



INDUSTRIAL HOLDING BULGARIA PLC

**PUBLIC NOTIFICATION FOR FINANCIAL POSITION
ON A STAND-ALONE BASIS
30 SEPTEMBER 2025**

CORPORATE INFORMATION

Industrial Holding Bulgaria PLC (the Company) is a joint stock company (PLC) registered in the Republic of Bulgaria under Company File number 13081/1996, with its headquarters and registered office at 79, Knyaginya Maria Luiza Boulevard, Sofia City, Bulgaria. The Company's financial year ends on 31 December.

The Company's capital amounts to BGN 96,808,417. The company has a two-tier governance system comprising the Supervisory Board and the Management Board.

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

The existence of the Company shall be perpetual and the Company is not limited by other resolute condition.

Industrial Holding Bulgaria is entered into the Commercial Register kept by the Registry Agency under Unified Identification Code 121631219. The Company is registered in compliance with the Value Added Tax Act. The Company's shares are listed on the Bulgarian Stock Exchange AD in Sofia.

SEPARATE STATEMENT OF THE PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30 September 2025

in BGN'000	30 September 2025	30 September 2024
Interest and dividend income	7,874	6,969
Other income	-	5
	7,874	6,974
Employee benefit expenses	(624)	(610)
Hired service expenses	(171)	(193)
Other operating expenses	(193)	(220)
Operating profit	6,886	5,951
Finance income	-	820
Finance costs	(5,559)	(968)
Operating profit before taxes	1,327	5,803
Income tax (expense)/benefit	-	(10)
Profit for the period	1,327	5,793
Other comprehensive income	-	-
Total comprehensive income for the period	1,327	5,793

SEPARATE STATEMENT OF FINANCIAL POSITION

As of 30 September 2025

in BGN'000	30 September 2025	31 December 2024
Assets		
Non – current assets		
Non-current tangible and intangible assets	351	401
Right-to-use assets	563	623
Investments in subsidiaries	215,031	215,031
Debt instruments at fair value	4,009	-
Loans to related parties	67,897	61,604
Differed tax asset	-	5
Total non-current assets	287,851	277,664
Current assets		
Loans to related parties	4,937	4,945
Trade and other receivables	5,997	744
Debt instruments at fair value	73	-
Cash and cash equivalents	17,760	23,211
Total current assets	28,767	28,900
TOTAL ASSETS	316,618	306,564
Equity and liabilities		
Equity		
Share capital	96,808	96,808
Share premium	31,016	31,016
Statutory and other reserves	9,805	9,661
Retained earnings	145,482	144,155
Total equity	283,111	281,640
Non-current liabilities		
Interest-bearing bank loans	9,433	12,373
Loans and deposits from related parties	16,930	7,000
Lease liabilities	508	565
Retirement benefit liabilities	27	27
Deferred tax liabilities	11	-
Total non-current liabilities	26,909	19,965
Current liabilities		
Interest-bearing bank loans	6,319	3,926
Loans and deposits from related parties	166	662
Lease liabilities	76	74
Trade and other payables	37	120
Income tax liabilities	-	177
Total current liabilities	6,598	4,959
Total liabilities	33,507	24,924
TOTAL EQUITY AND LIABILITIES	316,618	306,564

SEPARATE STATEMENT OF CASH FLOWS

For the period ended 30 September 2025

in BGN'000	30 September 2025	30 September 2024
Operating activity		
Dividends received	929	2,495
Cash loans repaid from related parties	4,753	30,654
Cash loans to related parties	(13,432)	(45,363)
Interest received on loans to related parties	1,034	1,028
Payments for the acquisition of stocks and shares, and for increasing the capital of subsidiaries	-	(26,972)
Proceeds from the reduction of capital of subsidiaries	-	14,422
Purchase of debt instruments (US government securities)	(4,024)	(9,349)
Proceeds from the sale/maturing of debt instruments (US government securities)	-	10,157
Interest received on bank deposits	456	961
Income taxes paid	(177)	-
Employee benefit payments	(623)	(608)
Foreign exchange differences	(2,517)	185
Other proceeds / (payments) from/to contractors, net	(333)	(368)
Net cash flows from operating activity	(13,934)	(22,758)
Investing activity		
Purchase of non-current tangible and intangible assets	-	(236)
Net cash flows from investing activity	-	(236)
Financing activity		
Interest-bearing bank loans received	2,394	1,457
Principal paid on interest-bearing bank loans	(2,940)	(2,286)
Interest and charges paid on interest-bearing bank loans	(183)	(219)
Loans and deposits from related parties	9,280	5,500
Lease liabilities paid	(55)	(53)
Interest paid on leases	(13)	(14)
Net cash flows from financing activity	8,483	4,385
Net increase of cash and cash equivalents	(5,451)	(18,609)
Cash and cash equivalents on 1 January	23,211	38,313
Cash and cash equivalents on 30 September	17,760	19,704

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2025

	Share capital	Share premium	Statutory and additional reserves	Reserve from revaluation of debt instruments	Retained earnings	Total
in BGN'000						
On 1 January 2024	96,808	31,016	9,661	-	128,518	266,003
Comprehensive income for the period						
Profit for the period	-	-	-	-	5,793	5,793
Total comprehensive income for the period	-	-	-	-	5,793	5,793
On 30 September 2024	96,808	31,016	9,661	-	134,311	271,796
On 1 January 2025	96,808	31,016	9,661	-	144,155	281,640
Comprehensive income for the period						
Profit for the period	-	-	-	-	1,327	1,327
Other comprehensive income for the period	-	-	-	144	-	144
Total comprehensive income for the period	-	-	-	144	1,327	1,471
On 30 September 2025	96,808	31,016	9,661	144	145,482	283,111

1. INTEREST AND DIVIDEND INCOME

in BGN'000	30 September 2025	30 September 2024
Dividend income	6,161	4,935
Interest income	1,713	2,034
	7,874	6,969

Dividend income in the first nine months of 2025 (the first nine months of 2024) is distributed as follows:

in BGN'000	30 September 2025	30 September 2024
Bulyard Shipbuilding Industry EAD	3,560	-
ZMM Bulgaria Holding EAD	2,188	2,163
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 nine months of 2025 (the first nine months of 2024 is as follows:

in BGN'000	30 September 2025	30 September 2024
Interest income on loans – related parties	1,158	1,034
Interest income on deposits with banks - related parties	328	713
Interest income on deposits with banks - unrelated parties	156	172
Interest income on short-term government securities	71	115
	1,713	2,034

2. EMPLOYEE BENEFITS

in BGN'000	30 September 2025	30 September 2024
Wages and salaries	(538)	(525)
Social insurance costs and other fringe benefits	(86)	(85)
	(624)	(610)

3. OTHER OPERATING EXPENSES

in BGN'000	30 September 2025	30 September 2024
Depreciation / amortisation expenses	(110)	(104)
Costs of materials	(12)	(14)
Other operating expenses	(71)	(102)
	(193)	(220)

4. FINANCE INCOME AND FINANCE COSTS

in BGN'000	30 September 2025	30 September 2024
Profit from the sale of debt instruments (US government securities)	-	820
Finance income	-	820

in BGN'000	30 September 2025	30 September 2024
Foreign exchange losses, net	(5,208)	(683)
Interest expenses on interest-bearing bank loans	(161)	(194)
Interest expenses on loans and deposits from related parties	(154)	(35)
Interest expenses on leases	(13)	(14)
Bank charges on interest-bearing bank loans	(21)	(24)
Other finance costs	(2)	(18)
Finance costs	(5,559)	(968)

5. INCOME TAX

The reconciliation of income tax expenses and the accounting profit multiplied by the applicable rate for the periods ended 30 September 2025 and 30 September 2024 is as follows:

in BGN'000	30 September 2025	30 September 2024
Profit before taxes	1,327	5,803
Income tax expense at the applicable tax rate of 10% (2024: 10%)	(133)	(580)
Income, exempt from taxation – dividends	616	494
Utilisation of tax losses for which no deferred tax asset has been recognised	-	76
Unrecognised deferred tax asset on a tax loss for the current year	(483)	-
Income tax expense at an effective tax rate of 0 % (2024: 0.17 %)	-	(10)

As of 30 September 2025, the Company reported a deferred tax liability of BGN 11 thousand (as of 31 December 2024: a deferred tax asset of BGN 5 thousand).

6. INVESTMENTS IN SUBSIDIARIES

Investments, held by the Company as of 30 September 2025 и към 31 December 2024 are as follows:

in BGN'000	Country of registration	Amount of the shareholding as of 30 September 2025	Percentage of the shareholding as of 30 September 2025	Amount of the shareholding as of 31 December 2024	Percentage of the 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 Burgas 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	

7. CASH AND CASH EQUIVALENTS

in BGN'000	30 September 2025	31 December 2024
Cash with banks-related parties	11,683	16,266
Cash with banks-others	6,076	6,945
Cash on hand	1	-
Cash and cash equivalents presented in the Statement of Cash Flows	17,760	23,211
Restricted cash	-	-
Cash and cash equivalents presented in the Statement of Financial Position	17,760	23,211

Cash denominated in BGN is measured at its nominal value, and that denominated in foreign currency is measured at the closing exchange rate of BNB at the end of the reporting period. Foreign exchange differences are reported as current income and expenses, respectively.

Aiming to manage the cash available in US Dollars and earn revenue, the Company contracted short-term deposits (maturing within three months).

8. INTEREST-BEARING LOANS

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

in BGN'000	Currency	Interest rate %	Maturity	30 September 2025	31 December 2024
Bank loan contract No. 22F-000155 of 24 February 2022	EUR	1.40%	2029	9,433	12,373
				9,433	12,373

Current portion of long-term interest-bearing bank loans

in BGN'000	Currency	Interest rate %	Maturity	30 September 2025	31 December 2024
Bank loan contract No. 22F-000155 of 24 February 2022	EUR	1.40%	2029	3,925	3,926
Bank loan contract No. 22F-001225 of 07 November 2022	BGN	РЛП + 1.7%	2023	2,394	-
				6,319	3,926

in BGN'000		30 September 2025	31 December 2024
Principal payable		15,746	16,292
Interest payable		6	7
		15,752	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 granted a total limit for working capital financing, issuance of bank guarantees and letters of credit of the Holding and/or its Group companies in the amount of up to BGN 12,000 thousand. In October 2024, an annex was signed for revolving the part of the loan used as overdraft until 04 November 2025. As of the date of issue of this public notification, the Company is in the process of signing an annex for the extension of the line until 04 November 2026. The current floating interest rates are as follows: (a) for loans denominated in EUR – a one-month EURIBOR + 1.2%, but not less than 1.2%; (b) for loans denominated in BGN – the reference interest rate of the financing bank + 1.7%, but not less than 1.7%. The agreement is secured by mortgages on real estate (land and buildings) of a Group company, which is also a guarantor under the loan. The amount of BGN 2,394 thousand was utilised under the contract as of 30 September 2025.

9. LEASE

Industrial Holding Bulgaria used an office under an office rental agreement concluded with a company under joint control of the persons exercising control for a 10-year term.

The lease liability represents the discounted amount of the estimated rental payments under a contract for the rent of an office (a building). The Company also recognised a right-of-use asset under the same contract.

Lease liability

in BGN'000	30 September 2025	31 December 2024
Balance at the beginning of the period	639	694
Recalculation of the lease liabilities due to modification	-	16
Interest expenses for the period	13	18
Lease payments for the period	(68)	(89)
Balance at the end of the period	584	639
Long-term portion	508	565
Short-term portion	76	74

10. EQUITY

The share capital is stated at par according to the registration with the Commercial register.

in BGN'000	30 September 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

As of 30 September 2025, the Company's capital comprised 96,808,417 dematerialised registered voting shares with a nominal value of BGN 1 each, listed for trading on the Bulgarian Stock Exchange. The share capital is subscribed to at its nominal amount and is fully paid in. There are no preference shares or bearer's shares.

The shareholders of Industrial Holding Bulgaria PLC holding directly more than 5% of the company's capital as of 30 September 2025 are as follows:

in BGN'000	Number of shares as of 30 September 2025	30 September 2025
BULLS AD	66,315,651	68.50%
DZH AD	9,657,874	9.98%
Other natural persons and legal entities	20,834,892	21.52%
	96,808,417	100.00%

Treasury shares redeemed

By a decision of the General Meeting of Shareholders of Industrial Holding Bulgaria PLC dated 18 November 2021, another 5-year procedure was initiated with the following parameters:

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

Allianz Bank Bulgaria AD was elected as an investment intermediary.

The Company did not hold treasury shares redeemed as of 30 September 2025.

11. RELATED PARTY DISCLOSURES

The Company is a related party with the following persons in accordance with the definitions of IAS 24:

I. Persons exercising control

- Bulls AD, a company that holds directly 68.50% 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 personnel, including the Management 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 personnel

V. Subsidiaries

- Subsidiaries in which the Company holds direct control
The direct subsidiaries of Industrial Holding Bulgaria PLC as of 30 September 2025 and 31 December 2024 are disclosed in Investments in subsidiaries.
- Indirect subsidiaries
- Subsidiaries in which the Company holds indirect control
 - subsidiaries of the direct subsidiary ZMM Bulgaria Holding EAD - ZMM Sliven AD and ZMM Nova Zagora AD, and IHB Metal Castings 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. On 22 October 2025, Maritime Holding AD sold its interest in the subsidiary to an unrelated party.

VI. Associated companies

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

11.1. RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES

Loans to related parties

in BGN'000		30 September 2025	31 December 2024
Subsidiaries	Non-current portion of long-term loans	67,846	61,553
Associated companies	Non-current portion of long-term loans	51	51
		67,897	61,604
Subsidiaries	Current portion of long-term loans	4,930	4,941
Associated companies	Current portion of long-term loans	7	4
		4,937	4,945
		72,834	66,549
	Principal	72,607	66,415
	Interest	227	134

The loan originated to Karvuna Ltd in the amount of BGN 1,340 thousand was secured by a sea mortgage on m/v Karvuna, owned by the subsidiary.

Trade and other receivables from related parties

in BGN'000		30 September 2025	31 December 2024
Subsidiaries	Dividends	5,603	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	60	71
Entities under joint control of the persons exercising control.	Deposit under a rental agreement	6	6
	Prepayments	8	3
		5,677	455

Trade and other payables to related parties

in BGN'000		30 September 2025	31 December 2024
Entities under joint control of the persons exercising control	Payables to suppliers	-	3
		-	3

Cash with banks - related parties

in BGN'000		30 September 2025	31 December 2024
Entities over which the persons with control exercise significant influence or are members of their key management personnel		11,683	16,266
		-	-
		11,683	16,266

Loans from related parties

in BGN'000		30 September 2025	31 December 2024
Persons exercising control	Non-current portion of long-term loans	14,630	7,000
	Current portion of long-term loans	146	11
		14,776	7,011
	Principal	14,630	7,000
	Interest	146	11

Deposits from related parties

in BGN'000		30 September 2025	31 December 2024
Subsidiaries	Non-current portion of long-term deposits	2,300	-
Subsidiaries	Current portion of long-term and short-term deposits	20	651
		2,320	651
	Principal	2,300	650
	Interest	20	1

Lease liabilities under contracts with related parties

in BGN'000		30 September 2025	31 December 2024
Entities under joint control of the persons exercising control		584	639
Balance at the period-end		584	639
Long-term portion		508	565
Short-term portion		76	74

The fee due under a lease contract concluded with a company under joint control of the persons exercising control in the first nine months of 2025 is BGN 68 thousand and the cash outflow is BGN 68 thousand.

11.2. RELATED PARTY TRANSACTIONS**Sales transactions**

in BGN'000		30 September 2025	30 September 2024
Dividend income	Subsidiaries	6,161	4,935
		6,161	4,935

Purchase transactions

in BGN'000		30 September 2025	30 September 2024
Hired service expenses	Entities over which the persons with control exercise significant influence or are members of their key management personnel	16	9
Other expenses	Entities under joint control of the persons exercising control	34	31
Other finance costs	Entities over which the persons with control exercise significant influence or are members of their key management personnel	-	1
		50	41

Loans to related parties

in BGN'000		Loans granted	Non-monetary increase/ (decrease)	Received principal	Interest income	Received interest
Subsidiaries	30 September 2025	(13,432)	-	4,753	1,155	1,034
Associated companies	30 September 2025	-	-	-	3	-
Subsidiaries	30 September 2024	(45,363)	-	30,654	1,031	1,028
Associated companies	30 September 2024	-	-	-	3	-
	30 September 2025	(13,432)	-	4,753	1,158	1,034
	30 September 2024	(45,363)	-	30,654	1,034	1,028

Loans granted as of 30 September 2025 mature in 2025-2032. The agreed interest rates vary from 2.1% to 3.30%, 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 nine months of 2025 amounts to BGN 328 thousand. Interest on deposits paid by the bank during the period amounted to BGN 339 thousand.

Loans from related parties

in BGN'000		Loans received	Non-monetary increases/ (decreases)	Reimbursed principal	Interest expenses	Paid interest
Persons exercising control	30 September 2025	7,630	-	-	(135)	-
Persons exercising control	30 September 2024	4,850	-	-	(29)	-
	30 September 2025	7,630	-	-	(135)	-
	30 September 2024	4,850	-	-	(29)	-

Deposits from related parties

in BGN'000		Deposits received	Non-monetary increases/ (decreases)	Reimbursed principal	Interest expenses	Paid interest
Subsidiaries	30 September 2025	1,650	-	-	(19)	-
Subsidiaries	30 September 2024	650	(950)	-	(6)	-
	30 September 2025	1,650	-	-	(19)	-
	30 September 2024	650	(950)	-	(6)	-

Terms and conditions of related party transactions

The sales to and purchases from related parties are made on contractual terms. Outstanding balances at the year-end are unsecured (except for loans) and interest-free (except for specific loans), and settlement occurs in cash. No guarantees have been provided or received for any related party receivables or payables. The Company has recognised no impairment losses as of 30 September 2025 (31 December 2024: Nil). An impairment testing is carried out each financial year based on an analysis of the financial performance of the related party and the market in which the related party operates.

12. 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 September 2025:

- bank guarantees totalling BGN 300 thousand were issued to Group companies, namely Bulyard Shipbuilding Industry EAD - BGN 200 thousand, ZMM Bulgaria Holding EAD - BGN 65 thousand, IHB Metal Castings AD - BGN 20 thousand, and ZMM Nova Zagora - BGN 15 thousand (31 December 2024: BGN 29 thousand).

The unutilised limit under Contract No. 22F-001225 amounted to BGN 9,306 thousand as of 30 September 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, totalling USD 52,175 thousand, and any possible interest for delay. Guarantees are valid until all advance payments (from first to fourth) are paid, 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 cross-bank guarantees from the seller, transferred the first advance payment of USD 19,113 thousand in total.

In October 2025, Industrial Holding Bulgaria PLC and the other shareholders of Maritime Holding AD entered into a guarantee agreement securing the performance of Maritime Holding AD's obligations under a sale transaction with a total value of EUR 1,450 thousand for its shares in Bulgarian Register of Shipping EAD. The agreement is for a period of four years and covers any future property damage suffered by the buyer, up to a maximum of EUR 1,305 thousand. Each shareholder's guarantee is proportional to their shareholding in Maritime Holding AD.

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.

13. DESCRIPTION OF THE MAJOR RISKS AND UNCERTAINTIES FACED BY THE COMPANY

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.

Non-systematic risks specific to the Company

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

As the activity of IHB relates to the management of other companies' assets, it is exposed to the Group subsidiaries' industry risks. The Holding's investments are focused on businesses characterised by the slow rotation of funds invested (machine-building), dependence on energy and other resources (machine-building, ship repair, maritime transport), and high cyclicity (ship repair, shop design, maritime transport, and port activity), thus reducing the return on the whole 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, as well as the China's protectionist policies towards imports from the US 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 driven by objective economic or political circumstances—expanding war conflicts around the world, political uncertainty in many places, sanctions imposed and changes in the customs policies of leading economies, restrictions on trade adopted by a number of countries, and refugee flows. This risk impedes the free movement of goods and people, alters trade flows and transport corridors, and 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 climate change-related risks. On the one hand, these risks can have a significant impact on the building stock and machinery, requiring adaptation arrangements to be put in place (such as the use of sustainable building materials, energy efficiency measures, changes in the design process, investments in low-energy technologies, etc.) to minimise the adverse effects. On the other hand, climate change poses threats to employees' health and safety. Higher temperatures and worsening air quality increase the risk of health issues and reduce productivity, requiring additional adaptation measures (cooling the working environment, provision of rest areas, health programs, etc.). Natural disasters, such as floods, earthquakes and other events caused by these risks, can result in both loss of human life and significant financial losses, significantly affecting economic stability and growth. The impact of similar events can often extend beyond the borders of the country where they occur and threaten large areas in neighbouring countries.

Along with the direct impact on assets and employees, climate risks also affect the insurance market—there has been an increase in insurance premiums and, at the same time, a reduction in coverage, which further increases 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

Domestic and international legislation on ecology requires compliance with a number of measures to prevent, control, and reduce various types of environmental pollution. In recent years, the trend has been to increase regulations in this area significantly. The pressure to phase out traditional energy sources, such as coal, oil, and gas, is growing worldwide. Restrictive duties are being imposed on imports of raw materials from countries that do not follow the European Union's environmental policies, and other financial burdens are being imposed to offset the 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 free 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 poses difficulties on the supply chain, and has an adverse impact on all economic agents. Possible extension/reduction of restrictive measures in individual countries is a risk that can lead very quickly to both improvement and deterioration of the external environment, and has an impact on the trade partners of the Group companies.

Risks associated with fraud and abuse

The changing environment, combined with the expanding use of new technologies, has intensified the risk of fraud and abuse, including risks 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 supply and prices of raw materials, materials, and various energy sources. Disrupted supplies lead to higher prices, which, in turn, have an unfavourable effect on the results of manufacturing companies operating in metal-intensive, energy-intensive segments, such as machine building and ship repair. Maritime transport is dependent on fuel prices. The impact of changes in the market price of electric energy is similar, as it is subject to international supply and demand and determined by factors beyond management's control. 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 long-term trend of a declining and ageing population in our country reduces the number of working-age people. Employees' professional qualities directly affect entities' financial results and innovation performance. The risk is intensified by the convertibility of some professions and the high worldwide demand for such staff.

Management has adopted a long-term approach to human resource management, including the preliminary and subsequent qualification of staff, close cooperation with the country's academic society, and the attraction of 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, which differ between sectors. The most affected segments are those of ship repair, ship design, and port activities.

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 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 charterer, managers consider their credit rating, reputation, popularity, recommendations, and more.

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 the policy of the Group to issue financial guarantees only to Group companies and only after obtaining preliminary approval from the Company's competent bodies. There is a risk that the guarantees may be utilised in the event of non-performance of the covered liabilities. In case of need, the subsidiaries utilise funds from the credit limit agreed with IHB to open letters of credit and issue 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 from delayed client payments. The Group companies prepare financial plans to cover their expenses and current payables for 90 days. Where possible, a deferred payment to suppliers and subcontractors is applied in combination with the above measures, without negatively affecting their businesses. The Holding's management supports the Group companies' efforts to attract bank financing for investments and capacity utilisation, 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 make purchases and/or sales and/or receive loans in currencies other than their functional currency. Aiming to reduce the Group's exposure to currency risk, the Holding's management is seeking to minimise payments in foreign currencies other than the functional currency in the operating activities of most companies. The goal is that transactions with customers and suppliers are agreed primarily in BGN and EUR for companies whose functional currency is the Bulgarian lev, and in USD for 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 US Dollar exchange rate affecting the free cash flows generated by maritime transport. In some cases, there could be tax effects.

Selling goods and services in euros limits currency risk, but may adversely affect the competitiveness of some subsidiaries. This impact is significant in the engineering industry, where changes in the US dollar exchange rate against the euro affect the price positioning of lathes on dollar markets. Currency fluctuations change their relative price and require a careful balance between currency stability and market presence.

Interest rate risk

The Group companies are exposed to interest rate risk in financing arrangements that include a floating interest rate component and a margin. In managing this risk, management seeks to either negotiate fixed-rate loans or enter hedging transactions to minimise the effects of changes in the floating interest rate component. There has been a tendency among leading Central Banks to loosen monetary policy in response to slowing inflation, leading to a corresponding reduction in key interest rates.

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 parts of the world are intensifying. These risks cannot be managed and controlled by the management team.

14. TRENDS FOR BUSINESSES, IN WHICH THE GROUP COMPANIES OPERATE

Maritime transport

The freight market remained volatile during the first nine months 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 US, pose additional risks to global economic growth and the stability of freight flows. A 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.

Over the nine months, shipping difficulties persisted due to tensions in the Red Sea region, leading to limited passage through the Suez Canal and partial rerouting of traffic around the Cape of Good Hope. As a result, some routes saw freight rates rise due to longer distances, while others remained exposed to the risk of overcapacity and price pressure. Demand for key commodities such as iron ore, coal, and grain remained stable but without significant growth, with the market remaining sensitive to short-term changes in global trade.

The market for new shipbuilding has declined significantly due to high prices, uncertainty about future fuel technologies, and weak demand. On the other hand, activity in the ship scrapping market has picked up, with older ships with lower environmental performance gradually being taken out of service. That is expected to limit supply and help improve the balance between demand and capacity in the medium term.

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, including the implementation of the FuelEU Maritime regulation, with an extended scope to include methane and nitrogen oxides. In response, in 2025, the Group took steps to use biofuels as an alternative to fossil fuels in its own fleet on specific routes where their use 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 low sailing speeds and, respectively, put significant price pressure on freight rates. 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, the Carbon Intensity Index (CII) for 2024, one ship 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, including the selection of key equipment for the Group's three new Ultramaxs, awarded for construction in 2024, and the 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 combined crews—Bulgarian and foreign.

Ship building and ship repair

During the first nine months of 2025, the ship repair market remained active, though order volumes fluctuated. The ongoing tension in the Red Sea and the Middle East has affected logistics, leading to a partial shift of repair activities to the Mediterranean and Europe. Against the backdrop of high material and energy prices, shipowners are more sensitive to the cost, timing, and volume of repairs. Turkish shipyards, a traditional competitor in the region, are facing rising production costs and inflationary pressure on the local economy, which maintains competitive advantages for companies in Europe and Bulgaria.

After the end of the mandatory installation period for ballast water management systems, demand for such services naturally declined. Interest in activities related to energy efficiency and fleet decarbonisation remains limited for the time being. In the third quarter, the low freight market also affected the ship repair sector, with some shipowners limiting or postponing repairs due to limited financial resources and opportunities to extend certificates. That has led to a temporary decrease in both the number and volume of repair orders for **Bulyard Shipbuilding Industry**.

At the end of the period, there was an upturn in repair requests, with actual implementation expected at the end of this year and the beginning of next year. Companies in the ship repair industry continue to face a shortage of skilled workers and rising labour costs, which limit their ability to increase profitability.

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 sector development. The market remains constrained by escalating military conflicts and a deteriorating economic environment, prompting shipowners to be more cautious about investment intentions for new construction and the reconstruction of existing vessels.

At the same time, there is increased interest in design services in specialised niches – ships for the fishing industry, general-purpose offshore vessels, as well as icebreakers and polar vessels. The latter are gaining importance due to the strategic role of northern sea routes, which allow conflict zones and blockages in southern trade corridors to be avoided, as well as to fleet renewal programs in the Arctic.

After a period of stagnation, the cruise travel sector is gradually recovering, leading to growing demand for design services for both new construction and the modernisation of existing ships with improved energy performance. There is also increasing interest in solutions to improve the fleet's energy efficiency, including the use of renewable energy sources for propulsion, such as wind sails and rotors, and hybrid systems that enhance energy performance.

The management of **IHB Shipdesign** follows trends in international standards and environmental protection policies. It is planned to increase the proportion of ships to be retrofitted to decarbonise and reduce carbon emissions. The development of so-called ship hybridisation, aimed at reducing fuel costs, is expected, alongside an increased demand for engineering services to bring ships into operation in line with carbon intensity regulations (CI).

Port operations

During the first nine months of 2025, the market for cereals and oilseeds remained dynamic, influenced by geopolitical factors and fluctuations in global demand. Globally, trade in the sector slowed due to weaker demand from China and changes in logistics routes. In Bulgaria, wheat yields remained at average levels, but in some regions the quality was lower, which affected export volumes. At the same time, the shift in trade destinations toward closer markets reduced demand for larger-tonnage vessels. Corn, barley, and sunflower yields were lower, resulting in lower trade volumes.

The metals and fertilisers market also had a significant impact on cargo turnover during the nine months. Metals saw increased demand for industrial applications, while fertilisers reported stronger dynamics in both imports and packaging. These trends led to a more even workload at the Group's terminals during the reporting period. At the same time, the military conflict in the Black Sea region continues to have an adverse impact on regional trade and logistics, remaining a factor of uncertainty for the port business. Additional risks arise from geopolitical tensions in other parts of the world and changes in the trade policies of leading countries.

The port terminals of **Odessos PBM and KRZ Port Burgas** are part of the public transport ports in Varna and Burgas, whose development depends directly on economic activity in Bulgaria and in the countries of the Mediterranean and Black Sea regions.

The terminals in Varna and Burgas focus on building new capacities and storage facilities to improve and accelerate the processing of cereals and other cargo, thereby strengthening the competitive environment. The two terminals of the Group are also gradually expanding their capabilities. In Odessos PBM, the port expansion has been completed, and its certification is forthcoming. At KRZ Port Burgas, it is expected that construction work on the new berths and associated logistics structure will intensify in 2026.

Bulport Logistics offers services for small and mid-sized vessels, yacht mooring, small-vessel docking for repairs, office rental, and storage and production activities. The gradual abatement of the pandemic's effects has increased demand for production premises combined with office space.

The warehouse space market in the country is characterised by growing demand for modern logistics solutions, automated systems, and round-the-clock operations. There is increased interest in modular warehouse solutions that allow flexible, customer-specific space customisation and meet higher energy efficiency standards. Bulport's proximity to key transport links – motorways, ports, and the railway network – creates conditions for sustainable competitive advantage for the company and the opportunity to serve diverse cargo and customers. The company has focused on developing its warehousing and logistics operations by gradually renovating existing buildings and sites, and improving the area's infrastructure to better respond to changing market trends.

The Company continues to expand the scope of services it offers. A parking lot for 160 cars, a 50 kW fast-charging station, and a 150 kW two-connector fast-charging station, available at all times of day or night, have been built. Since March 2025, another 200 kW fast-charging station has been put into operation. Heating for part of the buildings is provided by geothermal energy.

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. In the nine months of 2025, the Group reports increased demand for heavier machines and by markets – growth in countries such as Ukraine, the Czech Republic, and Austria.

However, sales in Europe remain lower due to the complicated geopolitical environment, which continues to prevent some investors from implementing new production projects. The effect has been partially offset by the Group's penetration into a new market in Mexico and by intensified customer interest in Central and South America. Customers' activity decreased at period-end, which is unusual after the summer months.

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 remains the key market, with a focus on precision and sustainability. The change in US customs policy, combined with the weakening of the US dollar against the euro, poses further challenges for European manufacturers of metal-cutting machines, including ZMM Bulgaria Holding. In a mid-term perspective, there is a risk that Asian producers' competition intensifies, as they could redirect some of their capacity to Europe due to uncertainty and trade restrictions on the American market. In parallel, growing investments in the European military industry create additional opportunities for the machine-building enterprises.

Despite economic and geopolitical instability in the reporting period, the sector remains relatively stable. Profitability is expected to increase for market players that implement innovative automation and renewable energy solutions. The ability to use its own electricity from the machine-building group's operating solar plants positively impacts both the cost-effectiveness and the energy footprint of products. It is expected that these effects will be even greater after the scheduled installation of a battery at ZMM Sliven.

The machine-building industry faces several key challenges and opportunities:

- Intense competition: the market is highly competitive, with the established international players seeking to gain a competitive edge through product innovation and partnerships. In Europe, ZMM Bulgaria Holding is the only manufacturer of a wide range of universal lathes.
- Increasing focus on sustainability: the industry is witnessing a shift toward sustainable manufacturing practices. Machines that optimise material use, reduce energy consumption, and minimise waste are gaining market share.

15. INFORMATION PURSUANT TO APPENDIX N 4 TO ORDINANCE N 2 ON INITIAL AND SUBSEQUENT DISCLOSURE OF INFORMATION IN PUBLIC OFFERING OF SECURITIES AND ADMISSION OF SECURITIES TO TRADING ON A REGULATED MARKET

Change in individuals exercising control over the company

There were no changes in the ultimate persons exercising control over the Company as of 30 September 2025.

As of 30 September 2025, Industrial Holding Bulgaria had information about the following shareholders holding more than 5% of the votes at the General Meeting, 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 September 2025: 66,315,651 shares held directly, representing 68.50% of the capital.

2. DZH AD

Number of voting shares and their share of the votes at the General Meeting of Shareholders of the company:

As of 30 September 2025: 9,657,874 shares held directly, representing 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 September 2025: 41,044 shares held directly, representing 0.04% of the capital and through related parties 9,658,520 shares held directly, representing 9.98% of the capital, or directly and through related parties in total 9,699,564, representing 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 September 2025: 646 shares held directly, representing 0.0007 of the capital and through related parties 9,698,918 shares held directly, representing 10.02% of the votes, and controlled through Bulls AD 66,315,651 shares held directly, representing 68.50% of the capital, or directly and through related parties and through controlled parties 76,015,2145 representing 78.52% of the capital.

Dimitar Georgiev Zhelev controls Bulls AD.

Dimitar Zhelev and Daneta Zheleva are spouses.

Initiation of bankruptcy 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.

Conclusion or performance of significant transactions

There is no such circumstance during the reporting period.

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

There is no such circumstance.

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

There is no such circumstance.

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 per cent of the equity of Industrial Holding Bulgaria PLC.

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

In December 2024, the General Meeting of Shareholders of ZMM Nova Zagora AD resolved on increasing the company's capital. In this procedure, only the parent company, ZMM Bulgaria Holding EAD, subscribed for new shares, and the other shareholders did not exercise their rights. As a result, the Group's share in ZMM Nova Zagora AD increased from 95.98% to 99.31%. The increase of the subsidiary's capital was entered into the Commercial Register in March 2025.

In October 2025, Maritime Holding AD, a subsidiary of Industrial Holding Bulgaria PLC, sold its shares in Bulgarian Register of Shipping EAD, which is 100% of its capital. The transaction value is EUR 1,450 thousand, and the buyer is a Bulgarian company not related to Industrial Holding Bulgaria PLC.

Other circumstances deemed by the Company as being of importance to the investors in taking a decision to acquire or to continue to hold publicly offered securities

N/A

This Public Notification has been prepared in accordance with the requirements of Art. 100o1, par. 4 of POSA.

Daneta Zheleva
Chief Executive Officer
Industrial Holding Bulgaria PLC

Ivan Rashkov
Chief Accountant

Vladislava Zgureva
Investors Relations Director