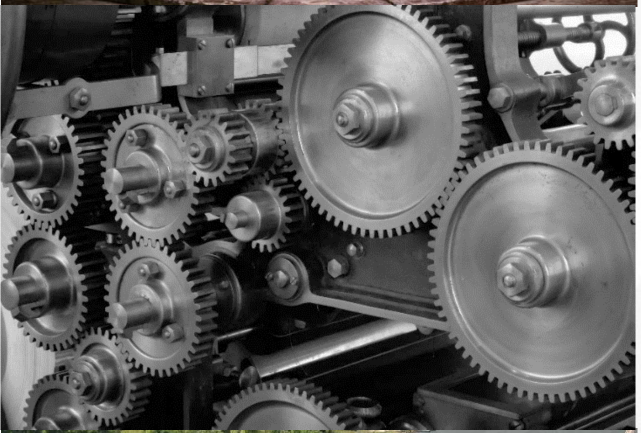
INTERIM SEPARATE REPORT
30 JUNE 2024

INDUSTRIAL HOLDING BULGARIA PLC



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Management Board

Daneta Angelova Zheleva

Borislav Emilov Gavrilov

Galina Petrova Deneva

Vasil Mladenov Tsanev

Supervisory Board

Konstantin Kuzmov Zografov

DZH AD, represented by Elena Petkova Kircheva

Snezhana Ilieva Hristova

Audit Committee

Maksim Sirakov

Snezhana Hristova

Boryana Dimova

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Republic of Bulgaria

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Register and registration number

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Interim Separate Management Report

1. IMPORTANT EVENTS, WHICH HAVE OCCURRED AFTER THE FIRST SIX MONTHS OF 2024 AND THEIR IMPACT ON THE RESULTS REPORTED IN THE FINANCIAL STATEMENTS

1.1. Operating results

The results on a non-consolidated basis are presented in the following table:

in BGN'000	30 June 2024	30 June 2023
Revenue	6,359	7,906
Operating results	(703)	(670)
Net finance income / costs	965	(621)
Profit / loss before tax	6,621	6,615
Profit / loss after tax	6,529	6,615

The operating income for the reporting period is as follows:

- Dividend income was BGN 4,935 thousand compared to BGN 6,755 thousand for the comparable period, or a decrease of 26.9%. The main reason for the decline is the lower amount of the dividend approved by ZMM Bulgaria Holding, as the subsidiary contributes the rest of its profit to the capital increase of ZMM Nova Zagora. This decline was partly offset by the higher dividends distributed by KRZ Port Burgas.
- Interest income was BGN 1,419 thousand, compared to BGN 1,133 thousand for the comparable period, or an increase of 25.2%. The increase is thanks to the interest income earned on the USD bank deposits opened to manage IHB's free cash.
- Other income of BGN 5 thousand compared to BGN 18 thousand for the comparable period.

Costs remain relatively constant. For the period, the Company realised a profit from financing activities of BGN 965 thousand, mainly as a result of the foreign exchange gains realised on US Dollar balance sheet exposures. In the previous period, IHB made a loss from financing activities of BGN 621 thousand.

The result after taxes was a profit of BGN 6,529 thousand compared to a profit of BGN 6,615 thousand for the same period of the previous year.

1.2. Main scope of the activity

In the past six months, the activity of Industrial Holding Bulgaria PLC, as regards its investment portfolio, is related to the incorporation of two new companies:

- Ticha LTD, Marshal Islands, a subsidiary of KLVK AD, incorporated on 8 May 2024;
- Vaya LTD, Marshal Islands, a subsidiary of KLVK AD, incorporated on 3 June 2024.

The two companies were explicitly incorporated to purchase and operate a vessel for the IHB fleet.

1.3. Corporate events

a. General Meeting of the Shareholders of Industrial Holding Bulgaria PLC

Regular Annual General Meeting of the Shareholders of Industrial Holding Bulgaria PLC

With its decision, the Supervisory Board of Industrial Holding Bulgaria PLC convened a regular annual General Meeting of the Shareholders of the Company to be held on 25 June 2024.

The so-convened regular Annual General Meeting of Shareholders of Industrial Holding Bulgaria PLC was held on 25 June 2024 and took the following decisions:

1. Approval of the Report on the Activity of the Company for 2023 and the Consolidated Report on the Activity of the Company for 2023

Decision: The General Meeting of Shareholders approves the Report on the Activity of the Company for 2023 and the Consolidated Report on the Activity of the Company for 2023.

2. Approval of the Report of the Registered Auditor for the audit of the Annual Financial Statements of the Company for 2023 and the Report of the Registered Auditor for the audit of the Consolidated Annual Financial Statements of the Company for 2023.

Decision: The General Meeting of Shareholders accepts the Report of the Registered Auditor on the audit of the Annual Financial Statements for 2023 and the Report on the audit of the Consolidated Annual Financial Statements of the Company for 2023.

3. Approval of the Annual Financial Statements of the Company for 2023 and the Consolidated Financial Statements of the Company for 2023.

Decision: The General Meeting of Shareholders approves the Company's Annual Financial Statements for 2023 and the Consolidated Financial Statements of the Company for 2023.

4. Deciding on distributing the 2023 profit of the Company

Decision: The General Meeting of Shareholders takes a decision that the profit of the Company for 2023 amounting to BGN 6,220,345.72 (six million, two hundred and twenty thousand, three hundred and forty-five Bulgarian leva and seventy-two stotinki) to be set aside as retained earnings of the Company.

5. Report on the remuneration policy implementation for the Supervisory and Management Boards of Industrial Holding Bulgaria PLC members for 2023.

Decision: The General Meeting of Shareholders approves the Report on the remuneration policy implementation for the Supervisory and Management Boards of Industrial Holding Bulgaria PLC members for 2023.

6. Release from liability of the members of the Management Board and the Supervisory Board for their activities in 2023

Decision: The General Meeting of Shareholders releases from liability for their activities in 2023:

As members of the Supervisory Board

- Snejana Ilieva Hristova
- Konstantin Kuzmov Zografov
- DZH AD, represented by Elena Petkova Kircheva.

As members of the Management Board:

- Daneta Angelova Zheleva,
- Galina Petrova Deneva,
- Borislav Emilov Gavrilov,
- Boyko Nikolov Noev for the period from 01 January 2023 to 19 May 2023;
- Vasil Mladenov Tsanev for the period from 19 May 2023 to 31 December 2023;

7. Determining the remuneration of the members of the Supervisory Board and the Management Board of the Company for 2024

Decision: The General Meeting of Shareholders determines a monthly remuneration of BGN 1,200 payable to the Company's Supervisory and Management Board members in 2024.

8. Adoption of a decision to continue the mandate of members of the Company's Supervisory Board.

Decision: The General Meeting of Shareholders re-elected Mrs Snezhana Ilieva Hristova as a member of the Supervisory Board of DZH AD through an expressly appointed representative for a new 5-year mandate as of the date of the General Meeting of Shareholders.

9. Report on the Company's Audit Committee activity for 2023.

10. Election of a registered auditor of the Company for 2024.

Decision: The General Meeting of Shareholders elects the recommended by the Audit Committee registered auditor of the Company for 2024 – BDO AFA OOD.

11. Change of the Company's registered address.

Decision: The General Meeting of Shareholders changes the Company's registered address from 42, Damyan Gruev Street, Krasno Selo area, Sofia city to Vazrazhdane area, 79, Knyaginya Maria Louisa Boulevard, floor 3, Sofia city.

12. Amendments to the Company's Articles of Association in connection with the decision taken under item 11 for changing the registered address.

Decision: The General Meeting of Shareholders amends the Company's Articles of Association in connection with the decision taken under item 11 for changing the registered address as follows:

1. In Article 2, Paragraph 3, the phrase: "42, Damyan Gruev Street, Krasno Selo area, Sofia city" is replaced with „Vazrazhdane area, 79, Knyaginya Maria Louisa Boulevard, floor 3, Sofia city";

The wording of Article 2, Paragraph 3 of the Company's Articles of Association shall read as follows:

„Registered address: Vazrazhdane area, 79, Knyaginya Maria Louisa Boulevard, floor 3, Sofia city.

2. In Paragraph 2 of the Final Provisions after the phrase "and with a decision of the General Meeting of the Company held in Sofia on 15 June 2023" a comma is inserted and the phrase "and with a decision of the General Meeting of the Company held in Sofia on 25 June 2024" is added.

13. Report on the activities of the Investor Relations Director in 2023.

14. Empowerment of the Management Board of the Company to conclude transactions falling within the scope of Article 114, Paragraph 1, Item 2 of the Public Offering of Securities Act (POSA)
Decision: The General Meeting of Shareholders of Industrial Holding Bulgaria PLC, based on the substantiated report of the Management Board, prepared under Article 114a of the POSA, authorises the Management Board of the Company to enter into transactions falling within the scope of Article 114, Paragraph 1, Item 2 of the POSA, consisting in the issuance of two corporate guarantees and the occurrence of contingent liability for Industrial Holding Bulgaria PLC in favour of Sumec Marine Co. Ltd. and New Dayang Shipbuilding Co. Ltd., P.R. China, as the seller, to guarantee the performance of obligations of the subsidiaries Karia Ltd., Marshall Islands, and Ticha Ltd., Marshall Islands, under the following main parameters:

- purpose: to guarantee payments under a shipbuilding contract for two 64,100 DWT Bulk Carriers
- amount of each corporate guarantee: USD 34,600,000 plus sums for additional work contracted during the construction process, but not more than 5 % of the corporate guarantee amount.
- validity of the corporate guarantees: until the ships are handed over, but not later than 31 December 2028.

The Management Board, directly or through the Company's Chief Executive Officer, has the right to negotiate all other parameters of the above transactions within the above-mentioned significant terms and conditions.

b. Buyback of shares of IHB

On the grounds of Article 187b of the Commercial Act and Article 111, paragraph 5 of POSA, the General Meeting of Shareholders held on 18 November 2021 resolved to discontinue the currently effective treasury shares redemption procedure and initiate a new procedure for a term of five calendar years under the following parameters:

Number of shares subject to redemption every year for five years - up to 3% of the registered capital of the Company for every calendar year, but not more than 10% in total for the entire period of redemption and not more than 10 % of the total capital of the Company.

- Minimum buyback price - BGN 1.00 per share;
- Maximum buyback price - BGN 3.00 per share.

In the first six months of 2024, IHB did not conduct transactions concerning the decision to buy back shares. As of 30 June 2024, Industrial Holding Bulgaria PLC did not own treasury shares.

2. Financial resources and financial risk management

2.1. Financial resources and opportunities for implementation of investment intentions

In the first six months of 2024, IHB met its needs to cover the operating costs with funds from its principal activity. The primary sources of financing for IHB were interest and principals on loans originated to subsidiaries, dividends received from subsidiaries, and interest on USD deposits with banks. The Holding redirected part of these funds to fund its subsidiaries' investment programs.

The main financial commitments of the Company are related to investment projects – its own and its subsidiaries.

The management of the Holding has restructured the cash available in pursuit of their medium-term investment intentions within the Group in line with the change in priorities, changes in the market environment, and given the trends outlined and uncertainties surrounding the development of the entities functioning in various segments.

At the end of June 2024, the Group contracted to construct three new 64,100 DWT bulk carriers for the IHB fleet in China. The vessels will be acquired from the new subsidiaries, Vaya Ltd, Karia Ltd, and Ticha Ltd, Marshall Islands, which were incorporated especially for the purpose. The total investment is USD 104,350 thousand, with an expected delivery date of October 2027 for the first vessel and April and May 2028 for the following two, respectively. The Group has the necessary funds to cover the first advance payment under the contracts, totalling USD 19,113 thousand, which will be made by mid-August 2024 at the latest (after the counter bank guarantees are provided to the seller). Other sources of financing will be the balance of the free USD cash, additional funds generated by the fleet, and a bank loan. The bank loan is expected to cover approximately 50% of the transaction value.

At Odessos PBM, the port expansion activities continue: the construction of the new quay wall is almost complete, a substantial part of the necessary port machinery has been purchased, and the construction of the warehouse required is in its final stages. The dredging and lengthening of the sea area are currently underway. The project is financed with the Group's own funds and a bank loan under Contract No. 22F-000155. The extension is expected to be operational in late 2024.

Initial construction works related to the port extension have started on a similar project in KRZ Port Burgas. The financing of the project is to be structured, and its active implementation is expected to begin after the completion of the construction works at Odessos PBM.

It is planned to commence activities to expand the solar park at ZMM Sliven by 1.1 MWp, using part of the solar panels purchased for the project to build a new ground-based photovoltaic plant within ZMM Nova Zagora. However, administrative obstacles in obtaining the required grid connection permit still prevent the continuation of the project activities in ZMM Nova Zagora.

The Group also pursues other projects, mainly related to the purchase of new machinery and equipment and upgrading the building fund.

Other investment opportunities (such as projects related to renewable energy, etc.) are also discussed. Capital expenditure for new acquisitions and business expansions is also possible.

The primary sources of financing for the IHB Group's investments are own funds and bank lending. The decisions about the amount and sources of necessary funds are taken case-by-case. An Investment Committee was formed at the IHB as a standing subsidiary body to the Company's Management Board, with a view to the need for prior discussion and prioritisation of investments concerning different subsidiaries. The goal of the Investment Committee is to coordinate the IHB Group's investment policy in compliance with the development strategy implemented by the Management Board.

IHB has an agreement concluded with UBB for the provision of a total limit for working capital financing, issuance of bank guarantees, and opening of letters of credit of the Holding and/or its Group companies of up to BGN 12,000 thousand with an option for disbursement in BGN and EUR.

As of 30 June 2023, bank guarantees from the contract limit were issued to the following Group companies - IHB Metal Castings AD for BGN 20 thousand, ZMM Nova Zagora for BGN 7 thousand, and Bulyard Shipbuilding Industry EAD for BGN 50 thousand (31 December 2023: BGN 163 thousand).

The unutilised limit under Contract No. 22F-001225 amounted to BGN 11,923 thousand as of 30 June 2024.

Regarding receivables, when there is uncertainty about their collectability, the companies make the corresponding impairments. IHB provides guarantees and secures liabilities of subsidiaries, if necessary.

For more information on the employed financial instruments and risk assessment and financial risk management of IHB, see Note 25 Financial Instruments to the interim financial statements for the first six months of 2024.

2.2. MAIN RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS EXPOSED

The risk management policy of IHB is developed in such a way as to identify and analyse any risks faced by IHB, to set risk appetite limits and controls, and to monitor the risks and compliance with the limits set.

a. Non-systematic risks specific to the Company

Risks associated with the holding structure and the structure of the portfolio of IHB

As the activity of IHB relates to the management of other companies' assets, it is exposed to the Group subsidiaries' industry risks. The Holding's investments are focused on businesses characterised by the slow rotation of funds invested (machine-building), dependence on energy and other resources (machine-building, ship repair, maritime transport), and high cyclicity (ship repair, shop design, maritime transport, classification and certification, and port activity), thus reducing the return on the overall investment portfolio.

Risks arising from pandemics and epidemics

Globalisation worldwide and the freer movement of goods and people lead to a significantly faster spread of pandemics and epidemics, and make it difficult to locate them in individual regions / countries, which in the case of more serious diseases, blocks world trade, limits and pose difficulties on the supply chain, and has an adverse impact on all economic agents. Possible extension / reduction of restrictive measures in individual countries are risks that can lead very fast to both improvement and deterioration of the external environment, and that have an impact on the trade partners of the Group companies.

Risks arising from natural disasters

Like many other regions of the world, Bulgaria is exposed to almost all risks related to climate change. Natural disasters such as floods, earthquakes, etc., resulting from these risks can cause both loss of human life and large financial losses, significantly affecting economic stability and growth. The impact of such events can often go beyond the borders of the country in which they occur and threaten large-scale territories in neighbouring countries.

Risks arising out of dependence on the development of the global economy and trade

The state of the global economy and demand for raw materials underpin the development of trade. Of all segments in the IHB's investment portfolio, the most direct and imminent impact they have on the shipping industry. Stress on the market and pressure on the freight have a number of divergent factors:

- cyclicity of the shipping industry – cycles are linked to the global economy and the balance between the proposed shipping tonnage and the needs of exporters and importers. Risk exists for operators who have failed to properly plan and distribute their cash flows at a time of difficult access to finance under aggravated conditions during crisis;
- number of ships in construction and entry into service and state of the ship cutting market
- increased environmental restrictions – the introduction of new eco-norms and directives against environmental pollution and for energy savings for vessels imposes mandatory reconstructions of vessels and other technical solutions to bring them in compliance with ecological regulations;
- global fuel problems - on the one hand, oil can be a cause of conflict and, on the other hand, the price and availability of it can be a cause of erosion or a fall in the freight market, as marine fuels are the main commodity in the industry and a stock commodity. Restrictions imposed by the European Union and the United States on Russia as a major global supplier of crude oil and gas are having a negative effect;

The level of economic activity worldwide has impacted on machine building, shipbuilding and ship repair, while port operations depend to a greater extent on the developments both in the domestic market and the region.

Risk of political instability in traditional markets and regions, military activities and/or penalties imposed

This risk stems from future changes in economic policy imposed by objective economic or political circumstances - expanding war conflicts around the world, political uncertainty in many places, sanctions and restrictions imposed on trade with a number of countries, refugee flows. This risk impedes the free movement of goods and people, and leads to a change in trade flows and transport corridors; moreover, it hampers the access of registry inspectors to supervised vessels. The risk also affects the machine building industry by reducing sales volumes on traditional markets.

Risks associated with fraud and abuse

The changing environment in combination with the expanding use of new technologies have intensified the risk of fraud and abuse, including the risk related to cyber-attacks, unscrupulous trade practices, bankruptcies of contractors, etc.

Risks relating to environment legislation

The domestic and international legislation on ecology implies compliance with a number of measures for the prevention, control and reduction of various types of environmental pollution. The trend in recent years is to increase regulations in this area. The pressure on phasing out the use of traditional energy sources, such as coal, oil or gas, is growing worldwide. Restrictive duties are being introduced on imports of raw materials from countries that do not follow the European Union's environmental policies and other financial burdens to compensate for the harmful effect on the environment.

It is a policy of the Group to comply with its regulatory obligations in the area of ecology, which is linked to fixed investments for the alignment and maintenance of facilities and processes in accordance with the required standards, as well as investing in environmentally friendly technologies (related to RES, equipping own ships with ballast systems, reducing carbon emissions from the Group's fleet, etc.).

Risk related to basic commodities, materials and energy sources

This risk results from changes in the supplies and prices of raw materials, materials and various energy sources being used. Disrupted supplies result in rise in prices and it in turn, has an unfavourable effect on the results of manufacturing companies operating in metal-intensive and energy-absorbing segments, such as machine building and ship repair. Maritime transport is dependent on the prices of fuels. The impact of changes in the market price of electric energy is similar, as the electric energy is subject to international supply and demand and is determined by factors beyond the control of management. For several years now, the supply of electric energy has been negotiated at a Group level on the open market.

Risks relating to attracting and retaining experienced and qualified employees

Many sectors of the national economy are experiencing a capacity crunch exacerbated by a long-standing lack of focus on secondary vocational education. The lasting trend of declining and aging population in our country reduces people of working age. Employees’ professional qualities affect directly entities’ financial results and innovation performance. The risk is intensified by the convertible nature of some professions and high worldwide demand for such staff.

Management has adopted a long-term approach to human resource management related to preliminary and subsequent qualification of staff, a close cooperation with the academic society in the country, and attracting foreign workers.

Credit risk

Credit risk is the risk of possible financial loss if a client or a party to a financial instrument fails to perform its contractual obligations. The risk is mainly related to receivables from clients and investments in other financial assets.

Receivables from clients – The Group’s credit risk exposure depends on the customer’s individual characteristics that differ between sectors. The most affected segments are that of ship repair, ship design, port activities, classification and certification.

The unstable political and economic environment intensified the level of credit risk worldwide and for the Group in particular. The Group’s credit policy provides for that each new client shall be investigated for solvency before being offered the standard delivery and payment terms and conditions. Besides the price offered, when selecting a potential client or a charterer managers consider its credit rating, reputation, popularity, recommendations, etc.

Investments – The Group invests mainly in businesses and companies where the Holding holds the control and power to determine their development strategy.

Guarantees - It is a policy of the Group to issue financial guarantees only to Group companies and only after obtaining the preliminary approval of the Group’s competent bodies. There is a risk that the guarantees may be utilised in the event of non-performance of the covered liabilities. In case of need, the subsidiaries utilise funds from the credit limit agreed by IHB for opening of letters of credit and issuance of bank guarantees to trade contractors.

Liquidity risk

Liquidity risk is the probability that the Group will be unable to meet all its obligations when they become due. Such risk may arise in case of delayed payments by clients. The Group companies elaborate financial planning to cover their expenses and current payables for a period of 90 days. Where possible, a deferred payment to suppliers and subcontractors is applied in combination with the above measures, but without affecting negatively their businesses. The Holding's management supports the Group companies' efforts towards attracting bank financing for investments and capacity utilization in the form of revolving credits for working capital in support of production. The attracted volumes of funds are maintained at pre-determined levels and approved only after their economic effectiveness for each company has been proven.

Currency risk

The Group companies are exposed to currency risk as they perform purchases and/or sales and/or receive loans in currencies, other than the functional currency. Aiming at reducing the Group's exposure to currency risk, the Holding's management is trying to minimise the payments in foreign currencies other than the functional currency in the operating activity of most companies. The goal is that transactions with customers and suppliers are agreed primarily in BGN and EUR for the companies the functional currency of which is the Bulgarian lev and in USD for the ship companies, as USD is the main currency, in which the ship business operates. Given the Bulgaria's jointing the ERM II exchange rate mechanism (the so-called euro area waiting room), there is a low risk that the EUR exchange rate agreed vis-à-vis the exchange rate of the Bulgarian lev in the event of entry into the Euro area to be different from the fixed one. The Group is currently exposed to currency risk from changes in the exchange rate of the US Dollar in relation to the free cash flows generated by maritime transport. The increase in the revenue share from foreign ships in total sales strengthens the impact of this risk on the financial results of the ship register.

Interest rate risk

The Group companies are exposed to interest rate risk in cases of financing, whose price includes a floating interest rate component plus a margin. In managing this risk, management seeks to either negotiate fixed-rate loans or to conclude hedging transactions aiming at minimizing the effects of the changes in the floating interest rate component. In 2024, the trend towards relatively high interest rates and tighter fiscal terms and conditions, driven by a tightening of central banks' policies as a result of high global inflation in 2022 and 2023, continues.

b. Systematic risks

The Holding and its subsidiaries are exposed to systematic risks relating to the market and macro-environment in which the companies operate. The risks arising from the growing number of military conflicts in various areas of the world intensify. These risks cannot be managed and controlled by the management team.

3. FUTURE PERSPECTIVES OF THE COMPANY

3.1. MAIN TRENDS WITH REGARD TO THE ACTIVITY OF IHB

The main trends in the activity of IHB in the following years are expected to continue to be related to:

- Management of the portfolio companies;
- Investment in the portfolio companies in which IHB has long-term interests;
- Financing of companies in which the Holding participates
- Acquisition, assessment, and sale of shares in other companies;
- Establishment of new companies.

The key strategic interests of IHB are in the following industries and activities:

- Maritime transport;
- Shipbuilding and ship repairing, including ship design;
- Port activities;
- Machine building.

3.2. MAIN TRENDS FOR BUSINESSES, IN WHICH GROUP COMPANIES OPERATE

a. Maritime Transport

At the end of 2023 and the first half of 2024, there has been a rise in freight rates driven by increased tonnage demand in certain segments and by an increase in sailing distances as a result of the Red Sea crisis and capacity constraints in the Panama Canal due to the record drought in 2023. The recovery of Panama Canal navigability that has begun should reduce freight rate levels, but the lack of a foreseeable horizon for resolution of the Red Sea conflict may offset this impact. For the Group's vessel segment, forecast lower tonnage demand growth and higher delivery rates for newly built ships could negatively impact freight rates in the second half of the year and early 2025. Escalating geopolitical tensions, linked to concerns from the EU and the US over cheap Chinese exports, could result in the introduction of trade barriers by the West and negatively impact global economic growth (or reduce bulk demand respectively).

The rate of cutting old ships is expected to remain relatively low. After several years of significantly reducing average sailing speed, the trend is to stabilise around current levels. Port congestion is also decreasing.

There has also been a significant shift in regulations that are expected to influence the direction of decarbonisation efforts significantly:

- The new FuelEU regulation aims to reduce greenhouse gas intensity by 2% by 2025 and 80% by 2050. These measures cover not only CO_2 emissions but also methane and nitrous oxide emissions throughout the life cycle of fuels used by the vessels. A further legal framework for net zero emissions is expected to be presented at the Marine Environment Protection Committee meeting in October 2024;
- The EU Emissions Trading Scheme: from January 2024, the European Union has included shipping in its Emissions Trading Scheme (ETS). Thus, shipowners are required to purchase credits for CO_2 emissions created on voyages between EU ports and half of their emissions on voyages between an EU port and a non-EU port. Shipowners are expected to be able to offset these costs in their charter contracts.
- Introducing new rules to combat adverse climate change (such as EEXI/CII/EU-ETS) is expected to continue to encourage low sailing speed and consequently put significant price pressure on the freight market.

For the first time in 2023, an annual operational efficiency indicator was calculated for each ship (Carbon Intensity Index, CII). The ships were rated C (the scale is A to E, with A being a better-performing ship). The rating thresholds will become more stringent until 2030. In 2024, work continues in line with the new regulations to improve operational efficiency.

The Group's ships sail with Bulgarian and foreign crews.

b. Ship building and ship repair

The ongoing tensions in the Gulf of Aden and the armed conflict in the Gaza Strip, which began in late 2023, have changed the direction of ship owners to carrying out repairs in the Mediterranean basin region due to increased cost and risk of moving to China. The first half of 2024 also saw a trend away from Turkish factories. All that positively impacted the orders of Bulyard Shipbuilding Industry, filling its capacity.

Since early 2024, there has been a decline in customer enquiries for the installation of ballast systems due to the expiry of the legal deadline for their installation. However, the increasing regulatory requirements for decarbonising ships are expected to open up other market niches and opportunities for ship repair plants.

The lower electricity price in 2024 has had a positive effect on the profitability of the Bullard Shipbuilding Industry. Disrupted supply chains continue to keep prices high for some materials.

c. Ship design

Yet low levels of shipbuilding are affecting the development of design services in several directions.

Tighter measures and rules to reduce the greenhouse effect of ships are reducing orders for new construction due to the need for more clarity at the moment on what ships will be sought and with what engines. The development of alternatives is still at an early stage. The demand for retrofit ballast design services is decreasing due to the approaching deadline for retrofitting the fleet in operation. The expanding military conflicts in different regions globally and the worsening economic environment are forcing shipowners to reconsider their investment intentions for new and the reconstruction and renovation of existing vessels. Despite the demand for cruise ships, including design services for them, orders are still weak due to the general uncertain environment fuelled by high interest rates.

On the other hand, trends are emerging, stimulating interest in design services. Activity in coastal areas is growing. Vessels are being sought for the fishing industry and general-purpose offshore vessels. Interest in specialised vessels for the construction and maintenance of offshore wind farms and in the conversion of ships – either changing their purpose or increasing their functionality- is expected to grow. There has also been a stirring of the market in the area of small "pilot" projects, financed primarily by various grant schemes, related to the design of alternative variants of ships with reduced harmful emissions (even in the absence of established market technologies for the replacement of ship fuels). It is expected that this trend will continue and that pure investment projects will emerge at some point.

The management of IHB Shipdesign monitors the trends in the environmental protection policy. It is planned to increase the share of ships that will be retrofitted to decarbonize and reduce carbon emissions. Development of the so-called hybridization of vessels, aiming to reduce fuel costs, as well as increased demand for engineering services to bring ships into operation in accordance with the requirements of CII/IMO regulations is expected.

d. Classification and certification

The Bulgarian Ship Register (BRS, the Register) reports a slight decrease in its revenue in the first quarter of 2024 compared to the same period of 2023. The same is mainly due to the postponement of dock surveys due to the high occupancy of ship repair yards and the inability to accept all vessels at the same time. However, there has been an increase in surveys of inland waterway vessels and small craft.

For the second half of 2024, the decline in revenue is forecast to be offset, with the Registry's growing network of partnerships with new flag administrations also expected to bring further positive effects. The BCR is also currently in the process of obtaining recognition from the flag administrations of Palau and Guinea-Bissau, which will expand the range of services offered and is a prerequisite for finding new clients.

Management's efforts are aimed at attracting new agents and shipowners and developing and offering additional services to supplement the main ones. In connection with the above, in January 2024, BRS expanded its agent's network in the territory of Tunisia. Negotiations are also underway for joint work with companies from Romania, Ukraine, Croatia and Egypt. BRS successfully passed the LRQA ("Lloyd Register") periodic audit for renewing the quality system certificate in compliance with ISO 9001:2015.

e. Port operations

Cereal throughput in the coming months of the year is expected to be higher than 2023 as a result of the good harvest in Bulgaria. Yields of almost all crops are up on the previous year due to relatively favourable weather conditions during the growing and maturing period. Farmers and grain traders are not expected to hold on to their stocks. However, ongoing geopolitical tensions and various trade agreements and policies could negatively impact grain trade. The first half of the year also saw a partial increase in metal cargoes at the expense of a decrease in ancillary services (e.g. packaging).

The port terminals of Odessos PBM and KRZ Port Burgas are part of the public transport ports in Varna and Burgas, whose development depends to a more significant extent on the economic situation in Bulgaria and in the countries of the Mediterranean and Black Sea regions.

The terminals in the regions of Varna and Burgas focus their efforts on building new capacities and storage facilities to improve and accelerate the processing of cereals and other cargo, strengthening the competitive environment. The two terminals of the Group are also gradually expanding their capabilities. In Odessos PBM, the port expansion is being implemented actively - the construction of a new quay wall and ensuring the necessary storage facilities. KRZ Port Burgas received a building permit for its project, and the construction activities began.

Bulport Logistics offers services to small and mid-sized vessels and yacht mooring, small vessels docking for repairs, and the rental of offices and areas for storage and production activities. The gradual abatement of the effects of the pandemic has increased the demand for production premises combined with office space, primarily from foreign companies.

The Company has focused on developing its warehousing and logistics activities by gradually renovating and improving the technical condition of existing buildings and sites, expanding and upgrading the area's infrastructure to meet changing demand trends. Increasing the volume of activities is expected to achieve a higher rate of effectiveness.

The Company is also working on expanding the services offered to customers. In front of the business building is a parking lot for 160 cars, a fast-charging station with a capacity of 50 kW and a two-connector fast-charging station with a capacity of 150 kW, available at all times of day or night. Heating for two buildings is solved *f. Machine building*

The downturn in the European economy combined with the long-term interest rate policies have a restrictive impact on the investment activity of the customers of ZMM Bulgaria Holding and its subsidiaries. Customers have been cautious in their purchases, and even the announced imminent price hike at the end of the 2024 half-year has not led to a visible increase in orders, although an increase in demand before a price change takes effect is standard behaviour for these contractors (stockpiling to maintain old prices). Despite the restrictive external environment, orders remain stable, with an increasing trend from Asian regions. Some European countries at the end of the half reached their 2023 levels.

The ability to use its own electricity generated by the machinery group's operating solar plants has a positive impact on the profitability of the product offering.

The machine-building industry faces several key challenges:

- Intense competition: the market is highly competitive, with several established international players seeking to gain a competitive edge through product innovation and partnerships. In Europe, ZMM Bulgaria Holding is the only manufacturer of universal lathes;
- Market preferences: high-quality alternatives to products from China are being sought, and customers increasingly demand customised and sophisticated components. Machine tools that offer flexibility, quick changeovers and easy programming attract growing investor interest;
- Increasing focus on sustainability: the industry is witnessing a shift to sustainable manufacturing practices. Machines optimising the use of materials, reducing energy consumption, and minimising waste are gaining market share.

4. INFORMATION ON SIGNIFICANT TRANSACTIONS CONCLUDED WITH RELATED PARTIES

Over the first six months of 2024, transactions of significant importance, except for the loan and guarantee contracts reported in the interim financial statements, were not concluded between IHB and related parties.

5. ELECTRONIC REFERENCE TO THE WEBSITE OF THE COMPANY, WHERE INTERNAL INFORMATION UNDER ARTICLE 7 OF REGULATION (EU) 596/2014 ON THE CIRCUMSTANCES THAT HAVE OCCURRED DURING THE FIRST SIX MONTHS IS PUBLISHED

In the first six months of 2024, IHB published internal information on the Company's website - www.bulgariaholding.com in the "Press Centre" / "News" section (https://www.bulgariaholding.com/bg/news).

6. INFORMATION UNDER APPENDIX 4 TO ORDINANCE 2 ON THE INITIAL AND SUBSEQUENT DISCLOSURE OF INFORMATION IN PUBLIC OFFERINGS OF SECURITIES AND ADMISSION OF SECURITIES TO TRADING ON A REGULATED MARKET

a. Change in individuals exercising control over the company

There are no charges in the persons exercising control over the Company as of 30 June 2024.

b. Initiation of insolvency proceedings in respect of the Company or its subsidiary, and all significant stages relating to the proceedings until the Company is declared insolvent

There is no such circumstance.

c. Conclusion or performance of significant transactions

In June 2024, at the regular Annual General Meeting of Shareholders of Industrial Holding Bulgaria PLC, it was decided to issue two corporate guarantees to secure the performance of the obligations of subsidiaries to make payments under shipbuilding contracts for two 64,100 DWT Bulk Carriers. The amount of each corporate guarantee is USD 34,600 thousand, plus a sum for additional work contracted during the construction process, but not more than 5 % of the corporate guarantee amount. The value of the corporate guarantees is reduced by each payment due under the shipbuilding contracts. The corporate guarantees are valid until delivery of the vessels but not later than 31 December 2028. The corporate guarantees were issued on 26 June 2024.

In July 2024, at an Extraordinary General Meeting of Shareholders of Industrial Holding Bulgaria PLC, it was decided to issue a third corporate guarantee to secure the performance of the obligation of a subsidiary to make payments under a shipbuilding contract for a 64,100 DWT Bulk Carrier. The corporate guarantee amount is USD 35,150 thousand, plus a sum for additional work contracted during the construction, but not more than 5 % of the corporate guarantee amount. The value of the corporate guarantees is reduced by each payment due under the shipbuilding contract. The corporate guarantee is valid until delivery of the vessel but not later than 30 June 2028. The corporate guarantee was issued on 19 July 2024.

d. Decision for conclusion, termination and cancellation of a joint venture contract.

There is no such circumstance.

e. Change in the Company's auditors and reasons for the change.

There is no such circumstance.

f. Initiation or termination of court or arbitration proceedings relating to liabilities or receivables of the Company or its subsidiary with a price of the claim of at least 10 per cent of the Company's equity.

For the reporting period, there are no initiated or terminated cases in which the price of the claim amounts to or exceeds 10 percent of the equity of Industrial Holding Bulgaria PLC.

g. Purchase of, sale of or pledge imposed on shares of commercial companies by the issuer or its subsidiary

On 08 May 2024, Industrial Holding Bulgaria PLC acquired from Bulyard Shipbuilding Industry EAD 16,839,330 shares of the capital of Bulport Logistics AD, which is 46.12% of its capital.

h. Other circumstances deemed by the Company as being of importance to the investors in taking a decision.

None.

7. ADDITIONAL INFORMATION

a. Information about changes in the accounting policy during the reporting period, the underlying reasons, and how they affect the Company's financial performance and equity

The accounting policies of IHB have not been changed during the reporting period.

b. Information about changes, which have occurred within the group Industrial Holding Bulgaria PLC

On 8 May 2024 it was incorporated Ticha LTD, Marshal Islands, a subsidiary of KLVK AD.

On 3 June 2024 it was incorporated Vaya LTD, Marshal Islands, a subsidiary of KLVK AD.

c. Information about the results from organizational changes within IHB, such as transformation, selling of undertakings from a group of entities within the meaning of the Accountancy Act, in-kind contributions by the undertaking, renting out of property, long-term investments, suspension of operations

There was no such circumstance in the reporting period.

d. Opinion of the management body about the likelihood of realization of the published forecasts on the results of the current financial year, taking account of the results for the current six-month period, as well as information about the factors and circumstances, which will affect the achievement of the forecast results at least by the end of the current financial year

The Managing Board of Industrial Holding Bulgaria PLC has not published forecasts on the results in 2024.

e. Information about the persons holding directly and/or indirectly at least 5 per cent of th9e votes at the general meeting at the end of the six-month period, and changes in the votes held by the persons for the period from the beginning of the current financial year to the end of the reporting period

As of 30 June 2024, Industrial Holding Bulgaria PLC had information about the following shareholders holding more than 5% of the voting shares, as follows:

1. Bulls AD
Number of voting shares and their share of the votes at the General Meeting of Shareholders of the company:
As of 30 June 2024: 66,071,314 shares held directly, which is 68.25 % of the capital
2. DZH AS
Number of voting shares and their share of the votes at the General Meeting of Shareholders of the company:
As of 30 June 2024: 9,657,874 shares held directly, which is 9.98 % of the capital.
3. Daneta Angelova Zheleva
Number of voting shares and their share of the votes at the General Meeting of Shareholders of the company:
As of 30 June 2024: 41,044 shares held directly, which is 0.04 % of the capital, and through related parties the total of 9,658,520 shares, which is 9.98 % of the capital, or directly and through related parties 9,699,564, which is 10.02 % of the capital
4. Dimitar Georgiev Zhelev
Number of voting shares and their share of the votes at the General Meeting of Shareholders of the company:
As of 30 June 2024: 646 shares held directly, which is 0.0007 % of the capital, and through related parties the total of 9,698,918 shares, which is 10.02 % of the votes, and controlled through Bulls AD 66,071,314 shares, which is 68.25 % of the capital, or directly, through related parties, and through controlled parties 75,770,878, which is 78.27 % of the capital.

Dimitar Georgiev Zhelev exercises control over Bulls AD.

Dimitar Zhelev and Daneta Zheleva are spouses.

f. Information about the shares held by the members of the Supervisory and Management Boards of IHB as of 30 June 2024

	Acquired directly in the first six months of 2024	Transferred directly in the first six months of 2024	Acquired through related in the first six months of 2024	Transferred through related in the first six months of 2024	Number of shares held directly	Number of shares held through related parties	Total directly and through related parties	% of the votes at GMS held directly and through related parties
Members of SB								
DZH AD	-	-	-	-	9,657,874	-	9,657,874	9.98%
Snejana Hristova	-	-	-	-	250	500,258	500,508	0.52%
Konstantin Zografov	-	-	-	-	582	208	790	0.0008%
Members of MB								
Daneta Zheleva	-	-	-	-	41,044	9,658,520	9,699,564	10.02%
Borislav Gavrilov	-	-	-	-	208	-	208	0.0002%
Vasil Tsanev	-	-	-	-	-	-	-	-
Galina Deneva	-	-	-	-	-	-	-	-

g. Information about pending legal, administrative or arbitration procedures relating to liabilities or receivables at the rate of at least 10 per cent from the issuer's equity; if the total amount of the issuer's liabilities or receivables of all initiated proceedings exceeds 10 per cent of its equity, information shall be presented for each procedure separately

None.

h. Information about the loans originated by the issuer or by its subsidiaries, or by their subsidiaries, collateral provided or liabilities assumed in total to one person or its subsidiary, including to related parties, with indication of the persons' names or designation and UIC, the nature of the relationship between the issuer or its subsidiaries and the borrower, the amount of the outstanding principal, interest rate, date of contract conclusion, including additional agreements, deadline for repayment, amount of the assumed obligation, specific terms and conditions, other than those specified in this provision, as well as the purpose for which they have been granted, in case they have been concluded as targeted loans.

As of 30 June 2024, the current loans originated by IHB, as a lender, only to its subsidiaries (direct and indirect) were as follows:

- Loan originated to KLVK, UIC 130735957, under a Loan Contract dated 27 June 2024, interest of 2.1 % and maturity as of 31 December 2024. The loan principal was BGN 35 thousand on 30 June 2024;
- Loan originated to Bulyard Shipbuilding Industry, UIC 103862587, under a Novation contract dated 01 April 2018 and annexes thereto, interest of 4% and maturity as of 31 December 2025. The loan principal was BGN 4,085 thousand on 30 June 2024;
- Loan originated to Bulport Logistics AD, UIC 200421706, under a Loan Contract dated 01 June 2024, interest of 4 % and maturity as of 31 December 2027. The loan principal was BGN 4,227 thousand on 30 June 2024;
- Loan originated to Tirista Ltd, UIC n/a, under a Loan Contract dated 20 June 2024 and annexes thereto, interest of 4 % and maturity as of 31 August 2024. The loan principal was BGN 183 thousand on 30 June 2024;
- Loan originated to Karvuna Ltd, UIC n/a, under a Novation contract dated 01 January 2018 and annexes thereto, interest of 4 % and maturity as of 31 December 2025. The loan principal was BGN 1,317 thousand on 30 June 2024;
- Loan originated to Privat Engineering EAD, UIC 121664151, under a Loan Contract dated 27 June 2024 and annexes thereto, interest of 2.1 % and maturity as of 31 December 2024. The loan principal was BGN 35 thousand on 30 June 2024;
- Loan originated to Odria Ltd, UIC n/a, under a Novation contract dated 01 January 2018 and annexes thereto, interest of 4 % and maturity as of 01 January 2025. The loan principal was BGN 689 thousand on 30 June 2024;
- Loan originated to ZMM Holding, UIC 130489690, under a Loan Contract dated 23.04.2024 and annexes thereto, interest of 2.1 % and maturity as of 30.04.2025. The loan principal was BGN 563 thousand on 30 June 2024;
- Loan originated to ZMM Nova Zagora AD, UIC 119003196, under a Loan Contract dated 24.01.2023 and annexes thereto, interest of 2.1% and maturity as of 31 December 2027. The loan principal was BGN 4,180 thousand on 30 June 2024;
- Loan originated to Odessos PBM EAD, UIC 103930885, under a Loan Contract dated 08.03.2022 and annexes thereto, interest of 1.6 % and maturity as of 31 March 2029. The loan principal was BGN 19,558 thousand on 30 June 2024;
- Loan originated to Odessos PBM EAD, UIC 103930885, under a Loan Contract dated 04.04.2024 and annexes thereto, interest of 4 % and maturity as of 31 December 2026. The loan principal was BGN 4,851 thousand on 30 June 2024;
- Loan originated to Odessos PBM EAD, UIC 103930885, under a Loan Contract dated 25.04.2024 and annexes thereto, interest of 2.1 % and maturity as of 30 June 2025. The loan principal was BGN 256 thousand on 30 June 2024;
- Loan originated to Odessos PBM EAD, UIC 103930885, under a Loan Contract dated 23.05.2024 and annexes thereto, interest of 2.1 % and maturity as of 30 May 2028. The loan principal was BGN 1,739 thousand on 30 June 2024;
- Loan originated to ZMM Sliven AD, UIC 119002557, under a Loan Contract dated 05.12.2022 and annexes thereto, interest of 2.1 % and maturity as of 30 June 2025. The loan principal was BGN 765 thousand on 30 June 2024;
- Loan originated to ZMM Sliven AD, UIC 119002557, under a Loan Contract dated 27.03.2023, interest of 4 % and maturity as of 01 April 2029. The loan principal was BGN 798 thousand on 30 June 2024;
- Loan originated to Drazki Varna EAD, UIC 207442119, under a Loan Contract dated 04.07.2023, interest of 7.5 % and maturity as of 04 July 2033. The loan principal was BGN 51 thousand on 30 June 2024;

- Loan originated to Serdika EAD, UIC n/a, under a Loan Contract dated 14.06.2024, interest of 4 % and maturity as of 31 August 2024. The loan principal was BGN 726 thousand on 30 June 2024.

As of 30 June 2024, the current loans originated by IHB subsidiaries, as lenders, were only within the IHB Group and were as follows:

- Loan originated by Privat Engineering to its subsidiary Tirista Ltd, UIC n/a, under a Loan contract dated 25 February 2011 and annexes thereto, interest of 4% and maturity as of 31 December 2025. The loan principal was BGN 6,915 thousand as of 30 June 2024;
- Loan originated by Privat Engineering to its subsidiary Karvuna Ltd, UIC n/a, under a Novation contract dated 31 October 2013 and annexes thereto, interest of 4% and maturity as of 31 December 2025. The loan principal was BGN 10,320 thousand as of 30 June 2024;
- Loan originated by KLVK to its subsidiary Odria Ltd, UIC n/a, under a Loan contract dated 01 January 2013 and annexes thereto, interest of 4% and maturity on 01 January 2025. The loan principal was BGN 9,844 thousand as of 30 June 2024;
- Loan originated by KLVK to its subsidiary Serdika Ltd, UIC n/a, under an Agreement dated 12 March 2018 and annexes thereto, interest of 4% and maturity as of 31 December 2025. The loan principal was BGN 15,775 thousand as of 30 June 2024.

As of 30 June 2024, the principal due by:

- IHB on a loan received by a company exercising control amounted to BGN 3,250 thousand. The loan was extended at an interest rate of 2% and maturity in May 2028.

Daneta Zheleva

Chief Executive Officer

Vladislava Zgureva

Preparer

SEPARATE SIX-MONTH FINANCIAL STATEMENTS

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2024

in BGN'000	Notes	30 June 2024	30 June 2023
Interest and dividend income	5	6,354	7,888
Other income, net	6	5	18
		6,359	7,906
Employee benefit expenses	7	(410)	(413)
Costs of hired services	8	(141)	(131)
Other operating expenses	9	(152)	(126)
Profit from operations		5,656	7,236
Finance income	10	1,136	-
Finance costs	10	(171)	(621)
Operating profit before taxes		6,621	6,615
Income tax (expense)/benefit	11	(92)	-
Profit for the period		6,529	6,615
Basic net earnings per share			
Basic net earnings per share (in BGN)	19	0.067	0.068
Other comprehensive income / (loss)			
Other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods, net of taxes		-	-
Revaluation of debt instruments to fair value		252	-
Income tax effect		(25)	-
Other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods, net of taxes		227	-
Total other comprehensive income / (loss) for the period, net of taxes		227	-
Total comprehensive income for the period, net of taxes		6,756	6,615

The notes on pages 24 to 54 form an integral part of these separate financial statements, authorised for issue with a resolution of the Management Board dated 29 July 2024.

Daneta Zheleva
Chief Executive Officer

Ivan Rashkov
Preparer

SEPARATE STATEMENT OF FINANCIAL POSITION

As of 30 June 2024

in BGN'000	Notes	30 June 2024	31 December 2023
Assets			
Non-current assets			
Fixed tangible and intangible assets	12	424	218
Right-of-use assets	16	645	684
Investments in subsidiaries	13	208,164	198,339
Loans to related parties	14	9,415	-
Deferred tax assets	23.1	40,262	48,786
Total non-current assets	11	-	6
		258,910	**248,033**
Current assets			
Loans to related parties	23.1	3,907	943
Trade and other receivables	15	18,188	656
Debt instruments at fair value	14	271	-
Cash and cash equivalents	17	31,509	38,313
Total current assets		**53,875**	**39,912**
TOTAL ASSETS		**312,785**	**287,945**
Equity and liabilities			
Equity			
Share capital	18	96,808	96,808
Share premium	18	31,016	31,016
Statutory and additional reserves	18	9,661	9,661
Reserve from debt instruments revaluation	18	227	-
Retained earnings	18	135,047	128,518
Total equity		**272,759**	**266,003**
Non-current liabilities			
Interest-bearing bank loans	20	14,333	14,835
Loans from related parties	23.1	3,250	-
Lease liabilities	16	588	624
Retirement benefit liabilities	21	45	45
Deferred tax liabilities	11	19	-
Total non-current liabilities		**18,235**	**15,504**
Current liabilities			
Interest-bearing bank loans	20	3,927	3,274
Loans and deposits from related parties	23.1	6	294
Lease liabilities	16	71	70
Trade and other payables	22	17,695	2,800
Income tax payable	11	92	-
Total current liabilities		**21,791**	**6,438**
Total liabilities		**40,026**	**21,942**
TOTAL EQUITY AND LIABILITIES		**312,785**	**287,945**

The notes on pages 24 to 54 form an integral part of these separate financial statements, authorised for issue with a resolution of the Management Board dated 29 July 2024.

Daneta Zheleva
Chief Executive Officer

Ivan Rashkov
Preparer

SEPARATE STATEMENT OF CASH FLOWS

For the period ended 30 June 2024

in BGN'000	Notes	30 June 2024	30 June 2023
Operating activities			
Dividends received		681	1,949
Monetary loans repaid by related parties	23	17,194	10,341
Loans to related parties	23	(11,739)	(10,327)
Interest received on loans to related parties	23	777	640
Payments on the acquisition of stocks and shares		(9,301)	-
Purchase of debt instruments (US government securities)		(9,349)	(11,523)
Proceeds from matured debt instruments (US government securities)		82	-
Interest received on bank deposits		777	418
Proceeds from customers		-	12
Payments related to salaries and wages		(409)	(424)
Foreign exchange differences		1,121	(621)
Other proceeds/ (payments), net		(261)	(191)
Net cash flows from operating activity		**(10,427)**	**(9,726)**
Investing activity			
Purchase of non-current tangible and intangible assets		(236)	(57)
Sale of non-current tangible and intangible assets		-	9
Net cash flow used in investing activities		**(236)**	**(48)**
Financing activity			
Interest-bearing bank loans received	20	1,457	3,270
Principal paid on interest-bearing bank loans		(1,306)	-
Interest paid and fees on interest-bearing bank loans		(148)	(77)
Loans and deposits from related parties	23	3,900	1,099
Lease liabilities paid	16	(35)	(52)
Interest paid on lease contracts	16	(9)	(6)
Other proceeds and payments		-	2
Net cash flow used in financing activities		**3,859**	**4,236**
Net increase in cash and cash equivalents		(6,804)	(5,538)
Cash and cash equivalents as of 1 January	17	38,313	27,244
Cash and cash equivalents as of 30 June	17	**31,509**	**21,706**

The notes on pages 24 to 54 form an integral part of these separate financial statements, authorised for issue with a resolution of the Management Board dated 29 July 2024.

Daneta Zheleva
Chief Executive Officer

Ivan Rashkov
Preparer

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2024

in BGN'000	Share capital	Share premium	Statutory and additional reserves	Reserve from debt instruments revaluation	Retained earnings	Total
Balance as of 1 January 2023	96,808	31,016	9,661	-	122,294	259,779
Comprehensive income for the period						
Profit for the period	-	-	-	-	6,615	6,615
Total comprehensive income for the period	-	-	-	-	6,615	6,615
Transactions with shareholders recognised in equity						
As of 30 June 2023	96,808	31,016	9,661	-	128,909	266,394
Balance as of 1 January 2024	96,808	31,016	9,661	-	128,518	266,003
Comprehensive income for the period						
Profit for the period	-	-	-	-	6,529	6,529
Other comprehensive income for the period	-	-	-	227	-	227
Total comprehensive income for the period	-	-	-	227	6,529	6,756
Transactions with shareholders recognised in equity						
As of 30 June 2024	96,808	31,016	9,661	227	135,047	272,759

The notes on pages 24 to 54 form an integral part of these separate financial statements, authorised for issue with a resolution of the Management Board dated 29 July 2024.

Daneta Zheleva
Chief Executive Officer

Ivan Rashkov
Preparer

NOTES

1. CORPORATE INFORMATION

The separate financial statements of Industrial Holding Bulgaria PLC (the Company or the Holding or IHB AD) for the period ended 30 June 2024 were authorised for issue with a resolution of the Management Board of 29 July 2029, which was approved by the Supervisory Board.

Industrial Holding Bulgaria PLC is a joint stock company (PLC), registered in the Republic of Bulgaria under Company File no. 13081 / 1996 with headquarters and registered office at 42 Damyan Gruev Str., Sofia, Bulgaria. The financial year of the Company ends on 31 December.

The Company was registered with the Commercial Register at the Registry Agency under identification code 121631219. It was registered under VAT Act. The shares of Industrial Holding Bulgaria are listed on the Bulgarian Stock Exchange, Sofia.

Initially, the Company has been established as a Privatisation Fund according to the Privatisation Funds Act under the company name Privatisation Fund Bulgaria PLC.

The General Meeting of Shareholders held on 27 February Going concern 1998 passed a decision to reorganize the activities of Privatisation Fund Bulgaria PLC into a holding company and to change its name from Privatisation Fund Bulgaria PLC to Industrial Holding Bulgaria PLC. The Company's registered capital amounts to BGN 96,808,417. The company has a two-tier system of governance, comprising Supervisory Board and Management Board.

The scope of activity of the Company includes acquisition, management, assessment and sale of shares in Bulgarian and foreign companies, acquisition, assessment and sale of patents, cession of licenses for usage of patents of companies in which the Company holds interests, financing of companies in which the Company holds interests, as well as any other activity not prohibited by law.

The activity of the Company is not limited by time or other condition of termination.

The Company's management comprises its Management Board. Those charged with governance are presented by the Audit Committee and the Supervisory Board of the Company.

2. SUMMARISED INFORMATION ON THE ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The separate financial statements have been prepared on a historical cost basis.

The separate financial statements have been presented in Bulgarian lev (BGN) and all figures have been rounded to the nearest thousand Bulgarian lev (BGN'000), unless stated otherwise.

(i) Statement of compliance

The separate financial statements of Industrial Holding Bulgaria PLC have been prepared in accordance with International Financial Reporting Standards as endorsed in the European Union (IFRS, endorsed by EU). Reporting framework "IFRS as adopted by the EU" is essentially the defined national basis of accounting "IAS, as adopted by the EU", specified in the Accountancy Act and defined in paragraph 8 of its Additional provisions.

These financial statements are the separate financial statements of Industrial Holding Bulgaria PLC where investments in subsidiaries are stated at acquisition cost.

In accordance with the requirements of IFRS 10 Consolidated Financial Statements and the Accountancy Act, Industrial Holding Bulgaria PLC prepares and presents consolidated financial statements. The consolidated financial statements for the year ended 31 December 2023 were published on 28 April 2024, and for the period ended 30 June 2024 they will be presented by 29 August 2024.

(ii) Going concern

The financial statements of the Company have been prepared on the basis of the going concern principle-assumption.

2.2. SUMMARY OF ACCOUNTING POLICIES

a) Foreign currency translation

These financial statements are presented in Bulgarian lev (BGN), which is also the Company's functional and presentation currency.

Transactions in foreign currencies are initially recorded at the functional currency rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate published by Bulgarian National Bank, effective for the reporting date. Foreign exchange differences are recognised in profit or loss for the period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction (acquisition). Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency using the exchange rate as of the date when the fair value was determined.

b) Recognition of revenue from contracts with customers

The Company does not report revenue from contracts with customers as its activity relates to the acquisition, management, evaluation and sale of shares in Bulgarian and foreign entities.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

Current income tax is recognised directly in the equity (and not in the statement of comprehensive income) where the tax relates to items that have been recognised directly in the equity. Management analyses the individual items of the tax return for which the applicable tax provisions are subject to interpretation and recognises provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, where the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed by the Company at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset by the Company only if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value added tax ("VAT")

Revenue, expenses and assets are recognised net of the amount of value added tax (VAT) except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Employee benefits

Short-term employee benefits include salaries, interim and annual bonuses, social security contributions and paid annual leave of current employees expected to be settled wholly within 12 months after the end of the reporting period. They are recognised as an employee benefit expense in the profit or loss or included in the cost of an asset when service is rendered to the Company and measured at the undiscounted amount of the expected cost of the benefit.

The Company companies operate a defined benefit plan arising from the requirement of the Bulgarian labour legislation to pay two or six gross monthly salaries to its employees upon retirement, depending on the length of their service. If an employee has worked for the same group of entities for 10 years during the last 20 years, the retirement benefit amounts to six gross monthly salaries upon retirement, otherwise, two gross monthly salaries. These retirement benefits are unfunded. The cost of providing benefits under the retirement benefit plan is determined by the Company using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date the restructuring-related costs are recognised.

Interest expense is calculated by applying the discount rate to the defined benefit liability. The Company recognises the changes in the latter (service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements) are recognised within "Employee benefit expense".

e) Financial instruments – initial recognition and subsequent measurement

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Company does not report trade receivables originating from revenue from contracts with customers and measured in accordance with IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company as its financial assets are classified within this group. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Interest income

Interest income is recognised using the effective interest method that is the rate that discounts exactly the estimated future cash flows over the estimated useful life of the financial instrument, or a shorter period, where appropriate, to the carrying amount of the financial asset. Interest income is included in finance income in the statement of comprehensive income.

The Company's financial assets at amortised cost includes trade receivables and loans to related parties.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an

obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

At every reporting date, the Company evaluates whether a debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are: a) under contracts with related parties - more than 180 days past due on the hypothesis of a full cash flow management; and b) under contracts with other contractors – more than 90 days past due. in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, interest-bearing loans and borrowings (incl. deposits from related parties), including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 20.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

f) Investments in subsidiaries

In the separate financial statements of the Company, investments in subsidiaries are measured at cost less impairment losses (in accordance with IAS 27, par. 10 (a)). Investments in subsidiaries are written off and the net result (disposal proceeds less the carrying amount of the investment) is recognised in profit or loss for the period when the Company loses control or significant influence over the company in which has invested and disposes of the investment. Further details are disclosed in Note 13.

Information on the accounting policies applicable to impairment of investments in subsidiaries is presented in note o) Impairment of non-financial assets.

Dividend income

Dividend income is recognised when the right to receive it is established.

g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and the Company intends to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

h) Fair value measurement

The Company usually does not hold and does not report financial instruments, such as derivatives, financial assets at fair value through profit or loss, or through other comprehensive income, as well as non-financial assets, such as investment properties and property, plant and equipment, at fair value at the reporting date. The fair values of financial instruments measured at amortised cost are disclosed in Note 26.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

For assets and liabilities that are recognised at fair value in the financial statements on a recurring basis, the Company determines whether transfer(s) have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management sets the policies and procedures to apply to both the regular fair value measurements, such as those of land, buildings and specialised equipment and investment property, and to ad hoc fair value measurements, such as those of assets held for sale/distribution to owners.

External independent valuers are involved for valuation of the fair values of significant assets and liabilities. Involvement of valuation experts is decided upon annually by the Company's management. Selection criteria for external valuers include professional experience, qualities and reputation. Management decides, after discussions with the valuation experts, which valuation techniques and inputs to use for each case.

At the end of each financial year, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the major inputs applied in the latest valuation are verified by agreeing the information in the valuation computation to contracts and other relevant documents. Moreover, management together with expert valuers compares the changes in the fair value of each asset or liability with suitable external sources in order to judge whether these changes are reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks and the level of the fair value hierarchy as explained above.

i) Share capital

The share capital is presented at the par value of shares issued and paid. Any proceeds from shares issued over their nominal value are stated as issue premium. Costs directly attributable to the issue of ordinary shares are recognised in decrease of equity, net of any tax effects.

j) Redemption of treasury shares

Own equity instruments that are redeemed (redeemed treasury shares) are recognised at the fair value of the consideration transferred and are deducted from equity. The Company recognises neither gain nor loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the nominal amount and the fair value of the consideration transferred, in the event of cancellation of redeemed shares, is recognised as decrease/increase of share premium. No dividends are allocated to redeemed voting shares. Any difference between the nominal amount and the fair value upon a sale of treasury shares is recognised in accumulated profits / losses.

k) Plant and equipment (fixed tangible assets)

Plant and equipment (non-current tangible assets) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and/or equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the useful life of the assets, which are defined as follows:

Assets	Useful life
Vehicles /cars/	8 years
Computers and computer equipment	3 years
Fixtures and fittings and other assets	2 – 7 years

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss for the period when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

l) Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

m) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortized on a straight line basis estimated useful lives as follows:

Assets	Useful life
Patents and trade marks	4 - 7 years
Software	4 - 7 years

Intangible assets with finite lives are amortised over their useful lives and tested for impairment when there are indications that their value is impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year. Changes in the expected useful life or pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

n) Impairment of non-financial assets

The Company assesses at each reporting date whether there are indications that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other available information on the fair value of an asset or cash-generating unit.

Impairment calculations are based on detailed budgets and forecast calculations, which are prepared separately for each CGU to which the individual assets are allocated. These budgets and forecast calculations usually cover a period of five years. For longer periods is calculated index for long-term growth and it is applied after the fifth year of the future cash flows.

Impairment losses are recognised as other expenses in the statement of comprehensive income or as a separate item, if material.

At the end of each financial year, the Company assesses whether there is any indication that an impairment loss of an asset other than goodwill recognised in prior periods may no longer exist or may have decreased. If such indication exists, the Company estimates the recoverable amount of the asset or the cash-generating unit. An impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal of an impairment loss is limited so that the carrying amount of the asset does not exceed its recoverable amount nor it exceeds the carrying amount (net of depreciation) that would have been determined, had no impairment loss been recognised for the asset in prior years. Such reversal of an impairment loss is recognised in profit or loss for the period, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

o) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and in bank accounts, and short-term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

p) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

q) Basic net earnings per share

Basic net earnings per share amounts are calculated by dividing the net profit for the year attributable to the holders of ordinary shares of the parent by the weighted average number of the ordinary shares outstanding during the period.

r) Lease

On the lease inception date, which is the earlier of the date of the lease contract or the date the parties have committed to the terms of the lease contract the Company makes an analysis and assesses whether a contract is or contains a lease. A contract is or contains a lease if it transfers, against consideration, the right to control the use of an asset over a certain period of time.

The Company applies a uniform model for recognition and measurement of all leases, except for short-term leases (leases with a lease term of 12 months or less and which do not contain a purchase option) and leases of low value assets (such as tablets, personal computers, telephones, office equipment, etc.).

The Company has not elected to apply the practical expedient of IFRS 16, which allows a lessee, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Right-of-use assets

The Company recognises right-of-use assets in the statement of financial position at the commencement date of the lease, i.e. the date on which a lessor makes an underlying asset available for use by the lessee.

Right-of-use assets are presented in the statement of financial position at acquisition cost, less the accumulated depreciation, impairment losses and adjustments resulting from remeasurement and adjustments to the lease liability. The acquisition cost includes:

- the amount of the initial measurement of the lease liability;
- any lease payment made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company in its capacity as lessee;
- costs for dismantling and removing the underlying asset, restoring the site on which the asset is

located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Company depreciates the right-of-use asset on a straight line basis over the shorter of the useful life of the right-of-use asset or the end of the lease term. If ownership of the asset is transferred under the lease by the end of the lease term, the Company shall depreciate it to the end of the useful life. Depreciation is charged from the commencement date of the lease and is recognised in the profit or loss as "depreciation expenses".

The depreciation terms by types of underlying assets are as follows:

Assets	Useful life
Buildings and structures	10 years

The Company has elected to apply the acquisition cost model for all of its right-of-use assets, except for those that meet the definition of an investment property under IAS 40 Investment Properties, to which it applies the fair value model.

Right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

Lease liabilities

At the commencement date the Company recognises in its statement of financial position a lease liability measured at the present value of the lease payments that are not paid at this date. They include:

- fixed lease payments (including in-substance fixed lease payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the exercise price of the purchase option, if the Company is reasonably certain to exercise this option;
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease;
- the amount expected to be payable by the Company under residual value guarantees.

Variable lease payments that do not depend on an index or a rate but are dependent on performance or use of the underlying asset, are not included in the measurement of the lease liability and the right-of-use asset. They are recognised as current expenses in the period when the event or circumstance resulting in these payments arises and are stated within the profit and loss for the year.

Lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Company's incremental borrowing rate, which it would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments (instalments) contain a certain ratio of the finance cost (interest) and the respective portion of the lease liability (principal). Interest expenses on the lease are presented within profit or loss for the year over the lease period on a periodic basis, so as to achieve constant periodic rate of interest on the remaining balance of the lease liability and are presented as "finance costs".

The Company subsequently measures the lease liability by:

- increasing the carrying amount to reflect the interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made;
- remeasuring the carrying amount to reflect any reassessments or lease modifications, or to reflect the adjusted fixed essentially lease payments.

The Company remeasures its lease liabilities whenever:

- the lease term has changes or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a residual value guarantee, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged (original) discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

The Company recognises the amount of the reassessment of the lease liability as an adjustment of the right-of-use asset or within the profit or loss, if the carrying amount of the right-of-use asset has been written down to zero.

Short-term leases and leases where the underlying asset is a low-value asset

The Company has applied the exemption from recognition of right-of-use assets and lease liabilities under IFRS 16 for short-term leases of and for low-value underlying assets. Payments related to these are recognised as expenses within profit or loss on a straight-line basis over the lease term.

Leases of intangible assets

The Company has elected not to apply the provisions of IFRS 16 with respect to leases of intangible assets and they are accounted for in accordance with IAS 38 Intangible Assets.

The Company as a lessor

Leases where the Company retains substantially all significant risks and economic benefits from the ownership of the underlying asset are classified as operating leases.

When the Company is an intermediate lessor it accounts for the head lease and the sublease as two separate contracts. If the head lease is a short-term lease the sublease is classified as an operating lease. In all other cases the sublease is classified as a finance or operating lease depending on the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the leased asset and are recognised as an expense on a straight-line basis over the lease term. When the contract contains both lease and non-lease components, the Company applies IFRS 15 to allocate the total consideration under the contract between the separate components.

The underlying asset subject of the lease remains and is presented in the Company's statement of financial position.

5. Interest and dividend income

in BGN'000	30 June 2024	30 June 2023
Dividend income	4,935	6,755
Interest income	1,419	1,133
	6,354	7,888

Dividend income in the first half of 2024 amounts to BGN 4,935 thousand (in the first half of 2023: BGN 6,755 thousand) and is distributed by:

in BGN'000	30 June 2024	30 June 2023
ZMM Bulgaria Holding EAD	2,163	4,295
KRZ Port Burgas AD	2,341	1,405
IHB Shipdesign AD	221	798
Maritime Holding AD	210	257
	4,935	6,755

Interest income reported in the first half of both 2024 and 2023 is as follows:

in BGN'000	30 June 2024	30 June 2023
Interest income on loans from related parties	672	668
Interest income on bank deposits - related parties	558	301
Interest income on bank deposits - unrelated parties	116	84
Interest income on debt instruments (US government securities)	73	80
	1,419	1,133

6. Other income, net

in BGN'000	30 June 2024	30 June 2023
Rental income	-	10
Other income	5	8
	5	18

7. Employee benefit expenses

in BGN'000	30 June 2024	30 June 2023
Wages and salaries	(355)	(358)
Social security costs and other social payments	(55)	(55)
	(410)	(413)

8. Costs of hired services

in BGN'000	30 June 2024	30 June 2023
Audit	-	(10)
Support of FTAs by subscription	(14)	(14)
Insurances	(19)	(10)
Software subscription and support	(19)	(19)
Advertising and marketing services	(21)	(8)
Internet subscription and website maintenance	(8)	(7)
Communication services	(7)	(8)
Civil contracts	(9)	(4)
Legal services	(2)	(2)
Other services	(42)	(49)
	(141)	(131)

9. Other operating expenses

in BGN'000	30 June 2024	30 June 2023
Depreciation / amortisation expenses	(69)	(75)
Costs of materials	(7)	(23)
Other operating expenses	(76)	(28)
	(152)	(126)

10. Finance income and finance costs

in BGN'000	30 June 2024	30 June 2023
Foreign currency gains, net	1,136	-
Finance income	**1,136**	**-**

in BGN'000	30 June 2024	30 June 2023
Foreign currency losses, net	-	(519)
Interest expenses on interest-bearing bank loans	(132)	(70)
Interest expenses on deposits and loans from related parties	(12)	(15)
Interest expenses on leases	(9)	(7)
Interest-bearing bank loan charges	(16)	(8)
Other finance costs	(2)	(2)
Finance costs	**(171)**	**(621)**

11. INCOME TAX

The reconciliation of income tax expenses and accounting profit multiplied by the applicable rate for the periods ended 30 June 2024 and 30 June 2023 is as follows:

in BGN'000	30 June 2024	30 June 2023
Profit before taxes	**6,621**	**6,615**
Profit tax expense at the applicable tax rate of 10% (2023: 10%)	(662)	(662)
Non-deductible expenses – dividends	494	676
Utilisation of tax losses on which no deferred tax asset has been recognised	76	-
Tax loss on which no deferred tax asset has been recognised	-	(14)
Other movements in temporary differences	-	-
Profit tax expense at the effective tax rate of 1.39 % (2023: 0 %)	**(92)**	**-**

12. NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS

12.1. FIXED TANGIBLE ASSETS

in BGN'000	Computers and equipment	Transport vehicles	Fixtures and fittings, and other assets	FTAs in progress	Total
Cost on 1 January 2023	62	252	372	67	753
Depreciation charges on 1 January 2023	(33)	(252)	(366)	-	(651)
Carrying amount on 1 January 2023	**29**	**-**	**6**	**67**	**102**
Cost on 1 January 2022	**62**	**252**	**372**	**67**	**753**
Cost of acquired assets	6	-	2	106	114
Cost of disposed assets	-	-	(192)	-	(192)
Transfers from FTAs in progress	-	-	115	(115)	-
Book value on 31 December 2023	**68**	**252**	**297**	**58**	**675**
Depreciation charges on 1 January 2023	**(33)**	**(252)**	**(366)**	**-**	**(651)**
Depreciation charges for the period	(14)	-	(8)	-	(22)
Depreciation charges on disposed assets	-	-	192	-	192
Depreciation charges on 31 December 2023	**(47)**	**(252)**	**(182)**	**-**	**(481)**
Net book value on 31 December 2023	**21**	**-**	**115**	**58**	**194**

in BGN'000	Computers and equipment	Transport vehicles	Fixtures and fittings, and other assets	FTAs in progress	Total
Cost on 1 January 2024	68	252	297	58	675
Depreciation charges on 1 January 2024	(47)	(252)	(182)	-	(481)
Carrying amount on 1 January 2024	**21**	**-**	**115**	**58**	**194**
Cost on 1 January 2024	**68**	**252**	**297**	**58**	**675**
Cost of acquired assets	-	-	2	234	236
Transfers from FTAs in progress	-	292	-	(292)	-
Book value on 30 June 2024	**68**	**544**	**299**	**-**	**911**
Depreciation charges on 1 January 2024	**(47)**	**(252)**	**(182)**	**-**	**(481)**
Depreciation charges for the period	(6)	(15)	(6)	-	(27)
Depreciation charges on 30 June 2024	**(53)**	**(267)**	**(188)**	**-**	**(508)**
Net book value on 30 June 2024	**15**	**277**	**111**	**-**	**403**

The Company has no restrictions imposed on the ownership of fixed tangible assets, and no assets have been pledged as collateral for liabilities or otherwise.

12.2. Non-current intangible assets

As the intangible assets held by the Company represent an insignificant portion, no detailed note on their movement for the current period has been prepared. The carrying amount of non-current intangible assets as of 30 June 2024 was BGN 21 thousand (2023: BGN 24 thousand). The amortisation charged on non-current intangible assets for the period was BGN 3 thousand (2023: BGN 2 thousand).

12.3. Impairment of non-current tangible and intangible assets

Based on the impairment testing of non-current tangible and intangible assets, the Company's management has not identified indicators that the carrying amount of the assets exceeds their recoverable amount.

13. INVESTMENTS IN SUBSIDIARIES

Investments, held by the Company as of 30 June 2024 and 31 December 2023, were as follows:

in BGN'000	Country of incorporation	Shareholding as of 30 June 2024	Percent of shareholding as of 30 June 2024	Shareholding as of 31 December 2023	Percent of shareholding as of 31 December 2023
Privat Engineering EAD	Bulgaria	45,820	100.00%	45,820	100.00%
ZMM Bulgaria Holding EAD	Bulgaria	4,795	100.00%	4,795	100.00%
KRZ Port Bourgas AD	Bulgaria	4,774	99.65%	4,774	99.65%
KLVK AD	Bulgaria	46,096	67.96%	46,096	67.96%
International Industrial Holding Bulgaria AG	Switzerland	130	100.00%	130	100.00%
Maritime Holding AD	Bulgaria	400	61.00%	400	61.00%
Bulyard Shipbuilding Industry EAD	Bulgaria	53,459	100.00%	67,881	100.00%
Odessos PBM EAD	Bulgaria	33,373	100.00%	28,373	100.00%
IHB Shipdesign AD	Bulgaria	70	70.00%	70	70.00%
Bulport Logistics AD	Bulgaria	19,247	46.12%	-	-
		208,164		198,339	

In May 2024, the capital of the subsidiary Odessos PBM EAD was increased by the amount of BGN 5,000 thousand by the decision of the sole owner - Industrial Holding Bulgaria PLC. The increase was entered in the Commercial Register upon 25% of the capital being paid in, with the remaining 75% to be paid-in within three months of the decision (Note 22).

In May 2024, it was decided to reduce the capital of the subsidiary Bulyard Shipbuilding Industry EAD by cancelling shares acquired by the Company. The capital reduction is 14,421,576 ordinary, materialised, registered voting shares with a nominal value of BGN 1 each (Note 22). The capital reduction is to be entered into the Commercial Register after the expiry of the three-month period for creditors provided for in the Commercial Act.

In May 2024, Industrial Holding Bulgaria PLC acquired 16,839,330 shares of the capital of Bulport Logistics AD from its subsidiary Bulyard Shipbuilding Industry EAD for BGN 19,247 thousand. Bulport Logistics AD is an indirect subsidiary as it is a subsidiary of the direct subsidiary of Industrial Holding Bulgaria PLC – KLVK AD.

14. DEBT INSTRUMENTS AT FAIR VALUE

In April 2023, the Company invested in an issue of long-term US government securities with maturity in November 2053, coupon of 4.75% and interest payments every six months. The nominal value of the acquired debt instruments is USD 5,000 thousand. The yield of the issue upon its emission was 4.74 %.

The debt instruments were reported at fair value through other comprehensive income, and a profit net of taxes of BGN 277 thousand was reported in the first six months of 2024.

15. Trade and other receivables

in BGN'000	30 June 2024	31 December 2023
Dividend receivable from related parties	3,444	140
Receivable related to the reduction of the capital of a related party	14,422	-
Interest receivable on bank deposits - related parties	98	178
Deposit receivable under a loan contract related party	6	6
Prepaid services and advances	3	9
Interest receivable on bank deposits - unrelated parties	-	21
Prepayments related parties	-	10
Other receivables	215	292
	18,188	656

16. Lease

Industrial Holding Bulgaria has a contract signed for rental of an office with a company under the joint control of the persons exercising control for a 10-year term. The contract entered into force in February 2023.

The lease liability is the discounted amount of expected rental fees under the office rental agreement (a building). The Company has recognised a right-of-use asset under the same contract.

Right-of-use assets – buildings

in BGN'000	30 June 2024	31 December 2023
Cost at the beginning of the period	684	46
Newly recognised assets	-	708
Derecognised assets	-	(46)
Remeasurement of the lease liability due to remeasurement	-	42
Depreciation written off due to remeasurement	-	(66)
Cost at the period-end	684	684
Depreciation charges at the beginning of the period	-	(11)
Depreciation charges for the period	(39)	(100)
Depreciation of derecognised assets	-	45
Depreciation charges derecognised due to modification	-	66
Depreciation charges at the period-end	(39)	-
Net book value at the period-end	645	684

Impairment of right-of-use assets

Based on the impairment testing of right-of-use assets as of 30 June 2024, the Company's management had not identified any indicators that the carrying amount of the assets exceeded their recoverable amount.

The underlying lease assets cannot be used as collateral under other contracts.

Lease liability

in BGN'000	30 June 2024	31 December 2023
Balance at the beginning of the period	694	33
Newly-occurred lease liabilities during the period	-	708
Restatement of lease liabilities due to modification	-	42
Non-monetary repayment of lease liabilities during the period	-	(6)
Interest expenses for the period	9	17
Lease payments for the period	(44)	(100)
Balance at the period-end	659	694
Long-term portion	588	624
Short-term portion	71	70

The incremental interest rate used by the Company to calculate the lease liability as of30 June 2024 is 2.8% (in 2023: 2.8%.)

17. Cash and cash equivalents

in BGN'000	30 June 2024	31 December 2023
Cash with banks – related parties (Note 23)	24,970	27,431
Cash with banks – other	6,538	10,882
Cash on hand	1	-
Cash and cash equivalents recognised in the statement of cash flows	31,509	38,313
Cash restricted as collateral under bank loans	-	-
Cash and cash equivalents recognised in the statement of financial position	31,509	38,313

Cash in BGN is measured at its nominal amount, and cash in foreign currency - at the closing exchange rate of BNB at the end of the reporting period. Foreign currency gains and losses are reported as current income and expenses.

Aiming at managing cash balances and earning yield thereof, the Company has entered into three-month deposits (up to 3 months).

18. Share capital and reserves

The share capital is reported at par value in accordance with its registration with the Commercial Register.

in BGN'000	30 June 2024	31 December 2023
96,808,417 ordinary shares with a nominal value of BGN 1 each	96,808	96,808
	96,808	**96,808**

The capital of the Company as of 30 June 2024 comprises 96,808,417 dematerialised registered voting shares with a nominal value of BGN 1 each, listed on the Bulgarian Stock Exchange. The share capital has been subscribed at its nominal value and is fully paid. There are no preference or bearer shares.

Shareholders holding over 5% of the capital of Industrial Holding Bulgaria PLC as of 30 June 2024 are as follows:

in BGN'000	Number of shares as of 30 June 2024	30 June 2024
BULLS AD	66,071,314	68.25%
DZH AD	9,657,874	9.98%
Other legal and natural persons	21,079,229	21.77%
	96,808,417	**100.00%**

Shareholders holding over 5% of the capital of Industrial Holding Bulgaria PLC as of 31 December 2023 are as follows:

in BGN'000	Number of shares as of 31 December 2023	31 December 2023
BULLS AD	65,911,454	68.08%
DZH AD	9,657,874	9.98%
Other legal and natural persons	21,239,089	21.94%
	96,808,417	**100.00%**

Reconciliation of issued shares:

in BGN'000	Number of shares	Amount
On 1 January 2023	96,808,417	96,808
On 31 December 2023	96,808,417	96,808
On 30 June 2024	**96,808,417**	**96,808**

Reconciliation of share premium

in BGN'000	Amount
On 1 January 2023	31,016
On 31 December 2023	31,016
On 30 June 2024	**31,016**

Statutory and additional reserves

Statutory reserves are set aside by joint-stock companies, such as Industrial Holding Bulgaria PLC, as profit distribution in accordance with the provisions of Art. 246 of the Commercial Act. Sources of formation of the statutory reserves are at least one-tenth of the net profit, premiums from the issuance of shares and the funds provided in the Articles of Association or by a decision of the General Meeting of Shareholders. They are set aside until they reach one-tenth or more of the capital. Statutory and additional reserves amounted to BGN 9,661 thousand as of 30 June 2024 (2023: BGN 9,661 thousand).

Reserve from debt instruments revaluation

Revaluation of the Company's debt instruments (US government securities) carried at fair value through other comprehensive income was made as of 30 June 2024, and the amount of the accrued revaluation, net of taxes, was BGN 227 thousand.

Redeemed treasury shares

By decision of the General Meeting of Shareholders of Industrial Holding Bulgaria PLC of 18 November 2021, a successive treasury shares redemption procedure was initiated under the following parameters:

- Number of shares subject to redemption in every year for a five-year period - up to 3% of the registered capital of the Company for every calendar year, but not more than 10% in total for the entire period of redemption and not more than 10 % of the total capital of the Company.
- Minimum buyback price - BGN 1.00 per share;
- Maximum buyback price - BGN 3.00 per share.

The investment intermediary chosen is Allianz Bank Bulgaria AD.

The Company did not hold treasury shares redeemed as of 30 June 2024.

19. BASIC NET EARNINGS PER SHARE

Basic net earnings/losses per share are calculated by dividing the financial result for the period by the weighted average number of ordinary shares outstanding for the period (after deduction of the weighted average number of treasury shares redeemed).

The calculation of basic earnings per share as of 30 June 2024 is based on the net profit of BGN 6,529 thousand (30 June 2023: BGN 6,615 thousand) attributable to the ordinary shareholders and the weighted average number of the ordinary shares outstanding during the period ended 30 June 2024 of BGN 96,808 thousand (30 June 2023: BGN 96,808 thousand).

The following calculations were made:

in BGN'000	30 June 2024	30 June 2023
Profit for the period (in BGN'000)	6,529	6,615
Weighted average number of ordinary shares (in thousand)	96,808	96,808
Basic net earnings per share (BGN)	**0.067**	**0.068**

The weighted average number of shares was calculated based on the movement of the number of shares in circulation, as follows:

in BGN'000	30 June 2024	30 June 2023
Ordinary shares issued at the beginning of the period	96,808	96,808
Shares bought back at the beginning of the period	-	-
Number of shares in circulation at the beginning of the period	**96,808**	**96,808**
Shares bought back during the period	-	-
Ordinary shares issued at the end of the period	96,808	96,808
Shares bought back at the end of the period	-	-
Number of shares in circulation at the end of the period	**96,808**	**96,808**
Weighted average number of ordinary shares for the period	**96,808**	**96,808**

20. INTEREST-BEARING LOANS

Non-current portion of long-term interest-bearing bank loans

in BGN'000	Currency	Interest rate %	Maturity	30 June 2024	31 December 2023
Bank loan contract No. 22F-000155 dated 24 February 2022	EUR	1.40%	2029	14,333	14,835
				14,333	**14,835**

Current portion of long-term interest-bearing bank loans

in BGN'000	Currency	Interest rate %	Maturity	30 June 2024	31 December 2023
Bank loan contract No. 22F-000155 dated 24 February 2022	EUR	1.40%	2029	3,927	3,274
				3,927	**3,274**

in BGN'000	30 June 2024	31 December 2023
Principal payable	18,252	18,101
Interest payable	8	8
	18,260	18,109

Bank Loan Contract No. 22F-000155 was concluded to secure loan funds for investments of a subsidiary that is also a co-debtor under the contract, and guarantors are other subsidiaries. The contract is secured by mortgages on real estate (land and buildings) of the subsidiary implementing the investment project. The deadline for loan repayment was until February 2029. At the beginning of 2024, Industrial Holding Bulgaria PLC utilised the full loan amount. The loan repayment commenced in March 2024.

Under Bank Loan Contract No. 22F-001225 concluded with a commercial bank, Industrial Holding Bulgaria PLC was granted a total limit for working capital financing, issuance of bank guarantees and letters of credit of the Holding and/or its Group companies in the amount of up to BGN 12,000 thousand. In December 2023, an annex was signed for revolving the part of the loan used as overdraft until 04 November 2024 and changing the interest rates for loans denominated in Bulgarian leva. The current floating interest rates are as follows: (a) for loans denominated in EUR – a one-month EURIBOR + 1.2%, but not less than 1.2%; (b) for loans denominated in BGN – the reference interest rate of the financing bank + 1.7%, but not less than 1.7%. The agreement is secured by mortgages on real estate (land and buildings) of a Group company, which is also a guarantor under the loan. Funds were not utilised from the loan as of 30 June 2024 (Note 24).

21. RETIREMENT BENEFIT LIABILITY

The estimate of the retirement benefit liability in compliance with the requirements of the Labour Code and IAS 19 amounts to BGN 45 thousand as of 30 June 2024 (31 December 2023: BGN 45 thousand).

There are no reasonably expected changes in key assumptions which could have a material effect on the retirement benefit liability at the end of the reporting period.

22. Trade and other payables

in BGN'000	30 June 2024	31 December 2023
Payable to a related party in connection with the acquisition of shares of another related party (Note 23)	14,422	-
Payable to a related party in connection with a capital increase (Note 23)	3,250	2,725
Payables to social security entities	12	11
Payables to suppliers	6	53
Payables to suppliers related parties	-	3
Other payables	5	8
	17,695	2,800

23. Related party disclosures

The Company is of the opinion that in accordance with the definitions of IAS 24 it is a related party with:

I. Persons exercising control within the meaning of IAS 24

- BULLS AD, a company that directly holds 68.25% of Industrial Holding Bulgaria PLC.
- Dimitar Zhelev, a person exercising control over Bulls AD and husband of the Chief Executive Officer of Industrial Holding Bulgaria PLC - Daneta Zheleva.

II. Key management staff comprising the Management Board and the Supervisory Board of the Company

III. Entities under the joint control of the persons exercising control

IV. Entities, over which the persons with control also exercise significant influence or are members of their key management staff

V. Subsidiaries

- Direct subsidiaries
  The direct subsidiaries of Industrial Holding Bulgaria PLC as of 30 June 2024 and 31 December 2023 are disclosed in Note 13.
- Indirect subsidiaries
  ZMM Sliven AD and ZMM Nova Zagora AD are indirect subsidiaries of Industrial Holding Bulgaria PLC as they are subsidiaries of the direct subsidiary of Industrial Holding Bulgaria PLC – ZMM Bulgaria Holding EAD. Karvuna Ltd. and Tirista Ltd are indirect subsidiaries because they are subsidiaries of the direct subsidiary of Industrial Holding Bulgaria PLC - Privat Engineering EAD. Bulport Logistics AD, Serdika Ltd and Odria Ltd are indirect subsidiaries because they are subsidiaries of the direct subsidiary of Industrial Holding Bulgaria PLC - KLVK AD.

VI. Associated companies

23.1. RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES

Loans to related parties

in BGN'000		30 June 2024	31 December 2023
Subsidiaries	Non-current portion of long-term loans	40,211	48,735
Associated companies	Non-current portion of long-term loans	51	51
		40,262	48,786
Subsidiaries	Current portion of long-term loans	3,905	943
Associated companies	Current portion of long-term loans	2	-
		3,907	943
		44,169	49,729
	Principal	44,058	49,513
	Interest	111	216

For the loans to Odria Ltd of BGN 697 thousand and to Karvuna Ltd of BGN 1,330 thousand, sea mortgages were established respectively on m/v Dimond Sky and m/v Karvuna, owned by the subsidiaries.

Trade and other receivables

in BGN'000		30 June 2024	31 December 2023
Subsidiaries	Dividends	3,444	140
	Receivable related to a capital reduction	14,422	-
Entities, over which the persons with control also exercise significant influence or are members of their key management staff	Prepayments	-	10
	Interest on bank deposits	98	178
Entities under the joint control of the persons exercising control.	Deposit under a rental agreement	6	6
		17,970	334

Trade and other payables

in BGN'000		2024	2023
Subsidiaries	Liability related to a capital increase	3,250	2,725
Subsidiaries	Payable to a related party in connection with the acquisition of shares of another related party	14,422	-
Entities under the joint control of the persons exercising control	Payables to suppliers	-	3
		17,672	2,728

Cash with banks – related parties

in BGN'000		30 June 2024	31 December 2023
Entities, over which the persons with control also exercise significant influence or are members of their key management staff		24,970	27,431
		-	-
		24,970	27,431

Loans from related parties

in BGN'000		30 June 2024	31 December 2023
Persons exercising control	Non-current portion of long-term loans	3,250	-
	Current portion of long-term loans	6	-
		3,256	-
	Principal	3,250	-
	Interest	6	-

In 2024, Industrial Holding Bulgaria PLC received a loan from a person exercising control that matures in 2028 and bears an interest rate of 2%.

Deposits from related parties

in BGN'000		30 June 2024	31 December 2023
Subsidiaries	Short-term deposits	-	294
		-	294
	Principal	-	293
	Interest	-	1

Lease liabilities under contracts with related parties

in BGN'000	30 June 2024	31 December 2023
Entities under the joint control of the persons exercising control	659	694
Balance at the period-end	659	694
Long-term portion	588	624
Short-term portion	71	70

The fee due for the period under a lease contract with an entity under the joint control of the persons exercising control for the first six months of 2024 was BGN 44 thousand and the cash outflow was BGN 44 thousand.

23.2. Related party transactions

Sales transactions

in BGN'000		30 June 2024	30 June 2023
Dividend income			
	Subsidiaries	4,935	6,755
Rental income			
	Subsidiaries	-	10
Gains on sale of fixed assets			
	Subsidiaries	-	1
		4,935	6,766

Purchase transactions

in BGN'000		30 June 2024	30 June 2023
Costs of hired services			
	Entities under the joint control of the persons exercising control	-	4
	Entities, over which the persons with control also exercise significant influence or are members of their key management staff	9	-
Other expenses			
	Entities under the joint control of the persons exercising control	17	13
Other finance costs			
	Entities, over which the persons with control also exercise significant influence or are members of their key management staff	1	1
		27	18

In May 2024, Industrial Holding Bulgaria PLC acquired from its subsidiary Bulyard Shipbuilding Industry EAD 16,839,330 shares of the capital of Bulport Logistics AD for BGN 19,247 thousand. Bulport Logistics AD is an indirect subsidiary as it is a subsidiary of the direct subsidiary of Industrial Holding Bulgaria PLC – KLVK AD.

Loans to related parties

in BGN'000		Loans granted	Non-monetary increase/ (decrease)	Received principal	Interest income	Received interest
Subsidiaries	30 June 2024	(11,739)	-	17,194	670	777
Associated companies	30 June 2024	-	-	-	2	-
Subsidiaries	30 June 2023	(10,327)	-	10,341	668	640
	30 June 2024	(11,739)	-	17,194	672	777
	30 June 2023	(10,327)	-	10,341	668	640

The loans granted as of 30 June 2023 have a repayment term of 2024-2029. The agreed interest rates range between 2.1% and 4%, except for (a) a loan for investments originated to a subsidiary bearing an interest rate of 1.6%, financed with a targeted bank loan, and (b) a loan originated to an associated company bearing an interest rate of 7.50%.

The income from interest on deposits placed by Industrial Holding Bulgaria PLC with a bank-related party (entities over which the persons with control also exercise significant influence or are members of their key management staff) in the first six months of 2023 was BGN 301 thousand. During the period, the interest paid by the bank in cash on these deposits was BGN 639 thousand.

In May 2024, the sole equity owner, Industrial Holding Bulgaria PLC, decided to increase the capital of Odessos PBM EAD by BGN 5,000 thousand. As of 30 June 2024, BGN 1,750 thousand had been paid in. In the first six months of 2024, BGN 2,725 thousand from the previous increase in the capital of Odessos PBM EAD in 2023 was also paid in.

Loans from related parties

in BGN'000		Loans received	Non-monetary increase/ (decrease)	Repaid principal	Interest expenses	Repaid interest
Persons exercising control	30 June 2024	3,250	-	-	(6)	-
Persons exercising control	30 June 2023	-	-	-	(11)	-
	30 June 2024	**3,250**	**-**	**-**	**(6)**	**-**
	30 June 2023	**-**	**-**	**-**	**(11)**	**-**

Deposits from related parties

in BGN'000		Deposits received	Non-monetary increase/ (decrease)	Repaid principal	Interest expenses	Repaid interest
Subsidiaries	30 June 2024	650	(650)	-	(6)	-
Subsidiaries	30 June 2023	1,099	(1,103)	-	(4)	-
	30 June 2024	**650**	**(650)**	**-**	**(6)**	**-**
	30 June 2023	**1,099**	**(1,103)**	**-**	**(4)**	**-**

The non-cash movements in deposits received from related parties represent a set-off of liabilities under deposits against receivables of the Company under participations throughout the relevant period.

Terms and conditions of related party transactions

The sales to and purchases from related parties are made at contractual prices. Outstanding balances at the period-end are unsecured and interest-free (except for loans), and the settlement is made in cash. No guarantees have been given or received for related party payables or receivables. As a result of the analysis of the recoverability of related party receivables, the Company has not recognised a loss on their impairment as of 30 June 2024 (2023: nil). An impairment testing is carried out each financial year based on an analysis of the financial position of the relevant party and the market in which it operates.

24. COMMITMENTS AND CONTINGENCIES

Legal claims

No significant legal claims have been initiated against the Company.

Guarantees

Under Contract No. 22F-001225 signed with a commercial bank, a loan for granting a total limit for working capital financing, issuance of bank guarantees and letters of credit of the Holding and/or Group entities with a limit of up to BGN 12,000 thousand, as at 30 June 2024:

- bank guarantees were issued to Group companies, namely IHB Metal Castings AD for BGN 20 thousand, ZMM Nova Zagora for BGN 7 thousand, and Bulyard Shipbuilding Industry EAD for BGN 50 thousand (31 December 2023: BGN 163 thousand).

The unutilised limit under Contract No. 22F-001225 amounted to BGN 11,923 thousand as of 30 June 2024.

In June 2024, at the regular Annual General Meeting of Shareholders of Industrial Holding Bulgaria PLC, it was decided to issue two corporate guarantees to secure the performance of the obligations of subsidiaries to make payments under shipbuilding contracts for two 64,100 DWT Bulk Carriers. The amount of each corporate guarantee is USD 34,600 thousand, plus a sum for additional work contracted during the construction process, but not more than 5 % of the corporate guarantee amount. The value of the corporate guarantees is reduced by each payment due under the shipbuilding contracts. The corporate guarantees are valid until delivery of the vessels but not later than 31 December 2028. The corporate guarantees were issued on 26 June 2024.

In July 2024, at an Extraordinary General Meeting of Shareholders of Industrial Holding Bulgaria PLC, it was decided to issue a third corporate guarantee to secure the performance of the obligation of a third subsidiary to make payments under a shipbuilding contract for a ship of the same type (Note 27).

Collateral

In relation to Bank loan contract No.: 22F-000155 of 24 February 2022, obtained for the purpose to provide loan funds for investments to a subsidiary, a contract for financial collateral was concluded, through a pledge of receivables providing for a right to use all its accounts with the bank-creditor in the amount of the loan liability as of the respective date.

In relation to Bank loan contract No. 22F-001225 of 07 November 2022, obtained for the purpose to provide a total limit for working capital financing, issuance of bank guarantees and letters of credit, the Company concluded a financial collateral agreement by way of a pledge of receivables providing for a right of use over all its accounts with the creditor bank in the amount of the loan liability at the relevant time.

Other matters

The Company's management believes that no material risks and circumstances exist as a result of the dynamic fiscal and regulatory environment in Bulgaria, which might require adjustments in the recognized assets and liabilities, income and expenses, and other amounts disclosed in the separate financial statements for the period ended 30 June 2024.

25. FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Company is exposed to the following risks relating to the financial instruments held by it:

- credit risk
- liquidity risk;
- market risk

This Note discloses information on the Company's exposure to each of the aforementioned risks, the Company's objectives, policies and processes for measuring and managing those risks, as also for managing the Company's capital.

General risk management considerations

The Managing Board is responsible for identifying and managing the risks to which the Company is exposed due to holding and using financial instruments in its operations.

The Company's risk management policy is elaborated in such a way as to identify and analyse the risks facing the Company, to set limits for assuming risks and controls, and to monitor the risks and compliance with the limits set. This policy is subject to regular review to identify possible changes in the market conditions and the Company's operations. The Company, through its training and management standards and procedures, aims to develop a constructive control environment where all employees understand their roles and duties.

The Audit Committee of the Company observes how management ensures compliance with the risk management policies and reviews the adequacy within the risk management framework regarding the risks facing the Company and their correct reporting and disclosure in the financial statements. The Internal Audit Unit supports the Audit Committee of the Company. The Internal Audit handles both planned and unannounced checks of the risk management controls and procedures, the results of which are reported to the Audit Committee.

The structure of the financial assets and liabilities is as follows:

in BGN'000	30 June 2024	31 December 2023
Financial assets		
Loans to related parties	44,169	49,729
Cash and cash equivalents	31,509	38,313
Other current financial assets	9,686	-
Trade and other receivables	18,185	637
	103,549	88,679
Financial liabilities		
Interest-bearing loans	18,260	18,109
Lease liabilities	659	694
Loans and deposits from related parties	3,256	294
Trade and other payables	17,678	2,781
	39,853	21,878

a. Credit risk

The credit risk to which the Company is exposed is the risk of a possible financial loss if a client or a party to a financial instrument fails to perform its contractual obligations. The credit risk is mainly related to receivables on loans and from related parties.

Credit risk exposure

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum credit risk exposure as of the date of the financial statements is as follows:

in BGN'000	30 June 2024	31 December 2023
Cash and cash equivalents	31,508	38,313
Loans to related parties	44,169	49,729
Other current financial assets	9,686	-
Trade and other receivables	18,185	637
	103,548	88,679

The credit risk exposure depends on the debtor's characteristics. Nevertheless, management considers the demographics of the Company's debtor base, including the default risk of the industry and country in which debtors operate, as these factors may influence the credit risk, especially in the case of deteriorating economic conditions.

The Company's receivables as of 30 June 2024 originate mainly from related parties in connection with the investments in subsidiaries. Each financing is subject to approval by the Managing Board of the Company.

For assessing the net investments, the loans granted to subsidiaries represent part of the net investment of Industrial Holding Bulgaria PLC in these companies, as the expected free cash flows of the subsidiaries from their operating activities are used to repay the loans received and to distribute dividends. In this regard, the Company monitors the collectability and risks of loan repayment and investments in subsidiaries.

Based on the analysis carried out as of 30 June 2024 of the specifics of the business sectors in which the subsidiaries operate and their expected development, as well as the applied group policies for managing and monitoring intragroup receivables, liabilities, and cash flows, the possibility of collection and servicing of loans is 100%.

The maximum exposure to credit risk as of the reporting date by geographic region was as follows:

in BGN'000	30 June 2024	31 December 2023
Receivables from group companies registered in Bulgaria	59,417	41,957
Receivables from group companies registered in third countries	2,937	8,409
	62,354	**50,366**

Investments

Investments are mainly in businesses and companies where the Holding holds the control and power to determine their development strategy.

Guarantees

It is a policy of the Company to issue financial guarantees only to subsidiaries and only after obtaining the preliminary approval of the competent body (Management / Supervisory Boards or the General Meeting of Shareholders).

b. Liquidity risk

Liquidity risk is the probability that the Company will be unable to meet all its obligations, which are settled in cash or through another financial asset. The Company's approach to managing the liquidity risk is to secure sufficient liquidity, wherever possible, to cover its liabilities in both ordinary and abnormal conditions, ensuring the Company will not suffer unacceptable losses or reputation damages.

The Company elaborates annual financial planning to service its financial liabilities, if necessary. This planning excludes the potential effect of extraordinary circumstances that cannot be foreseen under usual conditions. Moreover, the Company currently monitors its ability to cover current expenses and liabilities for a period of 30 days.

Below are disclosed the financial liabilities with agreed maturity, including expected interest payment, net of the effect of any netting arrangements:

30 June 2024

in BGN'000	Book value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Non-derivatives liabilities							
Interest-bearing loans	18,260	(18,907)	(2,091)	(2,076)	(4,109)	(10,631)	-
Lease liabilities	659	(738)	(44)	(44)	(89)	(266)	(295)
Loans and deposits from related parties	3,256	(3,505)	(33)	(33)	(65)	(3,374)	-
Trade and other payables	17,678	(17,678)	(17,678)	-	-	-	-
	39,853	**(40,828)**	**(19,846)**	**(2,153)**	**(4,263)**	**(14,271)**	**(295)**

31 December 2023

in BGN'000	Book value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Non-derivatives liabilities							
Interest-bearing loans	18,109	(18,790)	(1,440)	(2,081)	(4,116)	(11,153)	-
Lease liabilities	694	(783)	(44)	(44)	(89)	(266)	(340)
Loans and deposits from related parties	294	(300)	(3)	(297)	-	-	-
Trade and other payables	2,781	(2,781)	(2,781)	-	-	-	-
	21,878	(22,654)	(4,268)	(2,422)	(4,205)	(11,419)	(340)

It is not expected that the cash flows in the above table will occur much earlier or will be in amounts significantly different from those stated above.

c. Market risk

Market risk is the risk that affects the Company's revenue or the value of its investments due to fluctuations resulting from changes in market prices, such as exchange rates, interest rates, or prices of equity instruments. The objective of market risk management is to control the exposure to market risk within acceptable limits through return rate optimisation.

Currency risk

The Company is exposed to currency risk as it performs purchases and/or sales and/or receives loans in currencies, other than the functional currency - the Bulgarian lev. The main part of these transactions is denominated in EUR and USD. Effective 1999, the exchange rate BGN/EUR is fixed at ratio of EUR 1.0: BGN 1.95583.

Interest on loans is denominated in the currency of the loan, usually in BGN and EUR.

Exposure to currency risk

The Company's exposure to currency risk based on provisional amount is as follows:

	30 June 2024			31 December 2023		
in BGN'000	BGN	EUR	USD	BGN	EUR	USD
Cash and cash equivalents	560	7	30,942	1,401	4,264	32,648
Receivables on loans and deposits to related companies	7,600	36,569	-	9,250	40,479	-
Trade and other receivables	18,081	6	98	357	1	279
Other current financial assets	-	-	9,686	-	-	-
Interest-bearing loans	-	(18,260)	-	-	(18,109)	-
Lease liabilities	-	(659)	-	-	(694)	-
Loans and deposits from related parties	(3,256)	-	-	(294)	-	-
Trade and other payables	(17,678)	-	-	(2,781)	-	-
	5,307	17,663	40,726	7,933	25,941	32,927

Financial instruments denominated in EUR do not originate currency risk because of the fixed exchange rate of the Bulgarian lev to EUR. The following significant exchange rates have been applied throughout the period:

in BGN'000	Average applicable exchange rate for the period		Exchange rate on the reporting date	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
USD	1.80891	1.80931	1.82702	1.76998
EUR	1.95583	1.95583	1.95583	1.95583

Sensitivity to foreign currencies

The following table shows the sensitivity to any reasonable change in the exchange rates of the US Dollar against the Bulgarian lev, with all other variables held constant. The effect on the Company's profit before taxes is due to changes in the fair value of cash assets. The Company's exposure to changes in the exchange rates of all other currencies is not material.

in BGN'000	Change in the USD exchange rate	Effect on pre-tax profit
30 June 2024	1%	407
	-1%	(407)
31 December 2023	1%	329
	-1%	(329)

Interest rate risk

The Company manages its interest rate risk by attempting, on the one side, to contract fixed-rate loans and on the other – to bind the floating component of interest to floating-rate financial liabilities and associated financial assets.

The following table includes the reported value of financial instruments according to the types of interest rates.

in BGN'000	30 June 2024	31 December 2023
Fixed-rate instruments		
Financial assets	84,981	87,826
Financial liabilities	(22,161)	(19,088)
	62,820	68,738
Floating-rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	-	-

The interest rate levels of loans granted are subject to review at least once a year, depending on market conditions, and the loans obtained are subject to review in accordance with their contractual terms and conditions.

Sensitivity analysis of financial instruments bearing fixed and variable interest rates

The Company does not report financial assets and liabilities bearing fixed interest rates at fair value through profit and loss, and floating rate financial assets and liabilities. Therefore, a change in interest rates at the date of the financial statements would not be reflected directly therein.

d. Capital management

The policy of the Managing Board (MB) is to maintain a solid capital base to maintain investor, creditor, and market confidence and to sustain the future development of the business. The equity consists of share capital, reserves, and retained earnings. The MB seeks to balance the higher returns that might be possible with higher levels of borrowed funds and the advantages and security afforded by a sound capital position.

There were no changes in the Company's approach to capital management over the year.

Set out below is the ratio of equity to interest-bearing liabilities as of 30 June 2024 and 31 December 2023:

in BGN'000	30 June 2024	31 December 2023
Interest-bearing loans	18,252	18,101
Loans and deposits from related parties	3,250	293
Lease liabilities	659	694
Total interest-bearing liabilities	**22,161**	**19,088**
Total equity	272,759	266,003
Equity/ interest-bearing liabilities ratio	**12.31**	**13.94**

e. Changes in liabilities arising from financing activities

The following table summarises changes in liabilities arising from financing activities, including cash flow changes and non-cash changes, and contains a reconciliation between opening and closing balances in the statement of financial position of liabilities arising from financing activities.

Changes in liabilities arising from financing activities in the first six months of 2024

in BGN'000	01 January 2024	Cash inflows	Cash outflows	Accruals under the effective interest rate method	Dividends accrued	Others	30 June 2024
Interest-bearing loans	18,109	1,457	(1,438)	132	-	-	18,260
Lease liabilities	694	-	(44)	9	-	-	659
Loans and deposits from related parties	294	3,900	-	12	-	(950)	3,256
Total liabilities from financing activities	**19,097**	**5,357**	**(1,482)**	**153**	**-**	**(950)**	**22,175**

Changes in liabilities arising from financing activities in the first six months of 2023

in BGN'000	01 January 2023	Cash inflows	Cash outflows	Accruals under the effective interest rate method	Dividends accrued	Others	31 December 2023
Interest-bearing loans	8,353	9,752	(178)	182	-	-	18,109
Lease liabilities	33	-	(100)	17	-	744	694
Loans and deposits from related parties	594	1,392	(614)	25	-	(1,103)	294
Total liabilities from financing activities	**8,980**	**11,144**	**(892)**	**224**	**-**	**(359)**	**19,097**

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Company's financial instruments approximates their carrying amount due to the following circumstances:

- Loans to related parties – the interest rates thereon are subject to review at least once a year depending on the current interest rate levels;
- Debt instruments at fair value (US government securities) – as of the date of the financial statements these financial assets were remeasured at fair value reflecting the changes in market interest rates;
- Trade and other receivables and payables – these are short-term;
- Cash and cash equivalents – the exposures thereon are on demand or deposits maturing within three months have been established;
- Lease liabilities – these are subject to review in accordance with the contractual terms and conditions;
- Bank loans received – the interest rates thereon are subject to review in accordance with their contractual terms and conditions;
- Loans from related parties - the interest rates thereon are subject to review at least once a year depending on the current interest rate levels;
- Deposits from related parties – the deposits are short-term and mature within one year.

27. EVENTS AFTER THE REPORTING DATE

In July 2024, at an Extraordinary General Meeting of Shareholders of Industrial Holding Bulgaria PLC, it was decided to issue a third corporate guarantee to secure the performance of the obligation of a subsidiary to make payments under a shipbuilding contract for a 64,100 DWT Bulk Carrier. The corporate guarantee amount is USD 35,150 thousand, plus a sum for additional work contracted during the construction, but not more than 5 % of the corporate guarantee amount. The value of the corporate guarantees is reduced by each payment due under the shipbuilding contract. The corporate guarantee is valid until delivery of the vessel but not later than 30 June 2028. The corporate guarantee was issued on 19 July 2024.

Over the period from 01 July 2024 to the date of issue of these six-month separate financial statements of Industrial Holding Bulgaria PLC, the amount of BGN 2,000 thousand was paid for increasing the capital of Odessos PBM EAD, approved in 2024 (Note 13 and Note 23).

Besides the disclosed above, no other significant events have occurred after 30 June 2024, which require additional adjustments and/or disclosures in these financial statements for the reporting period.