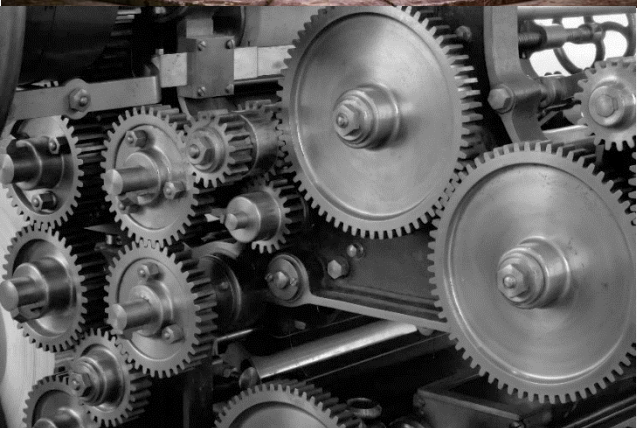




**INTERIM
SEPARATE
REPORT
30 JUNE 2025**

INDUSTRIAL HOLDING BULGARIA PLC


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Galina Petrova Deneva

Vasil Mladenov Tsanev

Supervisory Board

Konstantin Kuzmov Zografov

DZH AD, represented by Elena Petkova Kircheva

Snezhana Ilieva Hristova

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INTERIM SEPARATE MANAGEMENT REPORT



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1. IMPORTANT EVENTS WHICH HAVE OCCURRED AFTER THE FIRST SIX MONTHS OF 2025 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 2025	30 June 2024
Revenue	7,285	6,359
Operating results	(699)	(703)
Net finance income / costs	(5,351)	965
Profit / loss before tax	1,235	6,621
Profit / loss after tax	1,235	6,529

The operating income for the reporting period is as follows:

- *Dividend income*: BGN 6,161 thousand compared to BGN 4,935 thousand for the comparative period or a growth of 24.84 %. The increase mainly originates from the dividend distributed by Bulyard Shipbuilding Industry, as a result of the company's increased volumes and profitability in recent years, as well as the reduction in debt due to the parent company. On the other hand, KRZ Port Burgas' decision not to distribute dividends for 2024 to channel free cash into the planned expansion of the port had a negative impact, limiting revenue growth.
- *Interest income*: BGN 1,124 thousand compared to BGN 1,419 thousand for the comparative period, or a decline of 20.79 %. That is due primarily to the decrease in the interest income on USD bank deposits, the funds from which were used to finance advance payments under the contracts for the acquisition of three new ships using loans to related parties. The drop in the market interest rates also had an effect.
- *Other income*: no such income was reported during the period, while in the comparative period it was BGN 5 thousand.

Operating expenses remain relatively constant. For the period, the Company reports a loss from financing activity of BGN 5,351 thousand, mainly due to foreign exchange losses on US exposures. These exposures have originated or are maintained open in connection with the Group's engagements under the new shipbuilding contracts the payments under which are made in US Dollar. A profit from financing activity of BGN 965 thousand was reported for the same period of the previous year.

The result after taxes was a profit of BGN 1,235 thousand compared to a profit of BGN 6,529 thousand for the comparative period.

1.2. MAIN SCOPE OF THE ACTIVITY

During the reporting period, Industrial Holding Bulgaria continued to develop and manage its portfolio of subsidiaries and associates, placing the focus on strategic sectors, such as maritime transport, ship repair, port operations, and machine building. The holding supported the business growth of its subsidiaries by ensuring the necessary funds for investments in the form of loans or capital increases, and continued to provide operational support for more complex transactions or strategic partnerships. Another critical aspect of its activities was the active control over the financial management and liquidity of the subsidiaries to use resources and mitigate risk effectively.

1.3. CORPORATE EVENTS

a. General Meeting of Shareholders of Industrial Holding Bulgaria PLC

Extraordinary General Meeting of Shareholders of Industrial Holding Bulgaria PLC

By their resolution, the Supervisory Board of Industrial Holding Bulgaria PLC convened an extraordinary General Meeting of Shareholders of the Company to be held on 05 February 2025.

The so-convened extraordinary General Meeting of Shareholders of Industrial Holding Bulgaria PLC was held on 19 February 2025 under the conditions of a declining quorum, and the Meeting took the following decisions:

1. Adoption of amendments to the Statutes (Rules of Procedure) governing the activities of the Audit Committee.

Decision: The General Meeting of Shareholders adopts amendments to the Statutes (Rules of Procedure) governing the activities of the Audit Committee.

2. Decision on the appointment of a registered auditor to express assurance on the Consolidated Sustainability Report of Industrial Holding Bulgaria PLC for 2024.

Decision: The General Meeting of Shareholders appoints as registered auditor to express assurance on the Consolidated Sustainability Report of Industrial Holding Bulgaria PLC for 2024 – Audit Correct OOD, Sofia, registration number 064, entered into the register of auditors accredited to express assurance on sustainability, provided that the application of the requirement for the preparation and auditing of such a report for 2024 is not postponed by a corresponding change in legislation.

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

By their resolution, the Supervisory Board of Industrial Holding Bulgaria PLC convened a regular annual General Meeting of Shareholders of the Company to be held on 19 June 2025.

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

1. Approval of the Report on the Activity of the Company for 2024 and the Consolidated Report on the Activity of the Company for 2024.

Decision: The General Meeting of Shareholders approves the Report on the Activity of the Company for 2024 and the Consolidated Report on the Activity of the Company for 2024.

2. Approval of the Report of the Registered Auditor for the audit of the Annual Financial Statements of the Company for 2024 and the Report of the Registered Auditor for the audit of the Consolidated Annual Financial Statements of the Company for 2024.

Decision: The General Meeting of Shareholders accepts the Report of the Registered Auditor on the audit of the Annual Financial Statements for 2024 and the Report on the audit of the Consolidated Annual Financial Statements of the Company for 2024.

3. Approval of the Annual Financial Statements of the Company for 2024 and the Consolidated Financial Statements of the Company for 2024.

Decision: The General Meeting of Shareholders approves the Company's Annual Financial Statements for 2024 and the Consolidated Financial Statements of the Company for 2024.

4. Deciding on distributing the 2024 profit of the Company

Decision: The General Meeting of Shareholders takes a decision that the profit of the Company for 2024 amounting to BGN 15,640,955.38 (fifteen million, six hundred and forty thousand, nine hundred and fifty-five Bulgarian leva and thirty-eight 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 2024.

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 2024.

6. Reconsideration of the Remuneration policy for the Supervisory and Management Boards of Industrial Holding Bulgaria PLC members.

Decision: The General Meeting of Shareholders reconsiders the Remuneration policy for the Supervisory and Management Boards of Industrial Holding Bulgaria PLC members and adopts no amendments and/or supplementations to its.

7. Release from liability of the members of the Management Board and the Supervisory Board for their activities in 2024

Decision: The General Meeting of Shareholders releases from liability for their activities in 2024:

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,
- Vasil Mladenov Tsanev

8. Determining the remuneration of the members of the Supervisory Board and the Management Board of the Company for 2025

Decision: The General Meeting of Shareholders determines that the monthly remuneration of the Company's Supervisory and Management Board members is to remain unchanged in 2025, namely, BGN 1,200.

9. Report on the Company's Audit Committee activity for 2024.

10. Approval of changes in the composition of the Company's Audit Committee.

Decision: 10.1. The General Meeting of Shareholders dismisses Mrs. Boryana Vladimirova Dimova as a member of the Company's Audit Committee and elects Mr. Stefan Georgiev Stefanov in her place with a mandate of 3 years, effective from 19 June 2025.

10.2. The General Meeting of Shareholders re-elects Mrs. Snejana Ilieva Hristova and Mr. Maxim Stanev Sirakov as members of the Audit Committee for a new 3-year mandate, effective from 19 June 2025.

11. Determination of the remuneration of the members of the Audit Committee of the Company.

Decision: The General Meeting of Shareholders determines a monthly remuneration of the members of the Audit Committee of the Company in the amount of BGN 600.

10. Appointment of a registered auditor of the Company for 2025.

Decision: The General Meeting of Shareholders appoints the recommended by the Audit Committee registered auditor of the Company for 2025 – BDO AFA OOD.

13. Report on the activities of the Investor Relations Director in 2024.

2. FINANCIAL RESOURCES AND FINANCIAL RISK MANAGEMENT

2.1. FINANCIAL RESOURCES AND OPPORTUNITIES FOR IMPLEMENTATION OF INVESTMENT INTENTIONS

In the first six months of 2025, 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 Odessos PBM, the port expansion activities continue: the construction of the new quay wall and the necessary storage facilities were completed, and a substantial part of the port machinery required was purchased. In the last six months, work continued on the construction and improvement of the adjacent infrastructure, dredging and extension of the sea area. The project is financed with the Group's funds and a bank loan under Contract No. 22F-000155. The extension is expected to be operational in 2025.

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.

The project for the expansion of the ZMM Sliven solar park was completed, with the installation of a 3.76 MWh battery pending. That will enable the company to achieve almost complete energy autonomy. A similar initiative has been launched at Bulyard Shipbuilding Industry, where a 4 MW photovoltaic installation and a 10 MWh electricity storage battery are planned to be built. The project is currently pending the necessary permits.

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 2025, 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 15 thousand, and ZMM Bulgaria Holding EAD for BGN 92 thousand (31 December 2024: BGN 29 thousand).

The unutilised limit under Contract No. 22F-001225 amounted to BGN 11,650 thousand as of 30 June 2025.

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 24 Financial Instruments to the interim financial statements for the first six months of 2025.

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 cyclicality (ship repair, ship design, maritime transport, classification and certification, and port activity), thus reducing the return on the overall investment portfolio.

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 and customs duties 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 changes in the customs policies of leading economies, 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 climate change

Like many other regions of the world, Bulgaria is exposed to almost all risks related to climate change. On the one hand, these risks can have a significant impact on the building stock and machinery, which requires adaptation arrangements to be made (such as the use of sustainable building materials, energy efficiency measures, change in the way of designing, investments in low-energy technologies, etc.) to minimise the negative effect. On the other hand, climate change poses threats to employees' health and safety. The higher temperatures and worsened air quality increase the risk of health issues and reduce productivity, which also requires additional adaptation arrangements (cooling of the working environment, provision of areas for rest, health programs, etc.).

Natural disasters such as floods, earthquakes, etc., resulting from these risks can cause both loss of human life and significant financial losses, significantly affecting economic stability and growth. The impact of similar events can often go beyond the borders of the country in which they occur and threaten large-scale territories in neighbouring countries.

Along with the direct effects on assets and employees, climate risks also impact the insurance market – an increase in insurance premiums is observed, which simultaneously limits coverages, further increasing the financial vulnerability of businesses.

Climate risks can also impact financial stability, reputation and operational continuity, requiring a comprehensive sustainability and adaptation strategy that includes assessing materiality and integrating sustainable practices across all levels of business operations.

Risks relating to environment legislation

The domestic and international legislation on ecology implies compliance with a number of measures on prevention, control and reduction of various types of environmental pollution. The trend in recent years is to increase significantly regulations in this area. The pressure on phasing out 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 harmful ecological footprint.

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.).

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 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.

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 competent bodies of the Company. 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.

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.

The sale of goods and services in euros limits the currency risk but may adversely affect the competitiveness of some subsidiaries. These effects are significant in the engineering sector, where the change in the US Dollar exchange rate against the euro affects the price positioning of lathes in the US market. Foreign exchange fluctuations alter the relative price of lathes, necessitating a delicate balance between currency stability and market presence.

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 conclude hedging transactions aiming at minimising the effects of the changes in the floating interest rate component. The leading central banks tend to loosen monetary policies in response to slowing inflation and, respectively, reduce base interest rates.

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 are intensifying. 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

The freight market remained volatile in the second quarter of 2025, with market participants continuing to operate in conditions of high uncertainty and limited opportunities for long-term planning and process optimisation. Increased tensions between leading economies, including discussions of new tariffs and import restrictions by the United States, pose additional risks to global economic growth and the stability of freight flows. The potential escalation of protectionist trade policies could lead to a redirection of trade routes and changes in the structure of global demand for maritime transport.

In response to this situation, freight rates for bulk cargoes showed additional volatility in the second quarter. Some routes, particularly those bypassing the Suez Canal, saw increases due to increased mileage and the rerouting of traffic around the Cape of Good Hope, while others remain exposed to the risk of overcapacity and pressure on prices. Expectations for growth in demand for key commodities such as iron ore, bauxite, and some grain cargoes remain relatively moderate.

Price levels for larger vessels remain subject to global economic uncertainty and depressed coal demand, which particularly affects the Panamax segment. Geopolitical factors and potential risks of oversupply continue to be key price determinants for the bulk cargo freight market. The newbuilding market remains cautious, while the ship-cutting market is not very active, against the backdrop of fluctuations in scrap prices and the lack of clear signals of a long-term decline.

Changes in regulations aimed at limiting emissions from maritime transport continue to affect the freight market. Following the inclusion of shipping in the EU Emissions Trading Scheme (EU ETS) from the beginning of 2024, additional requirements came into force in 2025, such as the implementation of the FuelEU Maritime regulation with an extended scope to include methane and nitrogen oxides. In response, in 2025, the Group took the first steps towards using biofuels as an alternative to fossil fuels in its fleet, on specific routes where the use of biofuels is technically feasible. The activities were carried out in partnership with engine manufacturers to ensure compatibility with existing ship systems.

Introducing new rules to combat adverse climate change is expected to continue stimulating the low sailing speed and, respectively, put price pressure on the freight levels. It is unclear how the regulatory environmental framework will develop, depending on the shifts in political adjustments on the topic in Europe and especially in the United States.

In 2025, the Group continued its work to improve operational effectiveness. Based on the annual operational efficiency indicator Carbon Intensity Index (CII) for 2024, one of the ships was awarded a B rating, and the other three ships - a C rating (the scale is A to E, with A being a better-performing ship).

The work related to the three new shipbuilding contracts is also continuing towards selecting the key equipment for the Group's three new Ultramaxs awarded for construction in 2024 and approval of their technical documentation. Delivery of the first vessel is expected in late 2027, and the other two in the first half of 2028.

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

b. Shipbuilding and ship repair

Due to the ongoing events in the Gulf of Aden and the Gaza Strip, the tendency of shipowners to divert ship repairs to the Mediterranean Basin region continued in 2025 due to the increased costs and risks of moving to China. Due to the increased price levels in the country, the trend of outflows from Turkish factories has also been maintained. All of this continued to impact **Bulyard Shipbuilding**'s orders positively.

On the other hand, the strained trade relations between the US and China since the beginning of 2025 have also created considerable uncertainty for the shipbuilding industry. The US's restrictions may complicate the geopolitical situation further and put pricing pressure on the market.

Following the expiry of the statutory deadlines for installing ballast systems, an expected decline in customer inquiries in this area is anticipated, with a corresponding impact on revenue. At the same time, however, increasing regulatory requirements for decarbonisation are expected to create new opportunities for development, including increased interest in alternative technological solutions in ship repair.

Some of the challenges in the sector remain related to instability in supply chains and persistently high prices for specific materials. Wage growth and the limited supply of skilled labour also continue to constrain the potential for profitability growth.

c. Ship design

Currently, the most significant trends in the ship design sector are focused on energy transformation and digitalisation, emphasising new technologies for decarbonisation and sustainable shipping. Despite innovations in hydrogen solutions, the realisation of these changes has been slow - shipbuilding companies are waiting for new regulations and standards to evolve, creating challenges and significant opportunities for innovation in the sector.

The increasingly stringent measures and regulations to reduce the greenhouse effect from ships continue to affect orders for new construction, due to the still unclear demand for vessels and their engines. Nevertheless, 2025 saw an increase in orders for ships compatible with alternative fuels or dual-fuel systems. The development of sustainable technological solutions remains at an early stage. Escalating military conflicts in various regions of the world and the deteriorating economic environment are forcing shipowners to rethink their investment plans for the reconstruction and renovation of existing vessels.

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 the conversion of ships – either changing their purpose or increasing their functionality- is expected to grow. There is also movement in the market in the area of small “pilot” projects, primarily funded by various grant schemes related to the design of low-emission ships (even in the absence of established solutions for complete replacement of the fuel system).

The management of **IHB Shipdesign** monitors the trends in the environmental protection policy. An increase in the number of ships to be modernised to achieve lower carbon emissions is expected. The development of so-called ship hybridisation is envisaged, aimed at reducing fuel costs, as well as increased demand for engineering services to bring ships into operation in accordance with the requirements of EEXI and CII/IMO regulations.

d. Classification and certification

In the first half of 2025, **the Bulgarian Ship Register** (BRS, the Register) reported a decline in its revenue from foreign and Bulgarian shipowners, as well as from inspections of small vessels. The main factors for this are related to the unstable geopolitical and economic environment since the beginning of the year, as well as the postponement of some domestic projects in the country and increased caution in making investment decisions. An additional impact is exerted by the cyclical nature of the business – during the period, there was a higher share of annual surveys compared to more profitable class renewal procedures. The increase in remuneration, combined with general inflationary pressure, also had a negative effect on the company's profitability.

BKR's management continues to work actively to expand its partner network by attracting new agents and shipowners, as well as offering additional services beyond its core certification activities. Despite these efforts, external instability remains a significant factor influencing market activity and the pace of recovery.

e. Port operations

In 2025, the global grain market continues to be characterised by high volatility. Wheat yields in the European Union are increasing, mainly in countries such as France and Germany, but against the backdrop of weaker demand from China and the changing regulatory environment, the trend of tension in international trade continues.

In Bulgaria, there has been a slight increase in wheat yields compared to 2024, with exports remaining stable. International prices remain volatile, and the activity of Russia and Ukraine in the Mediterranean and Western European markets is creating tension for traditional Bulgarian export destinations. Domestic consumption of sunflower, corn, and rapeseed remains relatively stable, with processing companies continuing to focus on importing raw materials to optimise their production capacity.

However, the market environment remains influenced by external geopolitical and economic factors, including military conflicts in the Black Sea region, ongoing drought in parts of Eastern Europe, changes in customs regimes, and restrictions on grain trade, which affect logistics and access to key markets.

The trend of grain traders continuing to consolidate grain export consignments and use larger ship sizes continues, which in turn requires introducing new port equipment with higher productivity.

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 new quay wall and necessary storage facilities were completed; dredging activities are currently underway.

Bulport Logistics continues to develop its activities in the field of mooring, technical maintenance, and repair of small and medium-sized vessels, as well as through the leasing of production, storage, and office space. There is increased demand for properties combining manufacturing and administrative functions, especially in designated industrial zones.

In line with these trends, the company is investing in the gradual renovation of its facilities and infrastructure improvements. Additional logistics services are also being developed, including improving accessibility by building parking areas and charging infrastructure for electric vehicles. Heating in two of the company's buildings is provided by geothermal energy, in line with the focus on energy efficiency.

f. Machine building

Traditionally, **ZMM Bulgaria Holding and its subsidiaries** export products to customers in Europe, Asia, Africa and North America. The machine-building group's lathes are used in the mining, textile, paper and shipbuilding industries, and are also suitable for equipping the bases of vocational schools. For the Group, the first half of 2025 is characterised by an increased demand for heavier machinery, and in markets, countries such as Ukraine and Austria are scoring growth. There is a tendency for markets to develop at a steady, albeit slow, pace. European markets, although still cautious, are gradually recovering.

Globally, the Asia-Pacific region continues to dominate the market, driven by rapid industrialisation and infrastructure development in countries such as China and India. Europe has traditionally remained a strong market focusing on precision and sustainability, but the complicated geopolitical situation has deterred investors from investing heavily in manufacturing. The change in US customs policy, combined with the weakening of the US dollar exchange rate against the euro, creates additional challenges for European machine tool manufacturers, including ZMM Bulgaria Holding.

Despite economic and geopolitical instability in the past part of 2025, the sector remains relatively stable. Profitability is expected to increase for market players using innovative automation methods and renewable energy. Given the above, the option to use own electricity from the operating solar plants of the machine-building group has a positive impact on both the profitability of the offered products and the energy footprint of the products.

The machine-building industry faces several key challenges:

- The market is highly competitive, with the established international players seeking to gain a competitive edge through product innovations and strategic partnerships. In Europe, ZMM Bulgaria Holding is among the few manufacturers that have preserved their whole manufacturing in the region and offers a wide range of universal lathes. For these machineries, there has been a growing demand in recent years as they can work in untempered rooms and serve specific industrial needs.

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 2025, 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 2025, 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 changes in the persons exercising control over the Company as of 30 June 2025.

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

There are no such transactions.

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

There is no such circumstance.

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

In March 2025, an increase in the capital of ZMM Sliven AD was entered in the Commercial Register. In December 2024, the General Meeting of Shareholders of ZMM Sliven AD decided to increase the company's capital. In this procedure, only the parent company ZMM Bulgaria Holding EAD subscribed for new shares, while the other shareholders waived their rights. As a result, the Group's share in ZMM Nova Zagora AD increased from 95.98% to 99.31%.

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 2025.

e. Information about the persons holding directly and/or indirectly at least 5 per cent of the 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 2025, 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 2025: 66,304,206 shares held directly, which is 68.49% 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 2025: 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 2025: 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 2025: 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 66,304,206 shares, which is 68.49% of the capital, or directly, through related parties, and through controlled parties 76,003,770, which is 78.51% 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 2025	Transferred directly in the first six months of 2025	Acquired through related in the first six months of 2025	Transferred through related in the first six months of 2025	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.

The current loans granted as of 30 June 2025 by IHB, as a lender, only to its subsidiaries (direct and indirect) and indirect associates were as follows:

- Loan granted to KLVK, UIC 130735957, under a Loan contract dated 26 July 2024, interest of 3.3% and maturity on 31 December 2030. The loan principal was BGN 19,147 thousand as of 30 June 2025;
- Loan granted to Bulyard Shipbuilding Industry, UIC 103862587, under a Novation contract dated 01 April 2018 and annexes thereto, interest of 2.1% and maturity on 31 December 2025. The loan principal was BGN 1,555 thousand as of 30 June 2025;
- Loan granted to Bulport Logistics, UIC 200421706, under a Novation contract dated 01 June 2024 and annexes thereto, interest of 2.1% and maturity on 31 December 2027. The loan principal was BGN 4,238 thousand as of 30 June 2025;
- Loan granted to Karvuna Ltd, UIC n/a, under a Novation contract dated 01 January 2018 and annexes thereto, interest of 2.1% and maturity on 31 December 2027. The loan principal was BGN 1,317 thousand as of 30 June 2025;
- Loan granted to ZMM Bulgaria Holding AD, UIC 130489690, under a Loan contract dated 06 January 2025, interest of 2.1% and maturity on 31 December 2025. The loan principal was BGN 372 thousand as of 30 June 2025;
- Loan granted to ZMM Nova Zagora AD, UIC 119003196, under a Loan contract dated 24 January 2023 and annexes thereto, interest of 2.1% and maturity on 31 December 2027. The loan principal was BGN 4,255 thousand as of 30 June 2025;

- Loan granted to Odessos PBM EAD, UIC 103930885, under a Loan contract dated 08 March 2022 and annexes thereto, interest of 1.6 % and maturity on 31 March 2029. The loan principal was BGN 19,460 thousand as of 30 June 2025;
- Loan granted to Odessos PBM EAD, UIC 103930885, under a Loan contract dated 04 April 2024 and annexes thereto, interest of 2.1 % and maturity on 31 December 2026. The loan principal was BGN 6,122 thousand as of 30 June 2025;
- Loan granted to Odessos PBM EAD, UIC 103930885, under a Loan contract dated 25 April 2024 and annexes thereto, interest of 2.1 % and maturity on 30 June 2025. The loan principal was BGN 509 thousand as of 30 June 2025;
- Loan granted to Odessos PBM EAD, UIC 103930885, under a Loan contract dated 23 May 2024 and annexes thereto, interest of 2.1 % and maturity on 30 May 2028. The loan principal was BGN 4,347 thousand as of 30 June 2025;
- Loan granted to ZMM Sliven AD, UIC 119002557, under a Loan contract dated 19 July 2024, interest of 2.1% and maturity on 31 March 2031. The loan principal was BGN 2,915 thousand as of 30 June 2025;
- Loan granted to ZMM Sliven AD, UIC 119002557, under a Loan contract dated 30 September 2024, interest of 2.1% and maturity on 31 May 2032. The loan principal was BGN 1,122 thousand as of 30 June 2025;
- Loan granted to ZMM Sliven AD, UIC 119002557, under a Loan contract dated 24 February 2025, interest of 2.1% and maturity on 31 December 2026. The loan principal was BGN 233 thousand as of 30 June 2025;
- Loan granted to ZMM Sliven AD, UIC 119002557, under a Loan contract dated 10 March 2025, interest of 2.1% and maturity on 31 December 2027. The loan principal was BGN 332 thousand as of 30 June 2025;
- Loan granted to ZMM Sliven AD, UIC 119002557, under a Loan contract dated 01 April 2025, interest of 2.1% and maturity on 31 December 2030. The loan principal was BGN 448 thousand as of 30 June 2025;
- Loan granted to Drazki Varna EAD, UIC 207442119, under a Loan contract dated 04 July 2023, interest of 7.5% and maturity on 04 July 2033. The loan principal was BGN 51 thousand as of 30 June 2025;
- Loan granted to Serdika Ltd, UIC n/a, under a Loan contract dated 14 June 2024 and annexes thereto, interest of 2.1% and maturity on 31 December 2025. The loan principal was BGN 284 thousand as of 30 June 2025.

The current loans granted as of 30 June 2025 by IHB subsidiaries, as lenders, to IHB only within the IHB Group were as follows:

- Loan granted by Privat Engineering to its subsidiary Tirista Ltd, UIC n/a, under a Loan contract dated 25 February 2011 and annexes thereto, interest of 2.1% and maturity as of 31 December 2027. The loan principal was BGN 5,256 thousand as of 30 June 2025;
- Loan granted by Privat Engineering to its subsidiary Karvuna Ltd, UIC n/a, under a Novation contract dated 31 October 2013 and annexes thereto, interest of 2.1% and maturity as of 31 December 2027. The loan principal was BGN 10,320 thousand as of 30 June 2025;
- Loan granted by Privat Engineering to its subsidiary Karvuna Ltd, UIC n/a, under a Loan contract dated 20 August 2024, interest of 2.1% and maturity as of 31 December 2027. The loan principal was BGN 3,279 thousand as of 30 June 2025;
- Loan granted by Privat Engineering to its subsidiary Karia Ltd, UIC n/a, under a Loan contract dated 26 July 2024, interest of 3.3% and maturity as of 31 December 2030. The loan principal was BGN 11,676 thousand as of 30 June 2025;
- Loan granted by KLVK to its subsidiary Odria Ltd, UIC n/a, under a Loan contract dated 02 January 2013 and annexes thereto, interest of 2.1% and maturity on 01 January 2030. The loan principal was BGN 15,402 thousand as of 30 June 2025;
- Loan granted by KLVK to its subsidiary Serdika Ltd, UIC n/a, under an Agreement dated 12 March 2018 and annexes thereto, interest of 2.1% and maturity as of 31 December 2030. The loan principal was BGN 26,495 thousand as of 30 June 2025;
- Loan granted by KLVK to its subsidiary Vaya Ltd, UIC n/a, under a Loan contract dated 26 July 2024, interest of 3.3% and maturity as of 31 December 2030. The loan principal was BGN 8,851 thousand as of 30 June 2025;
- Loan granted by KLVK to its subsidiary Ticha Ltd, UIC n/a, under a Loan contract dated 26 July 2024, interest of 3.3% and maturity as of 31 December 2030. The loan principal was BGN 11,633 thousand as of 30 June 2025.

As of 30 June 2025, the principal due by:

- IHB on a loan received by a company exercising control amounted to BGN 10,500 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

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SEPARATE STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the period ended 30 June 2025

In BGN'000	Notes	30 June 2025	30 June 2024
Interest and dividend income	5	7,285	6,354
Other income, net		-	5
		7,285	6,359
Employee benefit expenses	6	(427)	(410)
Costs of hired services	7	(140)	(141)
Other operating expenses	8	(132)	(152)
Profit from operations		6,586	5,656
Finance income	9	-	1,136
Finance costs	9	(5,351)	(171)
Operating profit before taxes		1,235	6,621
Income tax (expense)/benefit	10	-	(92)
Profit for the period		1,235	6,529
Basic net earnings per share			
Basic net earnings per share (in BGN)	18	0.013	0.067
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		120	252
Income tax effect		(12)	(25)
Other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods, net of taxes		108	227
Total other comprehensive income / (loss) for the period, net of taxes		108	227
Total comprehensive income for the period, net of taxes		1,343	6,756

The notes on pages 25 to 53 form an integral part of these separate financial statements, authorised for issue with a resolution of the Management Board dated 29 July 2025.

Daneta Zheleva
Chief Executive Officer

Ivan Rashkov
Preparer

SEPARATE STATEMENT OF FINANCIAL POSITION

As of 30 June 2025

In BGN'000	Notes	30 June 2025	31 December 2024
Assets			
Non-current assets			
Non-current tangible and intangible assets	11	368	401
Right-of-use assets	15	583	623
Investments in subsidiaries	12	215,031	215,031
Loans to related parties	13	3,977	-
Deferred tax assets	22.1	62,324	61,604
Total non-current assets	10	-	5
		282,283	277,664
Current assets			
Loans to related parties	22.1	4,897	4,945
Trade and other receivables	14	6,318	744
Debt instruments at fair value	13	24	-
Cash and cash equivalents	16	16,941	23,211
Total current assets		28,180	28,900
TOTAL ASSETS		310,463	306,564
Equity and liabilities			
Equity			
Share capital	17	96,808	96,808
Share premium	17	31,016	31,016
Statutory and additional reserves	17	9,661	9,661
Reserve from debt instruments revaluation	17	108	-
Retained earnings	17	145,390	144,155
Total equity		282,983	281,640
Non-current liabilities			
Interest-bearing bank loans	19	10,413	12,373
Loans from related parties	22.1	10,500	7,000
Lease liabilities	15	528	565
Retirement benefit liabilities	20	27	27
Deferred tax liabilities	10	7	-
Total non-current liabilities		21,475	19,965
Current liabilities			
Interest-bearing bank loans	19	4,148	3,926
Loans and deposits from related parties	22.1	1,744	662
Lease liabilities	15	75	74
Trade and other payables	21	38	120
Income tax payable	10	-	177
Total current liabilities		6,005	4,959
Total liabilities		27,480	24,924
TOTAL EQUITY AND LIABILITIES		310,463	306,564

The notes on pages 25 to 53 form an integral part of these separate financial statements, authorised for issue with a resolution of the Management Board dated 29 July 2025.

Daneta Zheleva
Chief Executive Officer

Ivan Rashkov
Preparer

SEPARATE STATEMENT OF CASH FLOWS

For the period ended 30 June 2025

In BGN'000	Notes	30 June 2025	30 June 2024
Operating activities			
Dividends received		543	681
Monetary loans repaid by related parties	22	3,700	17,194
Loans to related parties	22	(6,445)	(11,739)
Interest received on loans to related parties	22	355	777
Payments on the acquisition of stocks and shares and increasing the capital of subsidiaries		-	(9,301)
Purchase of debt instruments (US government securities)		(4,024)	(9,349)
Proceeds from matured debt instruments (US government securities)		-	82
Interest received on bank deposits		365	777
Income taxes paid		(177)	-
Payments related to salaries and wages		(424)	(409)
Foreign exchange differences		(2,485)	1,121
Other proceeds/ (payments), net		(268)	(261)
Net cash flows from operating activity		(8,860)	(10,427)
Investing activity			
Purchase of non-current tangible and intangible assets		-	(236)
Net cash flow from investing activities		-	(236)
Financing activity			
Interest-bearing bank loans received	19	223	1,457
Principal paid on interest-bearing bank loans		(1,960)	(1,306)
Interest paid and fees on interest-bearing bank loans		(124)	(148)
Loans and deposits from related parties	22	4,496	3,900
Lease liabilities paid	15	(36)	(35)
Interest paid on lease contracts	15	(9)	(9)
Net cash flow from financing activities		2,590	3,859
Net increase in cash and cash equivalents		(6,270)	(6,804)
Cash and cash equivalents as of 1 January	16	23,211	38,313
Cash and cash equivalents as of 30 June	16	16,941	31,509

The notes on pages 25 to 53 form an integral part of these separate financial statements, authorised for issue with a resolution of the Management Board dated 29 July 2025.

Daneta Zheleva
Chief Executive Officer

Ivan Rashkov
Preparer

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2025

	Share capital	Share premium	Statutory and additional reserves	Reserve from debt instruments revaluation	Retained earnings	Total
In BGN'000						
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
Balance as of 1 January 2025	96,808	31,016	9,661	-	144,155	281,640
Comprehensive income for the period						
Profit for the period	-	-	-	-	1,235	1,235
Other comprehensive income for the period	-	-	-	108	-	108
Total comprehensive income for the period	-	-	-	108	1,235	1,343
Transactions with shareholders recognised in equity						
As of 30 June 2025	96,808	31,016	9,661	108	145,390	282,983

The notes on pages 25 to 53 form an integral part of these separate financial statements, authorised for issue with a resolution of the Management Board dated 29 July 2025.

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 PLC) for the year ended 30 June 2025 were authorised for issue by decision of the Management Board of 29 July 2025, 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 79, Knyaginya Maria Boulevard, 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.

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 IFRS Accounting Standards as endorsed in the European Union (IFRS Accounting Standards endorsed by EU). Reporting framework "IFRS Accounting Standards 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 2024 were published on 25 April 2025, and for the period ended 30 June 2025 they will be presented by 29 August 2025.

(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 profit or loss and other 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 for measurement at invoiced value, 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, direct 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 leading for the Company as it determines and classifies its financial assets primarily 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 as finance income in the statement of profit or loss and other 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.

Instruments are classified in three stages according to the change in their credit risk. 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 entire remaining life of the exposure (instrument), irrespective of the timing of the default (a lifetime ECL).

For trade receivables, 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 applies a provision matrix approach that is based on its historical credit loss experience according to the increase in arrears, further adjusted with other factors specific to the debtors and the economic environment (incl. forward-looking).

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 profit or loss and other comprehensive income.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 19.

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 profit or loss and other 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 12.

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 25.

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 (if any).

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) Non-current tangible assets (plant and equipment)

Plant and equipment 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 direct expenses 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 profit or loss and other 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, unless there are permanently blocked funds.

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 profit or loss and other 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 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 2025	30 June 2024
Dividend income	6,161	4,935
Interest income	1,124	1,419
	7,285	6,354

Dividend income reported in the first half of both 2025 and 2024 is distributed by:

In BGN'000	30 June 2025	30 June 2024
ZMM Bulgaria Holding EAD	2,188	2,163
Bulyard Shipbuilding Industry EAD	3,560	-
Maritime Holding AD	213	210
IHB Shipdesign AD	200	221
KRZ Port Burgas AD	-	2,341
	6,161	4,935

Interest income reported in the first half of both 2025 and 2024 is as follows:

In BGN'000	30 June 2025	30 June 2024
Interest income on loans from related parties	764	672
Interest income on bank deposits - related parties	232	558
Interest income on bank deposits - unrelated parties	106	116
Interest income on government securities	22	73
	1,124	1,419

6. EMPLOYEE BENEFIT EXPENSES

In BGN'000	30 June 2025	30 June 2024
Wages and salaries	(369)	(355)
Social security costs and other social payments	(58)	(55)
	(427)	(410)

7. COSTS OF HIRED SERVICES

In BGN'000	30 June 2025	30 June 2024
Support of FTAs by subscription	(14)	(14)
Insurances	(14)	(19)
Software subscription and support	(18)	(19)
Advertising and marketing services	(20)	(21)
Internet subscription and website maintenance	(9)	(8)
Communication services	(7)	(7)
Civil contracts	(9)	(9)
Legal services	(2)	(2)
Other services	(47)	(42)
	(140)	(141)

8. OTHER OPERATING EXPENSES

In BGN'000	30 June 2025	30 June 2024
Depreciation / amortisation expenses	(73)	(69)
Costs of materials	(8)	(7)
Other operating expenses	(51)	(76)
	(132)	(152)

9. FINANCE INCOME AND FINANCE COSTS

In BGN'000	30 June 2025	30 June 2024
Foreign currency gains, net	-	1,136
Finance income	-	1,136

in BGN'000	30 June 2025	30 June 2024
Foreign currency losses, net	(5,132)	-
Interest expenses on interest-bearing bank loans	(109)	(132)
Interest expenses on deposits and loans from related parties	(86)	(12)
Interest expenses on leases	(9)	(9)
Interest-bearing bank loan charges	(14)	(16)
Other finance costs	(1)	(2)
Finance costs	(5,351)	(171)

Realised foreign exchange losses relate mainly to balance sheet items denominated in US dollars - cash, debt instruments and loans to related parties. These items were incurred or are maintained open in connection with the financing of the purchase of the three new ships from subsidiaries of the Maritime segment since the payments under the shipbuilding contracts are made in US dollars.

10. INCOME TAX

The reconciliation between tax expense and the accounting profit multiplied by the Company's tax rate for the years ended 30 June 2025 and 30 June 2024 is as follows:

In BGN'000	30 June 2025	30 June 2024
Profit before taxes	1,235	6,621
Profit tax expense at the applicable tax rate of 10% (2024: 10%)	(124)	(662)
Non-deductible expenses – dividends	616	494
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	(492)	-
Income tax expense at an effective tax rate of 0 % (2024: 1.39 %)	-	(92)

11. NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS

11.1. NON-CURRENT TANGIBLE ASSETS

In BGN'000	Hardware and equipment	Motor vehicles	Fixtures and fittings, and other assets	FTAs in progress	Total
Book value on 1 January 2024	68	252	297	58	675
Depreciation/amortisation on 1 January 2024	(47)	(252)	(182)	-	(481)
Carrying amount on 1 January 2024	21	-	115	58	194
Book value on 1 January 2024	68	252	297	58	675
Book value of additions	9	-	2	234	245
Book value of derecognised assets	-	(251)	(2)	-	(253)
Transfers from costs of acquisition	-	292	-	(292)	-
Book value on 31 December 2024	77	293	297	-	667
Depreciation/amortisation on 1 January 2024	(47)	(252)	(182)	-	(481)
Depreciation/amortisation charges for the period	(11)	(33)	(12)	-	(56)
Depreciation/amortisation on derecognised assets	-	251	2	-	253
Depreciation/amortisation on 31 December 2024	(58)	(34)	(192)	-	(284)
Carrying amount on 31 December 2024	19	259	105	-	383

In BGN'000	Hardware and equipment	Motor vehicles	Fixtures and fittings, and other assets	FTAs in progress	Total
Book value on 1 January 2025	77	293	297	-	667
Depreciation/amortisation on 1 January 2025	(58)	(34)	(192)	-	(284)
Carrying amount on 1 January 2025	19	259	105	-	383
Book value on 1 January 2025	77	293	297	-	667
Book value on 30 June 2025	77	293	297	-	667
Depreciation/amortisation on 1 January 2025	(58)	(34)	(192)	-	(284)
Depreciation/amortisation charges for the period	(6)	(18)	(6)	-	(30)
Depreciation/amortisation on 30 June 2025	(64)	(52)	(198)	-	(314)
Carrying amount on 30 June 2025	13	241	99	-	353

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.

11.2. NON-CURRENT INTANGIBLE ASSETS

Since 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 2025 was BGN 15 thousand (2024: BGN 18 thousand). The amortisation charged on non-current intangible assets for the period was BGN 3 thousand (2024: BGN 7 thousand).

11.3. 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.

12. INVESTMENTS IN SUBSIDIARIES

Investments, held by the Company as of 30 June 2025 and 31 December 2024, were as follows:

In BGN'000	Country of incorporation	Shareholding as of 30 June 2025	Percent of shareholding as of 30 June 2025	Shareholding as of 31 December 2024	Percent of shareholding as of 31 December 2024
Privat Engineering EAD	Bulgaria	52,687	100.00%	52,687	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%	53,459	100.00%
Odessos PBM EAD	Bulgaria	33,373	100.00%	33,373	100.00%
IHB Shipdesign AD	Bulgaria	70	70.00%	70	70.00%
Bulport Logistics AD	Bulgaria	19,247	46.12%	19,247	46.12%
		215,031		215,031	

13. DEBT INSTRUMENTS AT FAIR VALUE

In May 2025, the Company invested in an issue of long-term US government securities with maturity in November 2024, coupon of 4.5% and interest payments every six months. The nominal value of the acquired debt instruments is USD 2,500 thousand. The yield of the issue upon its purchase to maturity is 5.002%.

The debt instruments were reported at fair value through other comprehensive income, and a profit net of taxes of BGN 108 thousand was reported in the first six months of 2025.

14. TRADE AND OTHER RECEIVABLES

In BGN'000	30 June 2025	31 December 2024
Dividend receivable from related parties	5,989	370
Interest receivable on bank deposits - related parties	55	71
Interest receivable on bank deposits - unrelated parties	49	60
Deposit receivable under a loan contract - related party	6	6
Prepayments - related parties	2	8
Prepaid services and advances	-	12
Other receivables	217	217
	6,318	744

15. 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 as of 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 2025	31 December 2024
Cost at the beginning of the period	623	684
Remeasurement of the lease liability due to remeasurement	-	16
Depreciation written off due to remeasurement	-	(77)
Cost at the period-end	623	623
Depreciation charges for the period	(40)	(77)
Depreciation charges derecognised due to modification	-	77
Depreciation charges at the period-end	(40)	-
Net book value at the period-end	583	623

Impairment of right-of-use assets

Based on the impairment testing of right-of-use assets as of 30 June 2025, 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 2025	31 December 2024
Balance at the beginning of the period	639	694
Restatement of lease liabilities due to modification	-	16
Interest expenses for the period	9	18
Lease payments for the period	(45)	(89)
Balance at the period-end	603	639
Long-term portion	528	565
Short-term portion	75	74

The incremental interest rate used by the Company to calculate the lease liability as of 30 June 2025 is 2.8% (in 2024: 2.8%).

16. CASH AND CASH EQUIVALENTS

In BGN'000	30 June 2025	31 December 2024
Cash placed with banks – related parties (Note 22)	10,851	16,266
Cash placed with banks – unrelated parties	6,089	6,945
Cash on hand	1	-
Cash and cash equivalents recognised in the statement of cash flows	16,941	23,211
Cash restricted as collateral under bank loans	-	-
Cash and cash equivalents recognised in the statement of financial position	16,941	23,211

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).

17. 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 2025	31 December 2024
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 2025 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 2025 are as follows:

In BGN'000	Number of shares as of 30 June 2025	30 June 2025
BULLS AD	66,304,206	68.49%
DZH AD	9,657,874	9.98%
Other legal and natural persons	20,846,337	21.53%
	96,808,417	100.00%

Shareholders holding over 5% of the capital of Industrial Holding Bulgaria PLC as of 31 December 2024 are as follows:

In BGN'000	Number of shares към 31 December 2024	31 December 2024
BULLS AD	66,116,706	68.30%
DZH AD	9,657,874	9.98%
Other legal and natural persons	21,033,837	21.72%
	96,808,417	100.00%

Reconciliation of issued shares:

In BGN'000	Number of shares	Amount
On 1 January 2024	96,808,417	96,808
On 31 December 2024	96,808,417	96,808
On 30 June 2025	96,808,417	96,808

Reconciliation of share premium

In BGN'000	Amount
On 1 January 2024	31,016
On 31 December 2024	31,016
On 30 June 2025	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 Article 246 of the Commercial Act. They are set aside until they reach one-tenth or more of the capital. The statutory and additional reserves amounted to BGN 9,661 thousand as of 30 June 2025 (2024: 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 2025, and the amount of the accrued revaluation, net of taxes, was BGN 108 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 2025.

18. BASIC EARNINGS PER SHARE

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

The calculation of the basic net earnings per share as of 30 June 2025 is based on the net profit of BGN 1,235 thousand (30 June 2024: net profit of BGN 6,529 thousand), attributable to the holders of ordinary shares, and the weighted average number of the ordinary shares available for the period ended 30 June 2025 of 96,808 thousand (30 June 2024: 96,808 thousand).

The following calculations were made:

In BGN'000	30 June 2025	30 June 2024
Profit for the period (in BGN'000)	1,235	6,529
Weighted average number of ordinary shares (thousands of shares)	96,808	96,808
Basic net earnings per share (in BGN)	0.013	0.067

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 2025	30 June 2024
Ordinary shares issued at the beginning of the period	96,808	96,808
Shares redeemed at the beginning of the period	-	-
Number of shares outstanding at the beginning of the period	96,808	96,808
Shares redeemed over the period	-	-
Ordinary shares issued at the end of the period	96,808	96,808
Shares redeemed at the end of the period	-	-
Number of shares outstanding at the end of the period	96,808	96,808
Weighted average number of ordinary shares over the period	96,808	96,808

19. INTEREST-BEARING LOANS

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

in BGN'000	Currency	Interest rate %	Maturity	30 June 2025	31 December 2024
Bank loan contract No. 22F-000155 dated 24 February 2022	EUR	1.40%	2029	10,413	12,373
				10,413	12,373

Current portion of long-term interest-bearing bank loans and short-term interest-bearing bank loans

in BGN'000	Currency	Interest rate %	Maturity	30 June 2025	31 December 2024
Bank loan contract No. 22F-000155 dated 24 February 2022	EUR	1.40%	2029	3,925	3,926
Bank loan contract No. 22F-000125 of 07 November 2022	BGN	RIR+1.7%	2025	223	-
				4,148	3,926

In BGN'000	30 June 2025	31 December 2024
Principal payable	14,555	16,292
Interest payable	6	7
	14,561	16,299

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.

Under Bank Loan Contract No. 22F-001225 concluded with a commercial bank, Industrial Holding Bulgaria PLC was provided a total limit for working capital financing, issuing of bank guarantees and opening of letters of credit to the benefit of the Holding and/or its Group companies in an amount of up to BGN 12,000 thousand. In October 2024, an annex was signed to revolve the portion of the loan used as an overdraft until 04 November 2025. The effective floating interest rates amount to: (a) for EUR Loans: the 1M EURIBOR +1.2%, but not less than 1.2%; (b) for BGN loans – the reference interest rate of the financing bank + 1.7%, but not less than 1.7%. The Contract is secured by mortgages on the real estate (land and buildings) of a Group company, which is also a guarantor under the Contract. Funds for working capital financing were utilised under the Contract as of 30 June 2025 in the amount of BGN 223 thousand (Note 23).

20. RETIREMENT BENEFIT LIABILITY

The estimate of the retirement benefits liability complies with the requirements of the Labour Code and IAS 19 and as of 30 June 2025 was BGN 27 thousand (31 December 2024: BGN 27 thousand).

There are no reasonably expected changes in the key assumptions that could significantly impact the retirement benefit liability as of the end of the reporting period.

21. TRADE AND OTHER PAYABLES

In BGN'000	30 June 2025	31 December 2024
Payables to suppliers	19	95
Payables to social security entities	14	13
Payables to suppliers related parties	-	3
Other liabilities	5	9
	38	120

22. 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 68.49% of Industrial Holding Bulgaria PLC;
- Dimitar Zhelev, a person exercising control over Bulls AD and husband of Daneta Zheleva, the Chief Executive Officer of Industrial Holding Bulgaria PLC.

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 that have 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 at 30 June 2025 and 31 December 2024 are presented in Note 12.

- Indirect subsidiaries

- Subsidiaries of the direct subsidiary ZMM Bulgaria Holding EAD - ZMM Sliven AD, ZMM Nova Zagora AD and IHB Metal Casting EAD;
- Subsidiaries of the direct subsidiary Privat Engineering EAD – IHB Shipping Co. EAD, Karvuna Ltd, Tirista Ltd and Karia Ltd;
- Subsidiaries of the direct subsidiary KLVK AD - Bulport Logistics AD, Serdika Ltd, Odria Ltd, Ticha Ltd, and Vaya Ltd.
- Subsidiaries of the direct subsidiary Maritime Holding AD – Bulgarian Register of Shipping EAD.

VI. Associated companies

- Associated companies of the direct subsidiary International Industrial Holding Bulgaria AG - CI NMF II Black Sea JV Holdco B.V. and Drazki Varna EAD.

22.1. RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES

Loans to related parties

In BGN'000		30 June 2025	31 December 2024
Subsidiaries	Non-current portion of long-term loans	62,273	61,553
Associated companies	Non-current portion of long-term loans	51	51
		62,324	61,604
Subsidiaries	Current portion of long-term loans	4,891	4,941
Associated companies	Current portion of long-term loans	6	4
		4,897	4,945
		67,221	66,549
	Principal	66,707	66,415
	Interest	514	134

A sea mortgage was imposed on m/v Karvuna, owned by the subsidiary, in connection with a loan granted to Karvuna Ltd as of 30 June 2025 in the amount of BGN 1,333 thousand.

Trade and other receivables

In BGN'000		30 June 2025	31 December 2024
Subsidiaries	Dividends	5,989	370
Entities, over which the persons with control exercise significant influence or are members of their key management personnel	Prepayments	-	5
	Interest on bank deposits	55	71
Entities under joint control of the persons exercising control	Deposit under a rental agreement	6	6
	Prepayments	2	3
		6,052	455

Trade and other payables

In BGN'000		2025	2024
Entities under joint control of the persons exercising control	Payables to suppliers	-	3
		-	3

Cash placed with banks – related parties

In BGN'000		30 June 2025	31 December 2024
Entities, over which the persons with control exercise significant influence or are members of their key management personnel		10,851	16,266
		10,851	16,266

Loans from related parties

In BGN'000		30 June 2025	31 December 2024
Persons exercising control	Non-current portion of long-term loans	10,500	7,000
	Current portion of long-term loans	86	11
		10,586	7,011
	Principal	10,500	7,000
	Interest	86	11

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 2025	31 December 2024
Subsidiaries	Short-term deposits	1,658	651
		1,658	651
	Principal	1,646	650
	Interest	12	1

Lease liabilities under contracts with related parties

In BGN'000	30 June 2025	31 December 2024
Entities under joint control of the persons exercising control	603	639
Balance at the period-end	603	639
Long-term portion	528	565
Short-term portion	75	74

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 half of 2025 was BGN 45 thousand and the cash outflow was BGN 45 thousand.

22.2. RELATED PARTY TRANSACTIONS**Sales transactions**

In BGN'000	30 June 2025	30 June 2024
Dividend income		
Subsidiaries	6,161	4,935
	6,161	4,935

Purchase transactions

In BGN'000	30 June 2025	30 June 2024
Costs of hired services		
Entities, over which the persons with control exercise significant influence or are members of their key management personnel	9	9
Other expenses		
Entities under joint control of the persons exercising control	22	17
Other finance costs		
Entities, over which the persons with control exercise significant influence or are members of their key management personnel	-	1
	31	27

Loans to related parties

In BGN'000		Loans granted	Non-monetary increase/ (decrease)	Received principal	Interest income	Received interest
Subsidiaries	30 June 2025	(6,445)	-	3,700	762	355
Associated companies	30 June 2025	-	-	-	2	-
Subsidiaries	30 June 2024	(11,739)	-	17,194	670	777
Associated companies	30 June 2024	-	-	-	2	-
	30 June 2025	(6,445)	-	3,700	764	355
	30 June 2024	(11,739)	-	17,194	672	777

Loans granted as of 30 June 2025 mature in 2024-2032. The agreed interest rates vary from 2.1% to 3.3%, except for: (a) an investment loan granted to a subsidiary, which bears an interest rate of 1.6%; the loan was financed by a targeted bank loan, and (b) a loan granted to an associated company, which bears an interest rate of 7.50%.

Interest income on deposits placed by Industrial Holding Bulgaria PLC with a bank-related party (entities over which the persons with control exercise significant influence or are members of their key management personnel) in the first half of 2025 amounts to BGN 232 thousand. Interest on deposits paid by the bank during the period amounted to BGN 248 thousand.

Loans from related parties

In BGN'000		Loans received	Non-monetary increase/ (decrease)	Repaid principal	Interest expenses	Repaid interest
Persons exercising control	30 June 2025	3,500	-	-	(75)	-
Persons exercising control	30 June 2024	3,250	-	-	(6)	-
	30 June 2025	3,500	-	-	(75)	-
	30 June 2024	3,250	-	-	(6)	-

Deposits from related parties

In BGN'000		Deposits received	Non-monetary – increase / (decrease)	Refunded principal	Interest expense	Interest paid
Subsidiaries	30 June 2025	996	-	-	(11)	-
Subsidiaries	30 June 2024	650	(950)	-	(6)	-
	30 June 2025	996	-	-	(11)	-
	30 June 2024	650	(950)	-	(6)	-

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 2025 (2024: 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.

23. COMMITMENTS AND CONTINGENCIES

Legal claims

No legal claims have been brought 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 of 30 June 2025:

- Bank guarantees were issued to Group companies for the total amount of BGN 127 thousand, namely IHB Metal Casting AD for BGN 20 thousand, ZMM Nova Zagora AD for BGN 15 thousand, and ZMM Bulgaria Holding EAD for BGN 92 thousand (31 December 2024: BGN 29 thousand).

The unutilised limit under Contract No. 22F-001225 amounted to BGN 11,650 thousand as of 30 June 2025.

In June and July 2024, Industrial Holding Bulgaria PLC issued three corporate guarantees to guarantee the performance of the subsidiaries' obligation to make advance payments under the three shipbuilding contracts concluded in June 2024.

The corporate guarantees secure all advance payments before the ship's delivery in the total amount of USD 52,175 thousand and any possibly due interest for delay. Guarantees are valid until the payment of all advance payments (from first to fourth), which is expected to be made by the end of 2027. The obligation under the guarantees may be terminated if the contracts are terminated by the buyer in accordance with the agreed terms and conditions. The amount of the corporate guarantees is reduced by every payment made under the shipbuilding contracts. At the beginning of August 2024, the subsidiaries-ship owners, after obtaining the cross-bank guarantees from the seller, transferred the first advance payment of USD 19,113 thousand in total.

Collateral

In connection with Bank loan contract number 22F-000155 of 24 February 2022, obtained to secure loan funds for investments of a subsidiary, a financial collateral agreement was signed 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.

In connection with Bank loan contract number 22F-001225 of 07 November 2022, obtained to secure a total limit for working capital financing, issuing bank guarantees and letters of credit, a financial collateral agreement was signed 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 2025.

24. 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 Management Board is responsible for identifying and managing the risks associated with the Company's holding and use of financial instruments in its operations.

The Company's risk management policy is designed to proactively identify and analyse the risks facing the Company, set limits for assuming risks and controls, monitor the risks, and ensure compliance with the limits set. This policy is subject to regular review to identify possible changes in 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 Company's Audit Committee observes how management ensures compliance with the risk management policies and reviews the adequacy of the risk management framework regarding the risks facing the Company. The Internal Audit Unit supports the Audit Committee of the Company. The Internal Audit Unit handles both planned and incidental checks of the risk management controls and procedures, the results of which are reported to the Audit Committee.

The structure of financial assets and liabilities is as follows:

In BGN'000	30 June 2025	31 December 2024
Financial assets		
Loans to related parties	67,221	66,549
Cash and cash equivalents	16,941	23,211
Debt instruments at fair value	4,001	-
Trade and other receivables	6,316	724
	94,479	90,484
Financial liabilities		
Interest-bearing loans	14,561	16,299
Lease liabilities	603	639
Loans and deposits from related parties	12,244	7,662
Trade and other payables	19	98
	27,427	24,698

a. Credit risk

The credit risk to which the Company is exposed is the risk of possible financial loss if a client or a party to a financial instrument fails to perform its contractual obligations, which arises principally from loans receivable from related parties.

Exposure to credit risk

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

In BGN'000	30 June 2025	31 December 2024
Cash and cash equivalents	16,940	23,211
Loans to related parties	67,221	66,549
Debt instruments at fair value	4,001	-
Trade and other receivables	6,316	724
	94,478	90,484

In general, the exposure to credit risk results from the individual characteristics of each debtor. However, management also 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 credit risk, especially in cases of deteriorating economic conditions.

The receivables of the Company as of 30 June 2025 originate mainly from related parties in relation to the investments in subsidiaries. The Management Board of the Company approves any amount of financing provided.

For the review of the measurement of net investments, the loans granted to subsidiaries form 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 for both repaying the loans received and for distributing dividends. In this regard, the Company monitors the collection and risks of loan repayment and investments in subsidiaries.

The analyses conducted as of 30 June 2025 of the specifics of the business sectors in which the subsidiaries operate and their expected development, as well as the established intragroup receivables, liabilities and cash flows management and monitoring policies of the Group, indicate the ability for 100% collection and servicing of loans.

The maximum exposure to credit risk at the reporting date by geographic regions was as follows:

In BGN'000	30 June 2025	31 December 2024
Receivables from Group companies, registered in Bulgaria	71,918	65,427
Receivables from Group companies, registered in third countries	1,619	1,846
	73,537	67,273

Investments

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

Guarantees

The Company's policy is 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, including settlement of financial liabilities, which is updated as necessary. This planning excludes the potential effect of extraordinary circumstances that may not be foreseen under usual conditions. Moreover, the Company follows up and secures its payments of current expenses and current 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 2025

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	14,561	(14,962)	(2,285)	(2,047)	(4,050)	(6,580)	-
Lease liabilities	603	(667)	(45)	(46)	(91)	(273)	(212)
Loans and deposits from related parties	12,244	(12,873)	(1,780)	(105)	(210)	(10,778)	-
Trade and other payables	19	(19)	(19)	-	-	-	-
	27,427	(28,521)	(4,129)	(2,198)	(4,351)	(17,631)	(212)

31 December 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	16,299	(16,815)	(2,076)	(2,062)	(4,079)	(8,598)	-
Lease liabilities	639	(712)	(45)	(45)	(91)	(273)	(258)
Loans and deposits from related parties	7,662	(8,148)	(728)	(70)	(140)	(7,210)	-
Trade and other payables	98	(98)	(98)	-	-	-	-
	24,698	(25,773)	(2,947)	(2,177)	(4,310)	(16,081)	(258)

It is not expected that the cash flows in the above table will occur much earlier or 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. Market risk management aims 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, assumes, provides and/or makes payments under loans denominated 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.

Exposure to currency risk

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

In BGN'000	30 June 2025			31 December 2024		
	BGN	EUR	USD	BGN	EUR	USD
Cash and cash equivalents	8	4	16,929	371	11	22,829
Receivables on loans and deposits to related companies	14,600	33,098	19,523	10,005	34,876	21,668
Trade and other receivables	6,255	6	55	647	6	71
Debt instruments at fair value	-	-	4,001	-	-	-
Interest-bearing loans	-	(14,561)	-	-	(16,299)	-
Lease liabilities	-	(603)	-	-	(639)	-
Loans and deposits from related parties	(1,658)	(10,586)	-	(7,662)	-	-
Trade and other payables	(19)	-	-	(98)	-	-
	19,186	7,358	40,508	3,263	17,955	44,568

EUR-denominated financial instruments do not cause currency risk because of the fixed exchange rate of the Bulgarian lev to EUR. Moreover, this risk is limited only to 31 December 2025 as a result of the decision taken for Bulgaria to join the euro area at the current fixed exchange rate. The following significant exchange rates are applicable during the period

In BGN'000	Average exchange rate for the period		Exchange rate on the reporting date	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
	US Dollar	1.79350	1.80748	1.66880
EUR	1.95583	1.95583	1.95583	1.95583

Sensitivity to foreign currency

The following table demonstrates the sensitivity to a possible change in the USD/BGN exchange rate, with all other variables constant. The impact on the Company's pre-tax profit is due to changes in the fair value of monetary assets. The Company's exposure to changes in foreign exchange rates for all other currencies is not material.

In BGN'000	Change in the exchange rate of US Dollar	Effect on the pre-tax profit
30 June 2025	1%	405
	-1%	(405)
31 December 2024	1%	446
	-1%	(446)

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 2025	31 December 2024
Fixed-rate instruments		
Financial assets	87,624	89,626
Financial liabilities	(27,304)	(24,581)
	60,320	65,045
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 2025 and 31 December 2024:

In BGN'000	30 June 2025	31 December 2024
Interest-bearing loans	14,555	16,292
Loans and deposits from related parties	12,146	7,650
Lease liabilities	603	639
Total interest-bearing liabilities	27,304	24,581
Total equity	282,983	281,640
Equity/ interest-bearing liabilities ratio	10.36	11.46

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 2025

In BGN'000	01 January 2025	Cash inflows	Cash outflows	Accruals under the effective interest rate method	Dividends accrued	Others	30 June 2025
Interest-bearing loans	16,299	223	(2,070)	109	-	-	14,561
Loans and deposits from related parties	639	-	(45)	9	-	-	603
Lease liabilities	7,662	4,496	-	86	-	-	12,244
Total interest-bearing liabilities:	24,600	4,719	(2,115)	204	-	-	27,408

Changes in liabilities arising from financing activities in 2024

In BGN'000	01 January 2024	Cash inflows	Cash outflows	Accruals under the effective interest rate method	Dividends accrued	Others	31 December 2024
Interest-bearing loans	18,109	1,457	(3,520)	253	-	-	16,299
Lease liabilities	694	-	(89)	18	-	16	639
Loans and deposits from related parties	294	8,300	(49)	67	-	(950)	7,662
Total liabilities from financing activities	19,097	9,757	(3,658)	338	-	(934)	24,600

25. 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.

26. EVENTS AFTER THE REPORTING DATE

In July 2025, under Contract No. 22F-001225, concluded with a commercial bank, besides those disclosed in Note 23, bank guarantees were also issued to Bulyard Shipbuilding Industry AD for BGN 200 thousand and to ZMM Bulgaria Holding EAD for BGN 16 thousand.

There have been no other material events after 30 June 2025 that require further adjustments and/or disclosures in these financial statements for the reporting period.