENT EAD, PLEVEN, in

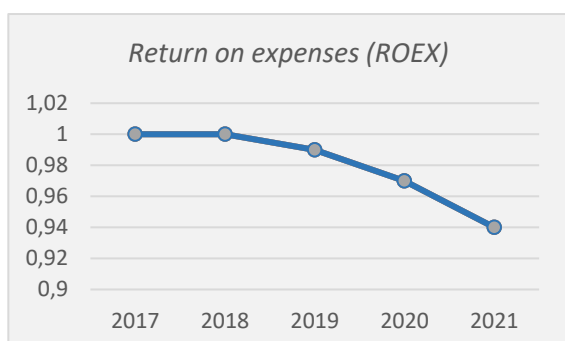
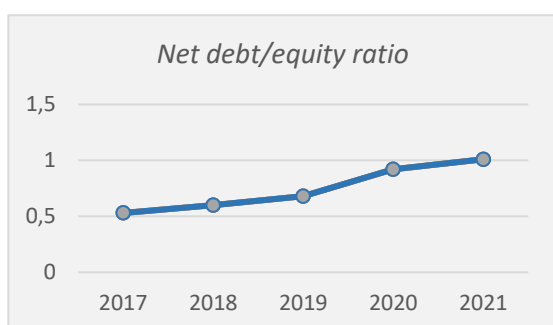
2021 continued to work under conditions of the spread of Covid-19, characterized by epidemic proportions. It was repeatedly switched from planned to quarantine mode of work and vice versa, which led to a reduction in the income from the usual activity of the hospital.

UMHAT "Dr. Georgi Stranski" is an established and preferred base for conducting practical training. As of 31.12.2021, under the provisions referred to in Ordinance No. 1/22.01.2015 for the acquisition of a specialty in the health care system, a total of 166 specialists in several clinical specialties have conducted practical training at UMHAT "Dr. Georgi Stranski" EAD, both Bulgarian citizens as well as foreigners or those granted the right to asylum with recognized refugee status or humanitarian status.

In 2021, repair works were carried out with own funds in four of the clinics on the territory of the hospital

UMHAT "Dr. Georgi Stranski" EAD ended 2021 with a financial result of a loss in the amount of BGN 6 029 thousand and compared to the previous year, the loss has increased by BGN 3 583 thousand.

In total, the revenues have increased by BGN 14 301 thousand, and expenses increased by BGN 17 884 thousand compared to the previous year.



100% state-owned  
Minister of Health

### Board of Directors as of 31.12.2021

Appointed after conducting a competitive procedure:

Dr. Ventsislav Tsvetanov Grozev

Appointed without competitive procedure:

Prof. Dr. Kalin Nikolov Popov, assoc. prof. Dr.

Tsvetan Hristoforov Lukanov, MD

**CEO:** Assoc. prof. Dr. Tsvetan Hristoforov Lukanov, MD

**Independent auditor:** Syika Mihaylova Dankova, Reg. No. 0220

**Remuneration paid to the Board of Directors for 2021:** BGN 165 601

**List of the average staff composition as of 31.12.2021:** 1 716 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	90 388	104 689
Revenues from operating activity	90 169	104 375
Net profit/loss	-2 446	-6 029
<b>Balance sheet, BGN thsd.</b>		
Total assets	51 568	46 988
Long-term assets	25 242	24 060
Short-term assets	26 326	22 928
Total liabilities	24 747	23 582
Short-term assets	5 633	5 055
Short-term liabilities	19 114	18 527
Equity	26 821	23 406
<b>Financial ratios</b>		
Return on expenses	0.97	0.94
Liquidity ratio	1.38	1.24
Indebtedness ratio	0.92	1.01
Return on equity	-0.09	-0.26
Exempt from payment of dividend		
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes

## ST. MARINA UNIVERSITY MULTIPROFILE HOSPITAL FOR ACTIVE

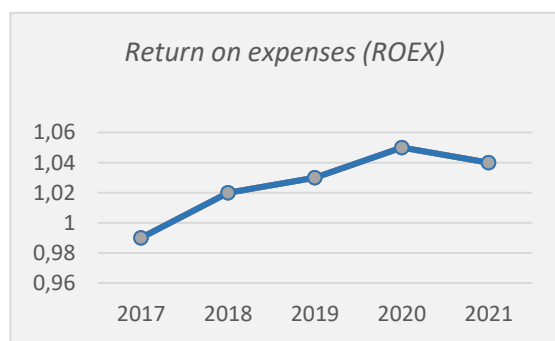
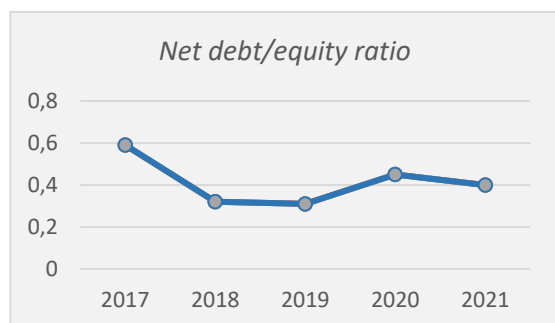
TREATMENT EAD, VARNA is the most modern medical and diagnostic structure in Northeastern Bulgaria. The main areas of activity are therapy, surgery, pediatrics, cardiology, neurology, oncology, internal medicine, imaging diagnostics, medical-diagnostic laboratories, infections and psychiatry.

Among the most significant events in 2021 that had an impact on the overall functioning of the medical facility was the complicated epidemic situation caused by the spread of COVID-19. The epidemic posed serious challenges to all medical institutions in the country, but the most difficult situation was the state hospitals, which took the brunt of the crisis. As the epidemic situation worsens and the number of people infected with COVID-19 increases, there is a shortage of medical personnel, which requires timely measures to be taken to solve the problem.

Among the events that affected the operation of the hospital in 2021. should also be noted: registered capital increase of the company as of 31.12.2021, the same is in the amount of BGN 50 177 thousand; an amount received on the company's account from the fourth partial account for distribution of accepted receivables to Corporate Commercial Bank AD /n./; purchase and commissioning of medical equipment; completed construction and installation works, etc.

In 2021 the activity of the medical facility under the contract with the National Health Insurance Fund is carried out in strict compliance with the fixed monthly volumes of activity.

The management of UMHAT "Sveta Marina" EAD – Varna strives for strict compliance throughout the scope of its activities with the Horizontal policies of the European Union, regarding equality, non-discrimination and sustainable development.



100% state-owned

Minister of Health

Medical University "Prof. Dr. P. Stoyanov – Varna – exercising the rights of the sole owner of the capital

**Board of Directors as of 31.12.2021,**

Appointed after conducting a competitive procedure:

Prof. Dr. Silva Petrova Andonova – Atanasova, Ph.D, prof. Dr. Krasimir Dimitrov Ivanov, Ph.D, Dilyana Miroslavova Yordanova – Chairperson

**CEO:** Prof. Dr. Silva Petrova Andonova – Atanasova, Ph.D

**Independent auditor:** Pavlinka Penkova, Reg. No.392

**Remuneration paid to the Board of Directors 2021r.:** BGN 242,000

**List of the staff composition as of 31.12.2021:** 1,955 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	137 488	160 769
Revenues from operating activity	136 400	159 906
Net profit/loss	5 808	5 986
<b>Balance sheet, BGN thsd.</b>		
Total assets	81 466	89 471
Long-term assets	46 861	46 325
Short-term assets	34 605	43 146
Total liabilities	25 319	25 648
Short-term assets	8 186	8 076
Short-term liabilities	17 133	17 572
Equity	56 147	63 823
<b>Financial ratios</b>		
Return on expenses	1.05	1.04
Liquidity ratio	2.02	2.45
Indebtedness ratio	0.45	0.40
Return on equity	0.10	0.09
Exempt from payment of dividend		
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes

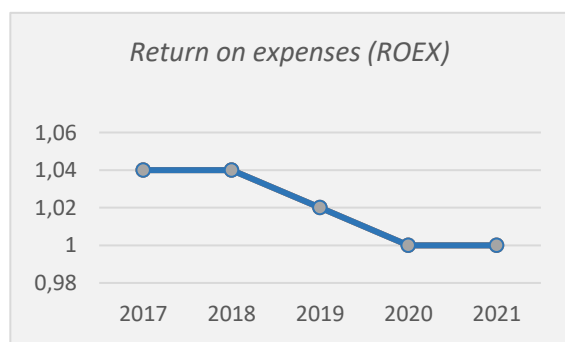
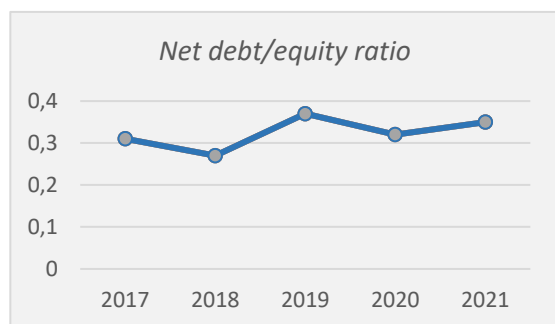
## SPECIALIZED HOSPITALS FOR REHABILITATION – NATIONAL COMPLEX EAD, SOFIA /“SBR – NK” EAD/

is the leader in the physical and rehabilitation medicine applying recognized medical standards in combination with natural resources.

In 2021, the company continues its development in accordance with its mission, namely the establishment and sustainable development of the medical facility, implementing modern, scientifically based and highly effective therapy and rehabilitation with natural and reformed physical factors, balneo-, climate- and thalassotherapy, to increase the quality of life of patients both during the early recovery period and during the chronic phase of the disease process when supportive treatment and rehabilitation are applied.

During the year, the investment policy of the company continues to be directed mainly towards carrying out construction and repair activities of the building fund, in which the main activities of the medical facility are carried out. The policies developed in the investment plan for 2021 are aimed at achieving one main goal: rehabilitation and modernization of the existing building fund of the hospitals.

In the field of ecology, it should be stated that the company has permits for the use of mineral water from the Ministry of Health, and its affiliates have developed programs for hospital waste management.



100% state-owned  
Minister of Health

**Board of Directors as of 31.12.2021** Appointed after a competitive procedure:

Plamka Nikolova Ninkova – Chairperson,  
Dr.Vladislav Georgiev Genov, Plumelina Dimitrova Micheva

**CEO:** Plumelina Dimitrova Micheva

**Independent auditor:** Radka Boevska, reg. No.270

**Remuneration paid to the Board of Directors for 2021:** BGN 154 000

**Average staff composition for 2021:** 1 110 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	26 554	32410
Revenues from operating activity	26 548	32408
Net profit/loss	2	79
<b>Balance sheet, BGN thsd.</b>		
Total assets	37 857	38858
Long-term assets	29 495	28244
Short-term assets	8 362	10 614
Total liabilities	9 244	10 166
Short-term assets	7 886	9035
Short-term liabilities	1 358	1 131
Equity	28 613	28 692
<b>Financial ratios</b>		
Return on expenses	1.00	1.00
Liquidity ratio	6.16	9.05
Indebtedness ratio	0.32	0.35
Return on equity	0.00	0.00
<b>Exempt from payment of dividend</b>		
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes

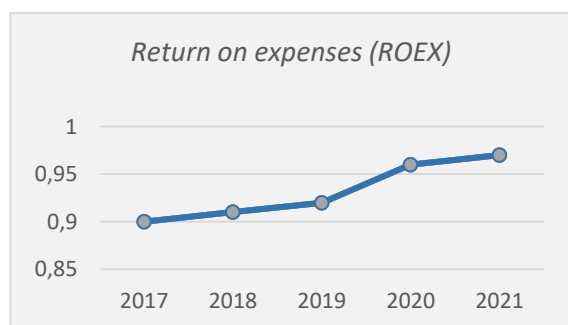
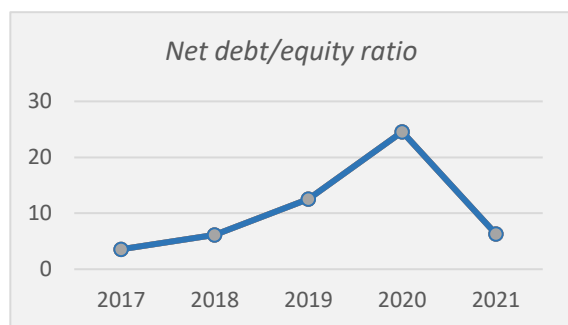
## ALEXANDROVSKA UNIVERSITY MULTIPROFILE HOSPITAL FOR ACTIVE TREATMENT EAD, SOFIA,

is known as "Alexandrovsk Hospital" and is the oldest hospital and one of the largest in the country. with its establishment in 1879 under the name Sofia First Class Hospital, it received the status and functions of a national medical institution. Today UMHAT "Alexandrovsk" EAD is a leading national university and medical center in multidisciplinary medical, transplantation, dispensary, teaching, and research activities.

With its multi-disciplinary spectrum, the hospital is the largest base for development, clinical testing and application of modern highly effective methods and technologies for diagnosis and treatment. Hospital medical activity is carried out in 26 clinics, including departments, centers, reception rooms and 3 laboratories. UMHAT "Alexandrovsk" has 861 beds, of which 250 are surgical and 42 are intensive. For painless treatment and quick recovery of patients, the hospital uses the most modern methods of operative treatment in surgery, urology and ophthalmology. For this purpose, the clinics have the latest generation of laparoscopic and endoscopic equipment from world leaders in the field of medical optics.

As a result of capital increases entered during the year, as of 31.12.2021 the same is in the amount of BGN 84 136 thousand.

In view of the regulatory restrictions on the volume of the main source of income — funds from the NHIF, the total resources available to the medical facility are largely predictable. A scheme has been developed for proportional and timely coverage of the obligations of the medical facility, thereby guaranteeing predictability in relations with the company's suppliers and reducing the risk of an uncontrollable increase in the company's obligations.



100% state-owned  
Minister of Health

**Board of Directors as of 31.12.2021** Appointed after a competitive procedure:

Veselina Vasyanova Petrova, prof.Dr.Rumen Malinov Stoilov, Dr.Atanas Georgiev Atanasov

**CEO:** Dr. Atanas Georgiev Atanasov

**Independent auditor:** "Ada Soft Audit"OOD

**Remuneration paid to the Board of Directors for 2021:** BGN 165 000

**List of the staff composition as of 31.12.2021:**  
1 892 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	77 383	102 601
Revenues from operating activity	77 367	102 508
Net profit/loss	-2 656	-2412
<b>Balance sheet, BGN thsd.</b>		
Total assets	98 562	107 357
Long-term assets	70 457	75 676
Short-term assets	28 105	31 681
Total liabilities	94 706	92 668
Short-term assets	57 614	44 336
Short-term liabilities	37 092	48 332
Equity	3 856	14 689
<b>Financial ratios</b>		
Return on expenses	0.96	0.97
Liquidity ratio	0.76	0.65
Indebtedness ratio	24.56	6.31
Exempt from payment of dividend		
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes

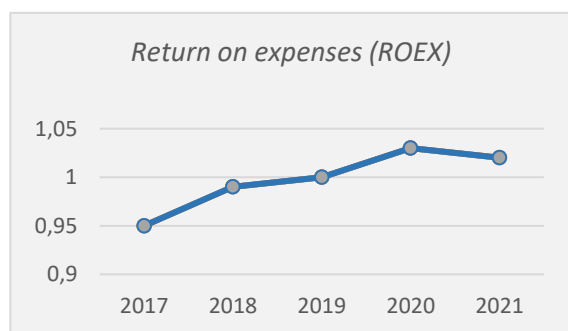
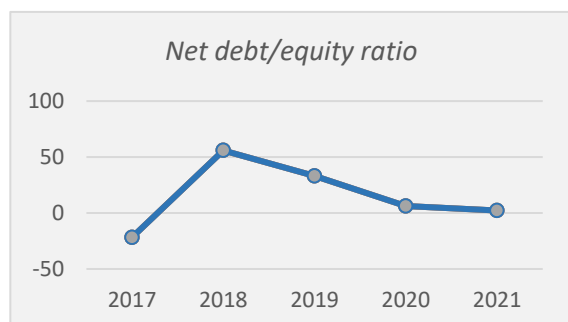
100% state-owned

## N.I. PIROGOV UNIVERSITY MULTIPROFILE HOSPITAL FOR ACTIVE TREATMENT AND EMERGENCY MEDICINE EAD, SOFIA

– the largest hospital in the Republic of Bulgaria in the field of emergency and disaster medicine. The medical facility has structures that have no analogues in the country: the wards of pediatric urology, pediatric toxicology, pediatric burn and plastic surgery, pediatric abdominal surgery, pediatric thoracic surgery, surgery of the newborn and congenital anomalies, pediatric neurosurgery, purulent-septic surgery clinic.

The medical activity carried out in 2021 was performed in conditions of a global coronavirus pandemic, which undoubtedly had an impact on the structure and activity of the medical facility. According to the orders of the regional health inspectorates, during the year were periodically transformed clinics and wards for the treatment of patients with COVID-19. Working in a pandemic situation required the expenditure of an unforeseen financial resource. At the same time, the admission and treatment of the significant number of patients with COVID-19, as well as the restrictions, as a result of the measures introduced with a view to not spreading the disease, led to an outflow of patients and a significant reduction in the admission of the remaining patients. The multi-specialty emergency department maintains round-the-clock security with teams separately for each specialty that the hospital works on and that is included in the authorization to carry out medical activity.

In 2021, the educational and scientific activity at the hospital continued to develop in compliance with the legislative framework, following the accreditation criteria and indicators, and with care for the development of its human resources.



Minister of Health

### Board of Directors as of 31.12.2021

Appointed after a competitive procedure:

Prof.Dr.Ivan Georgiev Poromanski,

Dr.Valentin Dimitrov Dimitrov –

Chairperson, Zhivka Sevdalinova Savova

CEO: Prof.Dr.Ivan Georgiev Poromanski

**Independent auditor:** Radka Boevska,  
reg. No.270

**Remuneration paid to the Board of Directors for 2021:** BGN 178 691

**List of staff composition as of 31.12.2021:**  
2 175 persons

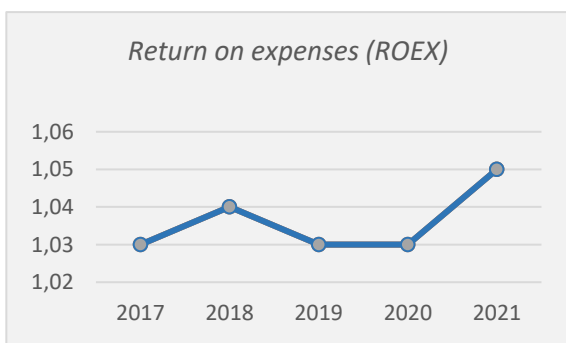
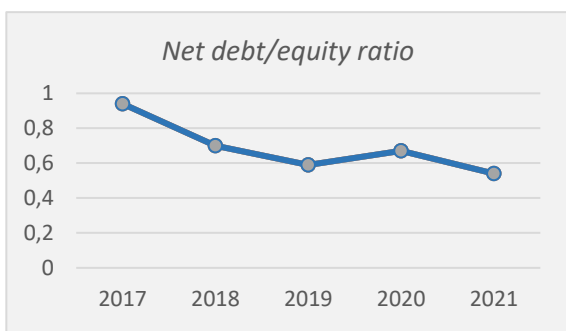
	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	105 641	127 980
Revenues from operating activity	105 232	127 900
Net profit/loss	3 499	2 889
<b>Balance sheet, BGN thsd.</b>		
Total assets	97 404	110 703
Long-term assets	66 515	83 772
Short-term assets	30 889	26 931
Total liabilities	84 048	76 185
Short-term assets	55 114	47 636
Short-term liabilities	28 934	28 549
Equity	13 356	34 518
<b>Financial ratios</b>		
Return on expenses	1.03	1.02
Liquidity ratio	1.07	0.94
Indebtedness ratio	6.29	2.21
Exempt from payment of dividend		
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes

## ST. GEORGE UNIVERSITY MULTIPROFILE HOSPITAL FOR ACTIVE TREATMENT EAD, PLOVDIV

is a leading university hospital, has proven itself as the main center for emergency care of patients from the city of Plovdiv and the regions of southern Bulgaria. The hospital is one of the established centers included in the organ and tissue donation program for transplantation and a training base for teaching and research activities.

Regarding the company's income, it is characteristic that, according to the legislation in force in Bulgaria, the National Health Insurance Fund sets "fixed prices" for the provided hospital services – clinical pathways, procedures, marginal value of medical devices, etc. This circumstance and the fact that the hospital accepts the most complex and serious cases and patients from the city of Plovdiv and the region, leads to an increase in the costs of health care and services on the part of the medical institution, but the social function it should perform is of important regional importance.

In 2021 the medical facility has implemented the following more significant investment measures, implemented both with its own funds and with funds from capital subsidies of the Ministry of Health: delivery and installation of a new generator system for the production of medical oxygen; construction of a new one-story building at the Clinic for Infectious Diseases to set up a new inpatient facility for patients with COVID-19; reconstruction of the Administrative Block of the Clinic for Infectious Diseases to set aside a COVID-19 intensive care unit – Base 2 of the UMHAT "St. George", Plovdiv and others.



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**Minister of Health**

**Board of Directors as of 31.12.2021** Appointed after a competitive procedure:

assoc.prof. Ivan Mladenov Sokolov – Chairperson, prof.Dr. Angel Petrov Uchikov, Ph.D; prof.Dr. Karen Briyanov Dzhambazov, MD

**CEO:** Prof.Dr. Karen Briyanov Dzhambazov, MD

**Independent auditor:** Anna Karayleva, Reg. No.0793

**Remuneration paid to the Board of Directors for 2021:** BGN 182 000

**List of the average staff composition as of 31.12.2021:** 2 738 persons

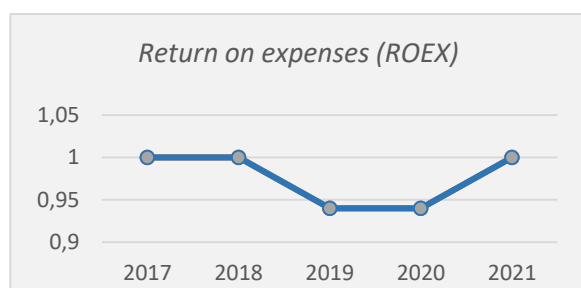
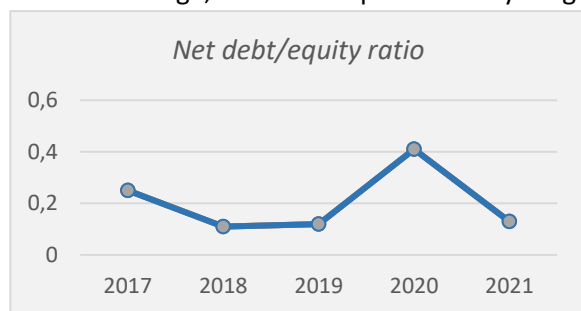
	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	167 806	211 531
Revenues from operating activity	167 805	211 530
Net profit/loss	4 414	9 336
<b>Balance sheet, BGN thsd.</b>		
Total assets	158 273	163 882
Long-term assets	95 274	106 865
Short-term assets	62 999	57 017
Total liabilities	63 474	57 383
Short-term assets	10 251	14 043
Short-term liabilities	53 223	43 340
Equity	94 799	106 499
<b>Financial ratios</b>		
Return on expenses	1.03	1.05
Liquidity ratio	1.18	1.31
Indebtedness ratio	0.67	0.54
Exempt from payment of dividend		
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes



**PROF. DR. ALEXANDER CHIRKOV UNIVERSITY  
MULTIPROFILE HOSPITAL FOR ACTIVE TREATMENT  
(former UMHAT "ST. EKATERINA") EAD**

The development of the hospital in recent years gives it still one of the leading places among cardiology and cardiac surgery centers in Bulgaria. The management of the hospital strives to reach the maximum possible results, regardless of the limited capabilities of the material base at the moment, which do not allow the hospital to continuously increase the number of patients for treatment. The number of transferred patients remains around 35,000, and the number of inpatients is around 8 000 per year. Among the strengths should be mentioned the provision of high-tech medical assistance, which complies with international and Bulgarian standards; the personnel potential, which is large and includes highly qualified medical specialists, the majority of whom have continuous contact and knowledge with European practices and European standards; the synergy between high technology and the availability of the most modern medical equipment and the exceptional personnel potential makes it possible to promptly and quickly solve the most serious cases of diseases in the area where the hospital operates.

This is the only hospital in Bulgaria with a license for heart transplants. The hospital operates in the conditions of excellent material and technical support, which allows the provision of high-tech medical assistance, including heart transplants. Staffing stability of the hospital, expressed in the high loyalty of leading medical specialists, their ability to extremely effectively transfer their knowledge, skills and experience to younger staff.



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Minister of Health**

**Board of Directors as of 31.12.2021** Appointed after a competitive procedure:

Anelya Dimitrova, Nadezhda Brankovska – Kirilova, prof.Dr.Gencho Nachev, Ph.D.

**CEO:** Prof.Dr.Gencho Nachev, Ph.D.

**Independent auditor:** Boyko Kostov, Reg. No.0170

**Remuneration paid to the Board of Directors for 2021:** BGN 199 000

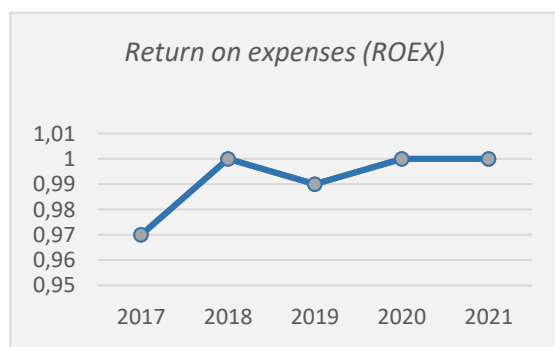
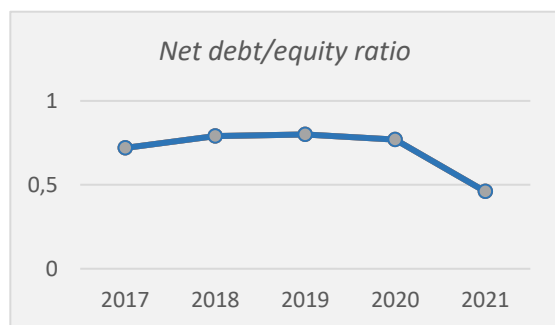
List of the staff composition as of 31.12.2021: 428 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	29 470	36 590
Revenues from operating activity	29 384	36 564
Net profit/loss	-1 792	108
<b>Balance sheet, BGN thsd.</b>		
Total assets	79 297	81 182
Long-term assets	47 255	59 276
Short-term assets	32 042	21 906
Total liabilities	23 038	9 083
Short-term assets	4 850	4 707
Short-term liabilities	18 188	4 376
Equity	56 259	72 099
<b>Financial ratios</b>		
Return on expenses	0.94	1.00
Liquidity ratio	1.76	4.96
Indebtedness ratio	0.41	0.13
Exempt from payment of dividend		
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes



## UNIVERSITY SPECIALIZED HOSPITAL FOR ACTIVE TREATMENT IN ONCOLOGY EAD, SOFIA

is with core subject of activity – the provision of hospital care in the precancerous and cancerous diseases field. An integral part of the hospital's work is the conduct of in-depth scientific, scientific-applied and teaching activities. The medical facility ended 2021 with the result of the activity – accounting profit in the amount of BGN 410 thousand. The main sources of funding are the Ministry of Health – BGN 523 thousand and the National Health Insurance Fund – BGN 61 241 thousand, through which 96.03% of the company's revenues were realized, compared to 96.08% for 2020. The medical activity carried out by the company in 2021 is mainly financed by the NHIF, and the prices of the clinical paths are low and do not cover their cost, especially regarding the surgical activity with a very high complexity of the interventions. During the period, the hospital received funding according to the methodology for subsidizing medical facilities for the activities of the Territorial expert medical commissions in the amount of BGN 106 thousand. The activity of the National Cancer Registry remained in 2021 without funding from the Ministry of Health. The health sector in general and the "Specialized Hospital for Active Treatment in Oncology" EAD in particular is facing a serious personnel problem, which is getting deeper and deeper. More than 40% of healthcare workers in Bulgaria are between the ages of 50 and 64, which is significantly above the EU average. Thus, a number of countries may have to deal with the challenge of an aging workforce in the health sector.



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**Board of Directors as of 31.12.2021** Appointed after conducting a competitive procedure:

Dr.Stefan konstantinov Konstantinov,  
prof.Dr.Asen Ivanov Nikolov, Violeta Todorova  
Vladimirova

**CEO** Dr.Stefan Kontantinov

**Independent auditor:** Sevdalina Paskaleva

**Remuneration paid to the Board of Directors for 2021:** BGN 181 000

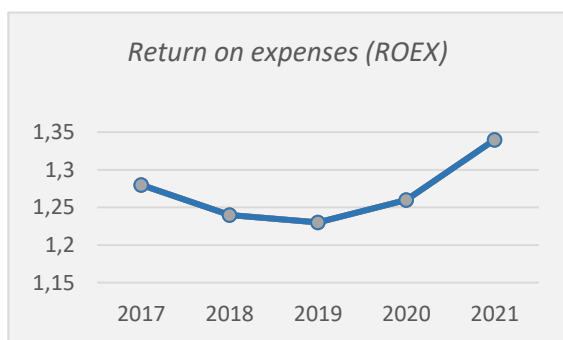
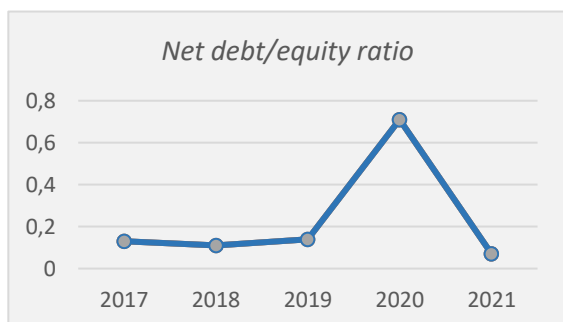
List of the staff composition as of 31.12.2021:  
438 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	50 929	64 177
Revenues from operating activity	50 929	64 159
Net profit/loss	82	279
<b>Balance sheet, BGN thsd.</b>		
Total assets	57 626	57 245
Long-term assets	41 814	38 808
Short-term assets	15 812	18 437
Total liabilities	25 048	18 071
Short-term assets	16 938	10 072
Short-term liabilities	8 110	7 999
Equity	32 578	39 174
<b>Financial ratios</b>		
Return on expenses	1.00	1.00
Liquidity ratio	1.95	2.30
Indebtedness ratio	0.77	0.46
Exempt from payment of dividend		
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes

## BUL BIO – NCIPD FOOD, SOFIA

A high technological and quality level is maintained in the production of bacterial vaccines, immunostimulators, immunodiagnostics, allergens, food media. Additional funds are invested to improve the conditions of production of products derived from human plasma for health care needs. The company is making great efforts to meet the increasing European demands for this production, which is of great importance for health care and ensures the supply of the country with albumin and immunovenin intap obtained from local raw materials. The production of anti-toxic horse serums for prevention and treatment is being restored after it was stopped for a period of about three years due to the lack of horse blood plasma. The production of vaccine against Crimean hemorrhagic fever is in very small volumes. These products are life-saving and are produced by a relatively small number of manufacturers in the world (vaccine against Crimean hemorrhagic fever is produced only in our country).

As a result of the scientific and applied activity of the company's specialists, the technologies for the production of biopreparations have been developed and implemented without purchasing production licences, which saves considerable funds to the national health service. The company exports vaccines to more than 140 countries in the world and for this activity is licensed by the World Health Organization as one of the few companies in the world entitled to sell vaccines for the needs of UNICEF.



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**Minister of Health**

### Manager:

Appointed after conducting a competitive procedure:

Dr.Rumen Petev Kofinov

### Controller:

Dr.Plamen Lubenov Popov

### Independent auditor:

Dimitar Dimitrov, reg. No.0699

**Remuneration paid to key management personnel for 2021: BGN 143 000**

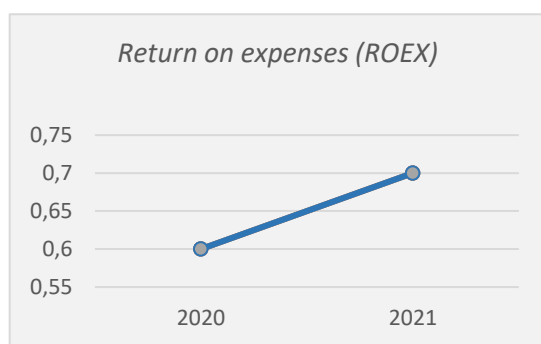
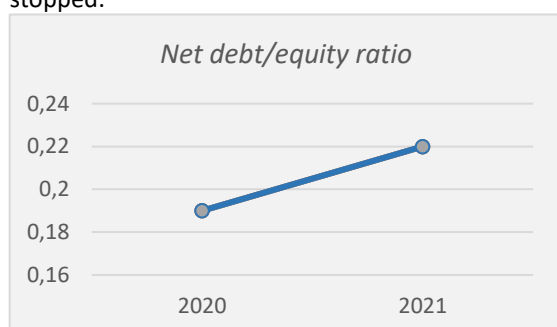
Average staff composition for 2021: 425 persons

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	31 059	38324
Revenues from operating activity	30 658	37837
Net profit/loss	5 791	8 776
<b>Balance sheet, BGN thsd.</b>		
Total assets	65 390	71 042
Long-term assets	14 872	19 939
Short-term assets	50 518	51 103
Total liabilities	27 154	4 762
Short-term assets	2 384	1 337
Short-term liabilities	24 770	3 425
Equity	38 236	66 280
<b>Financial ratios</b>		
Return on expenses	1.26	1.34
Liquidity ratio	2.04	14.92
Indebtedness ratio	0.71	0.07
Dividend, BGN thsd.	2 439	2 896
AFS certified by an independent auditor	Yes	Yes
AFS prepared in accordance with IAS	No	No
AFS prepared in accordance with the NAS	Yes	Yes

## MULTI-PROFILE HOSPITAL FOR ACTIVE TREATMENT – LOZENETS EAD, SOFIA

In 2021, the activity of the medical facility was adapted to the extraordinary epidemic situation and the treatment of patients with Covid. For months, planned admission to medical facilities was suspended due to the high morbidity of patients from COVID-19 and the declared epidemic situation in the country. In implementation of the "National Program for the Improvement of Maternal and Child Health", Neonatal Hearing Screening is performed for all newborn children in the Obstetrics and Gynecology Clinic at the MHAT "Lozenets". As an advantage for the hospital, its multi-disciplinary nature and the ability to treat various diseases of a given patient in a complex manner can be considered. These transformations of the units in the hospital, as well as the suspension of planned admissions, have an extremely serious impact on the hospital's performance indicators. A decrease in the number of patients who passed through the diagnostic-consultative block of the hospital for 2021 is noticeable, since a medical center was created for it from 01.06.2021. In 2021, 17 more transplants were performed, with their total number being 30, respectively 7 liver transplants and 23 kidney transplants.

In 2021, cash receipts and payments were synchronized to a much better degree. The prepared financial report for the year 2021 of the hospital as a commercial company is the second and the data is compared with the previous year 2020. Given the state of emergency and situation in the country, the financial indicators of the hospital cannot be an indicator of the real opportunities for activity, because in the conditions due to an epidemic situation, the admission and treatment of planned patients was stopped.



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### Board of Directors

Appointed after conducting a competitive procedure:

prof.Dr.Lyubomir Spasov, MD – CEO, Veska Rushkova – Chairperson, Dr.Olga Mitsova

### Independent auditor:

Alicya Profirova, reg. No.0105

Remuneration paid to the Board of Directors for 2020: BGN 193 090

	2020	2021
<b>Statement of profit and loss, BGN thsd.</b>		
Total revenues	31 871	42 201
Revenues from operating activity	31 857	42 193
Net profit/loss	-21 241	-18 617
<b>Balance sheet, BGN thsd.</b>		
Total assets	169 003	150 530
Long-term assets	162 889	142 113
Short-term assets	6 114	8 417
Total liabilities	27 027	27 171
Short-term liabilities	20 446	20 751
Equity	141 976	123 359
<b>Financial ratios</b>		
Return on expenses	0.60	0.70
Liquidity ratio	0.93	1.31
Indebtedness ratio	0.19	0.22
<b>Dividend, BGN thsd.</b>		
AFS certified by an independent auditor	Yes	
AFS prepared in accordance with IAS	No	
AFS prepared in accordance with the NAS	Yes	

*Note:* Comparative information for the previous reporting period is missing, as Multi-profile Hospital for Active treatment "Lozenets" EAD was established on 10.01.2020 sole proprietorship joint stock company

*I, the undersigned Vera Mihaylova Koussitasseva-Marinova, hereby certify the correctness of the translation, done by me from Bulgarian into English of the attached document. The translation consists of 88 pages.*

*Translator: Vera Mihaylova Koussitasseva*