



INDUSTRIAL HOLDING BULGARIA PLC

**PUBLIC NOTIFICATION FOR FINANCIAL POSITION
ON A STAND-ALONE BASIS
31 MARCH 2026**

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.

On 1 January 2026, following the adoption of the euro as the official currency of the Republic of Bulgaria, the Company's capital became EUR 49,372,292.67, divided into 96,808,417 shares with a nominal value of EUR 0.51 each. The currency translation was carried out in accordance with applicable legislation. The Company uses a two-tier governance system: a Supervisory Board and a Management Board.

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

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

Industrial Holding Bulgaria is entered in 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 31 March 2026

in EUR'000	31 March 2026	31 March 2025
Interest and dividend income	312	508
Other income	-	-
	312	508
Employee benefit expenses	(102)	(102)
Hired service expenses	(42)	(46)
Other operating expenses	(31)	(29)
Operating profit	137	331
Finance income	475	-
Finance costs	(79)	(962)
Operating profit before taxes	533	(631)
Income tax (expense)/benefit	-	-
Profit for the period	533	(631)
Other comprehensive income	-	-
Total comprehensive income for the period	533	(631)

SEPARATE STATEMENT OF FINANCIAL POSITION

As of 31 March 2026

in EUR'000	31 March 2026	31 December 2025
Assets		
Non – current assets		
Non-current tangible and intangible assets	167	173
Right-to-use assets	274	285
Investments in subsidiaries	109,944	109,944
Debt instruments at fair value	2,032	2,039
Loans to related parties	36,025	35,507
Differed tax asset	4	-
Total non-current assets	148,446	147,948
Current assets		
Loans to related parties	1,476	1,330
Trade and other receivables	2,080	2,507
Cash and cash equivalents	11,382	10,195
Total current assets	14,938	14,032
TOTAL ASSETS	163,384	161,980
Equity and liabilities		
Equity		
Share capital	49,372	49,497
Share premium	15,858	15,858
Statutory and other reserves	4,924	4,980
Retained earnings	75,680	75,022
Total equity	145,834	145,357
Non-current liabilities		
Interest-bearing bank loans	3,821	4,323
Loans and deposits from related parties	6,230	7,480
Lease liabilities	246	256
Retirement benefit liabilities	8	8
Deferred tax liabilities	-	3
Total non-current liabilities	10,305	12,070
Current liabilities		
Interest-bearing bank loans	5,148	2,849
Loans and deposits from related parties	2,030	1,626
Lease liabilities	40	40
Trade and other payables	27	38
Total current liabilities	7,245	4,553
Total liabilities	17,550	16,623
TOTAL EQUITY AND LIABILITIES	163,384	161,980

SEPARATE STATEMENT OF CASH FLOWS

For the period ended 31 March 2026

in EUR'000	31 March 2026	31 March 2025
Operating activity		
Dividends received	409	250
Cash loans repaid from related parties	1,138	1,468
Cash loans to related parties	(1,599)	(1,176)
Interest received on loans to related parties	172	95
Interest received on debt instruments (US government securities)	14	-
Interest received on bank deposits	95	103
Employee benefit payments	(100)	(101)
Foreign exchange differences	255	(469)
Other proceeds / (payments) from/to contractors, net	(60)	(60)
Net cash flows from operating activity	324	110
Investing activity		
Net cash flows from investing activity	-	-
Financing activity		
Interest-bearing bank loans received	2,299	-
Principal paid on interest-bearing bank loans	(501)	(501)
Interest and charges paid on interest-bearing bank loans	(33)	(32)
Loans and deposits from related parties	410	306
Repaid loans and refunded deposits from related parties	(1,250)	-
Interest paid on loans and deposits from related parties	(50)	-
Lease liabilities paid	(10)	(9)
Interest paid on leases	(2)	(2)
Net cash flows from / (used in) financing activity	863	(238)
Net increase / (decrease) of cash and cash equivalents	1,187	(128)
Cash and cash equivalents on 1 January	10,195	11,868
Cash and cash equivalents on 31 March	11,382	11,740

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2026

	Share capital	Share premium	Statutory and additional reserves	Reserve from revaluation of debt instruments	Retained earnings	Total
in EUR'000						
On 1 January 2025	49,497	15,858	4,939	-	73,705	143,999
Comprehensive income for the period						
Profit for the period	-	-	-	-	(631)	(631)
Total comprehensive income for the period	-	-	-	-	(631)	(631)
On 31 March 2025	49,497	15,858	4,939	-	73,074	143,368
On 1 January 2026	49,497	15,858	4,939	41	75,022	145,357
Restatement upon transition to EUR	(125)	-	-	-	125	-
On 1 January 2026, after restatement	49,372	15,858	4,939	41	75,147	145,357
Comprehensive income for the period						
Profit for the period	-	-	-	-	533	533
Other comprehensive income for the period	-	-	-	(56)	-	(56)
Total comprehensive loss for the period	-	-	-	(56)	533	477
On 31 March 2026	49,372	15,858	4,939	(15)	75,680	145,834

1. INTEREST AND DIVIDEND INCOME

in EUR'000	31 March 2026	31 March 2025
Dividend income	-	211
Interest income	312	297
	312	508

Dividend income reported in the first quarter of 2026 and the first quarter of 2025 is distributed by:

in EUR'000	31 March 2026	31 March 2025
Maritime Holding AD (in liquidation)	-	109
IHB Shipdesign AD	-	102
	-	211

Interest income reported in in the first quarter of 2026 and the first quarter of 2025 is as follows:

in EUR'000	31 March 2026	31 March 2025
Interest income on loans – related parties	201	200
Interest income on deposits with banks - related parties	61	68
Interest income on deposits with banks - unrelated parties	26	29
Interest income on debt instruments (US government securities)	24	-
	312	297

2. EMPLOYEE BENEFIT EXPENSES

in EUR'000	31 March 2026	31 March 2025
Wages and salaries	(88)	(88)
Social insurance costs and other fringe benefits	(14)	(14)
	(102)	(102)

3. OTHER OPERATING EXPENSES

in EUR'000	31 March 2026	31 March 2025
Depreciation / amortisation expenses	(19)	(18)
Costs of materials	(2)	(2)
Other operating expenses	(10)	(9)
	(31)	(29)

4. FINANCE INCOME AND FINANCE COSTS

in EUR'000	31 March 2026	31 March 2025
Foreign exchange gains, net	475	-
Finance income	475	-

in EUR'000	31 March 2026	31 March 2025
Foreign exchange losses, net	-	(907)
Interest expenses on interest-bearing bank loans	(29)	(28)
Interest expenses on loans and deposits from related parties	(44)	(21)
Interest expenses on leases	(2)	(2)
Bank charges on interest-bearing bank loans	(3)	(4)
Other finance costs	(1)	-
Finance costs	(79)	(962)

5. INCOME TAX

The reconciliation of income tax expenses and the accounting profit multiplied by the applicable rate for the periods ended 31 March 2026 and 31 March 2025 is as follows:

in EUR'000	31 March 2026	31 March 2025
Profit before taxes	533	(631)
Income tax expense at the applicable tax rate of 10% (2024: 10%)	(53)	63
Income, exempt from taxation – dividends	-	21
Unrecognised deferred tax asset on a tax loss for the current year	-	(84)
Utilisation of a temporary tax difference, for which no deferred tax asset has been recognised	53	-
Income tax expense at an effective tax rate of 0 % (2025 r.: 0 %)	-	-

As of 31 March 2026, the Company reported a deferred tax asset of BGN 4 thousand (as of 31 December 2025: a deferred tax liability of BGN 3 thousand).

6. INVESTMENTS IN SUBSIDIARIES

Investments, held by the Company as of 31 March 2026 and 31 December 2025 are as follows:

in EUR'000	Country of registration	Amount of the shareholding as of 31 March 2026	Percentage of the shareholding as of 31 March 2026	Amount of the shareholding as of 31 December 2025	Percentage of the shareholding as of 31 December 2025
Privat Engineering EAD	Bulgaria	26,938	100.00%	26,938	100.00%
ZMM Bulgaria Holding EAD	Bulgaria	2,452	100.00%	2,452	100.00%
KRZ Port Burgas AD	Bulgaria	2,441	99.65%	2,441	99.65%
KLVK AD	Bulgaria	23,569	67.96%	23,569	67.96%
International Industrial Holding Bulgaria AG	Switzerland	66	100.00%	66	100.00%
Maritime Holding AD (in liquidation)	Bulgaria	205	61.00%	205	61.00%
Bulyard Shipbuilding Industry EAD	Bulgaria	27,333	100.00%	27,333	100.00%
Odessos PBM EAD	Bulgaria	17,063	100.00%	17,063	100.00%
IHB Shipdesign AD	Bulgaria	36	70.00%	36	70.00%
Bulport Logistics AD	Bulgaria	9,841	46.12%	9,841	46.12%
		109,944		109,944	

* Bulport Logistics AD is a subsidiary since the remaining portion of its capital is held by other subsidiaries of Industrial Holding Bulgaria PLC.

In February 2026, the General Meeting of Shareholders of Maritime Holding decided to dissolve the company and to announce its liquidation. The decision for opening the liquidation proceeding, together with the notice to creditors, was entered into the Commercial Register in March 2026. The liquidation term is 6 months from the date the notice to creditors is announced in the Commercial Register.

7. CASH AND CASH EQUIVALENTS

in EUR'000	31 March 2026	31 December 2025
Cash with banks-related parties	8,157	7,041
Cash with banks-others	3,225	3,154
Cash and cash equivalents presented in the Statement of Cash Flows	11,382	10,195
Restricted cash	-	-
Cash and cash equivalents presented in the Statement of Financial Position	11,382	10,195

Cash denominated in EUR 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.

8. INTEREST-BEARING BANK LOANS

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

in EUR'000	Currency	Interest rate %	Maturity	31 March 2026	31 December 2025
Bank loan contract No. 22F-000155 of 24 February 2022	EUR	1.40%	2029	3,821	4,323
				3,821	4,323

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

in EUR'000	Currency	Interest rate %	Maturity	31 March 2026	31 December 2025
Bank loan contract No. 22F-000155 of 24 February 2022	EUR	1.40%	2029	2,006	2,006
Bank loan contract No. 22F-001225 of 07 November 2022	BGN	РЛП + 1.7%	2026	3,142	843
				5,148	2,849

in EUR'000	31 March 2026	31 December 2025
Principal payable	8,967	7,169
Interest payable	2	3
	8,969	7,172

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 EUR 6,136 thousand. In October 2025, an annex was signed for revolving the part of the loan used as overdraft until 04 November 2026. The current floating interest rates are as follows: (a) for loans utilised from the EUR bank account effective as of 31 December 2025 – a one-month EURIBOR + 1.2%, but not less than 1.2%; (b) for loans utilised from the BGN bank account effective as of 31 December 2025 – the reference interest rate of the financing bank + 1.7%, but not less than 1.7%. There was no change in the interest rate levels due to the adoption of the euro as the official currency of the Republic of Bulgaria as of 01 January 2026. 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 EUR 3,142 thousand was utilised under the contract as of 31 March 2026.

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 EUR'000	31 March 2026	31 December 2025
Balance at the beginning of the period	296	327
Recalculation of the lease liabilities due to modification	-	7
Interest expenses for the period	2	9
Lease payments for the period	(12)	(47)
Balance at the end of the period	286	296
Long-term portion	246	256
Short-term portion	40	40

10. EQUITY

Following the introduction of the euro as the official currency of the Republic of Bulgaria on 01 January 2026, the nominal value of a company share was restated in euros by applying the applicable statutory exchange rate. The restatement resulted in a difference between the capital determined based on the number of shares and their new nominal value, and the total amount of capital of EUR 125 thousand, which was taken to the retained earnings.

As of 31 March 2026, the company's capital consists of 96,808,417 dematerialised registered voting shares with a nominal value of EUR 0.51, which are listed at the Bulgarian Stock Exchange. The share capital is subscribed at its nominal value and is fully paid in. There are no preference and bearer shares.

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

in EUR'000	31 March 2026	31 December 2025
96,808,417 ordinary shares with a nominal value of BGN 1 each	49,372	49,497
	49,372	49,497

The shareholders of Industrial Holding Bulgaria PLC holding directly more than 5% of the company's capital as of 31 March 2026 are as follows:

	Number of shares as of 31 March 2026	31 March 2026
BULLS AD	66,417,884	68.61%
DZH AD	9,657,874	9.98%
Other natural persons and legal entities	20,732,659	21.41%
	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 - EUR 0.51 per share;
- Maximum redemption price - EUR 1.53 per share.

Allianz Bank Bulgaria AD was elected as an investment intermediary.

The Company did not hold treasury shares redeemed as of 31 March 2026.

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 68.61% 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

- Direct subsidiaries
The direct subsidiaries of Industrial Holding Bulgaria PLC as of 31 March 2026 and 31 December 2025 are disclosed in Investments in subsidiaries.
- Indirect subsidiaries
 - 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.

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 EUR'000		31 March 2026	31 December 2025
Subsidiaries	Non-current portion of long-term loans	35,999	35,481
Associated companies	Non-current portion of long-term loans	26	26
		36,025	35,507
Subsidiaries	Current portion of long-term loans	1,472	1,326
Associated companies	Current portion of long-term loans	4	4
		1,476	1,330
		37,501	36,837
	Principal	37,331	36,697
	Interest	170	140

The loan originated to Karvuna Ltd in the amount of EUR 637 thousand was secured by a sea mortgage on m/v Karvuna, owned by the subsidiary.

Trade and other receivables from related parties

in EUR'000		31 March 2026	31 December 2025
Subsidiaries	Dividends	1,865	2,274
Entities, over which the persons with control exercise significant influence or are members of their key management personnel	Prepayments	-	3
	Interest on bank deposits	50	84
Entities under joint control of the persons exercising control.	Deposit under a rental agreement	3	3
	Prepayments	-	2
		1,918	2,366

Trade and other payables to related parties

in EUR'000		31 March 2026	31 December 2025
Entities under joint control of the persons exercising control	Payables to suppliers	-	2
		-	2

Cash with banks - related parties

in EUR'000		31 March 2026	31 December 2025
Entities over which the persons with control exercise significant influence or are members of their key management personnel		8,157	7,041
		8,157	7,041

Loans from related parties

in EUR'000		31 March 2026	31 December 2025
Persons exercising control	Non-current portion of long-term loans	6,230	7,480
	Current portion of long-term loans	11	25
		6,241	7,505
	Principal	6,230	7,480
	Interest	11	25

Deposits from related parties

in EUR'000		31 March 2026	31 December 2025
Subsidiaries	Current portion of long-term deposits	2,019	1,601
		2,019	1,601
	Principal	2,007	1,597
	Interest	12	4

Lease liabilities under contracts with related parties

in EUR'000	31 March 2026	31 December 2025
Entities under joint control of the persons exercising control	286	296
Balance at the period-end	286	296
Long-term portion	246	256
Short-term portion	40	40

The fee due under a lease contract concluded with a company under joint control of the persons exercising control in the first quarter of 2025 is EUR 12 thousand and the cash outflow is EUR 12 thousand.

11.2. RELATED PARTY TRANSACTIONS**Sales transactions**

in EUR'000		31 March 2026	31 March 2025
Dividend income	Subsidiaries	-	211
		-	211

Purchase transactions

in EUR'000		31 March 2026	31 March 2025
Hired service expenses	Entities over which the persons with control exercise significant influence or are members of their key management personnel	4	5
Other expenses	Entities under joint control of the persons exercising control	7	4
		11	9

Loans to related parties

in EUR'000		Loans granted	Non-monetary increase/ (decrease)	Received principal	Interest income	Received interest
Subsidiaries	31 March 2026	(1,599)	-	1,138	201	172
Associated companies	31 March 2026	-	-	-	-	-
Subsidiaries	31 March 2025	(1,176)	-	1,468	199	95
Associated companies	31 March 2025	-	-	-	1	-
	31 March 2026	(1,599)	-	1,138	201	172
	31 March 2025	(1,176)	-	1,468	200	95

Loans granted as of 31 March 2026 mature in 2026-2032. The agreed interest rates vary from 2.1% to 3.00%, 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 quarter

of 2026 amounts to EUR 61 thousand. Interest on deposits paid by the bank during the period amounted to EUR 95 thousand.

Loans from related parties

in EUR'000		Loans received	Non-monetary increases/ (decreases)	Reimbursed principal	Interest expenses	Paid interest
Persons exercising control	31 March 2026	-	-	(1,250)	(36)	(50)
Persons exercising control	31 March 2025	-	-	-	(18)	-
	31 March 2026	-	-	(1,250)	(36)	(50)
	31 March 2025	-	-	-	(18)	-

Deposits from related parties

in EUR'000		Deposits received	Non-monetary increases/ (decreases)	Reimbursed principal	Interest expenses	Paid interest
Subsidiaries	31 March 2026	410	-	-	(8)	-
Subsidiaries	31 March 2025	306	-	-	(3)	-
	31 March 2026	410	-	-	(8)	-
	31 March 2025	306	-	-	(3)	-

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 31 March 2026 (31 December 2025: 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 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 EUR 6,136 thousand, as of 31 March 2026:

- bank guarantees totalling EUR 159 thousand were issued to Group companies, namely Bulyard Shipbuilding Industry EAD – EUR 102 thousand, IHB Metal Castings EAD – EUR 10 thousand, ZMM Bulgaria Holding EAD – EUR 18 thousand, and ZMM Nova Zagora AD – EUR 29 thousand (31 December 2025: EUR 120 thousand).

The unutilised limit under Contract No. 22F-001225 amounted to EUR 2,835 thousand as of 31 March 2026.

In 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 the same year.

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 the first to the fourth) are paid, which is expected to be completed 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 due payment under the shipbuilding contracts. At the end of the reporting period, the Group financed using its own funds advance payments totalling USD 19,113 thousand (after receiving the counter-bank guarantees from the seller).

In October 2025, Industrial Holding Bulgaria PLC and the other shareholders of Maritime Holding AD (in liquidation) entered into an agreement securing the performance of the obligations of Maritime Holding AD (in liquidation) 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 (in liquidation). According to the provisions of the agreement, upon commencing a liquidation procedure, the shareholder's commitment is transformed from a guarantee into an assumption of debt.

In November 2025, Industrial Holding Bulgaria PLC issued a corporate guarantee in the amount of EUR 2,330 thousand to guarantee the payments of its subsidiary KRZ Port Burgas AD under an agreement for the purchase of steel components for the construction of a quay wall.

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 to identify and analyse risks faced by IHB, set risk appetite limits and controls, and monitor risks and compliance with the set limits.

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 trade development. Of all segments in the IHB's investment portfolio, the most direct and imminent impact they have on the shipping industry. Stress in the market and pressure on 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 a crisis;
- number of ships in construction, 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, 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, a major global supplier of crude oil and gas, as well as China's protectionist policies towards US imports, are having a negative effect.

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

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

This risk stems from changes in economic policy driven by economic or political factors, including escalating military conflicts worldwide, the military conflict in the Black Sea region, increased political uncertainty in a number of countries, imposed sanctions, changes in the customs policies of leading economies, and trade restrictions on certain countries. This risk hinders the free movement of goods and people, redirects trade flows, and shifts transport corridors, affecting the prices of energy resources and raw materials. It may also negatively impact the machine building segment by reducing sales volumes in 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 have an effect through the insurance market as well—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, such as COVID-19, 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 supply chains lead to higher prices, which, in turn, have an unfavourable effect on the results of manufacturing companies operating in metal- and 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, and nevertheless, its average price for businesses remains too high.

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 and on training well-educated staff. 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 credit risk worldwide, and for the Group in particular. There has been a noticeable decline in customer payment discipline and an increase in bankruptcies. Exposure is higher among customers in sectors experiencing financial difficulties or operating in an environment of reduced economic activity. 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. In addition to the price offered, when selecting a potential client or charterer, managers consider their credit rating, reputation, market position, 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 Group is currently exposed to currency risk from changes in the US Dollar exchange rate affecting the free cash flows generated by maritime transport, held in anticipation of the expansion of the ship portfolio. 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 around 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 during the first quarter of 2026 remains volatile, with market participants operating under conditions of high uncertainty and limited opportunities for long-term planning and process optimisation. The deterioration of the situation in the Persian Gulf and the Strait of Hormuz is having a significant impact on the market environment, leading to difficulties in shipping, disruptions in oil, fuel, and other cargo supplies, and increased uncertainty about delivery times, routes, and transport conditions. In parallel, intensified pressure on the insurance market and the rising frequency of incidents involving commercial vessels in conflict zones are further worsening conditions for shipping and raising security risks along certain international routes.

Demand for grain cargoes, iron ore, coal, and fertilisers, which traditionally account for a significant portion of the Handysize and Supramax segments (which include the Group's fleet), continues to define the market. At the same time, the lack of a more pronounced revival in global trade, combined with changes in the number of ships in operation, limits the prospects for more sustainable improvement in freight rates. In addition, the sharp price rise and limited availability of ship fuel result in higher operating expenses and further negatively affect shipping returns.

The market for newbuilding bulk carriers continues to be influenced by high newbuilding prices, uncertainty about future fuel technologies, and shipowners' caution in committing to long-term investments. At the same time, the gradual phasing out of older vessels with lower environmental performance and the upcoming deliveries of already-ordered new ships remain factors that affect tonnage supply.

Amendments to regulations aimed at limiting emissions from sea transport remain a significant factor for the freight market. The sector operates under the expanded scope of the European Union Emissions Trading System and the effective implementation of FuelEU Maritime. In response, the Group took steps to use biofuels as an alternative to fossil fuels in its own fleet on specific routes, where technically possible and could be realised, taking into account the operational reliability of vessels and the availability of such fuel. In 2025, the Group reported a positive result from implementing the requirements of FuelEU Maritime. Moreover, based on the operational annual exploitation indicator for carbon intensity (CI) for 2025, all the Group's ships are assigned a C rating (the scale is from A to E, where A is assigned to ships with better performance).

The work related to selecting key equipment for the Group's three new Ultramax, awarded for construction in 2024, is also continuing, as is 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

In the first quarter of 2026, the ship repair market remains sensitive to the overall uncertainty in international shipping. Against the backdrop of the recovery that began at the end of 2025, the period saw an upturn in orders. Intensifying geopolitical tensions in the Middle East, increased risk along key sea routes, and pressure on the insurance market are having a growing impact on the timing and location choices for repair activities, leading to a shift of some repair operations from traditional locations to other regions. However, restrictions on transit through the Bosphorus continue to create planning difficulties and raise repair costs in the Black Sea region.

Against the backdrop of pressure on the prices of materials, energy, and general operating costs, shipowners remain sensitive to the price, terms, and scope of repairs. At the same time, the need for mandatory repairs and maintaining the operational fitness of the fleet supports the demand for ship repair services. This situation is also reflected in **Bulyard Shipbuilding Industry's activities**, with an increase in repair orders, including for larger vessels, where the company has strong competitive advantages

Interest in businesses focused on energy efficiency and fleet decarbonisation grows cautiously, with some shipowners continuing to wait for greater clarity on the economic drivers and selection of technological solutions. The latter finds expression in the assignment of more complex reconstructions and the modernisation of ships in operation.

Ship design

The main trends in the ship design sector continue to focus on energy efficiency and digitalisation, with a number of innovative solutions, including in the field of alternative fuels, developed and evaluated by the market. Their practical implementation remains limited, as shipbuilding companies and shipowners remain cautious amid a volatile economic and geopolitical environment. Escalating military conflicts, including in the Middle East, and deteriorating economic conditions remain negative factors for the market, affecting investment decisions for new construction and the modernisation of existing vessels amid increased uncertainty.

At the same time, there is increased interest in design services in specialised niches – ships for the fishing industry, offshore vessels, as well as icebreakers and polar vessels. The latter are gaining importance due to the strategic role of northern sea routes and Arctic fleet renewal programs. In parallel, projects related to vessels for the construction and servicing of offshore wind farms, as well as floating power units for supporting offshore activities, are also being initiated.

Interest remains 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. Simultaneously, the implementation of these solutions remains highly dependent on the economic substantiation of specific projects, available infrastructure, and the level of technical readiness.

The management of **IHB Shipdesign** follows trends in international standards and environmental protection policies, with expectations for their gradual materialisation to continue to define the direction of demand for design and engineering services in the sector. In this environment, the company preserves its competitiveness through a flexible approach to specialist projects and adapting to the changing market requirements.

Port operations

Port operations in the first quarter of 2026 are developing under conditions of continuing uncertainty in international trade, affected by political tensions, fluctuations in demand, and changes in logistics flows. The market for grain and oil-bearing crops remains active; as regards sunflower, imports are maintained, supported by internal demand and processing activities. At the same time, high energy and fertiliser prices increase agricultural production costs and may affect future cargo flows.

The market for metal and fertilisers continues to significantly affect processed volumes. As regards metals, activity is preserved, whereas in the case of fertilisers, activity declines, driven by high prices and supply disruptions due to escalating tensions in the Middle East. The entry into force of the Carbon Border Adjustment Mechanism imposes additional administrative and organisational burdens on market participants and significantly impacts trading conditions.

Against this backdrop, the Group's terminals maintain a relatively steady workload. The new deep-water berth at Odessos PBM, which was commissioned at the end of 2025, enables the handling of larger vessels and improves the terminal's competitive position. At the same time, geopolitical tensions and fluctuations in energy prices continue to put pressure on port companies' operating costs.

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.

After successfully completing the project to expand Odessos PBM's capacity for port processing and warehousing, a similar project for KRZ entered its active phase. The goal is to improve and speed up the processing of grain and other cargo, and it is expected that this will enhance their competitive position and increase customer satisfaction.

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 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 continues to focus 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 expands the scope of its services. A 50 kW fast-charging station and a 150 kW two-connector fast-charging station are operational at all times of day or night. 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

ZMM Bulgaria Holding and its subsidiaries traditionally export products to customers in Europe, Asia, Africa, and North America. The lathes of ZMM Bulgaria are used in mining, petrol, gas, textile, paper, and shipbuilding industries. They are also suitable for furnishing the bases of vocational schools and mobile field workshops used in zones affected by natural disasters or conflicts. In the first quarter of 2026, the trend of heavier machinery prevailing is maintained, as is greater exposure to countries outside Europe, while sales on European markets remain at lower volumes. Greater interest from clients in Central and South America and Asia is observed, and the Group continues its efforts to enter new markets. The complicated geopolitical environment, including higher pressure in key regions, continues to deter some investors from implementing new production projects. All that affects the machine-building industry, where demand is slowing and a more cautious approach to investments in equipment is observed.

Globally, the Asian-Pacific region continues to dominate the global engineering products market, driven by rapid industrialisation and infrastructure development in countries such as China and India. The European market remains under pressure from weaker demand and heightened uncertainty. The change in US customs policy, combined with the deterioration in the US Dollar exchange rate against the euro, poses additional challenges for European manufacturers of metal-cutting machines. Additional factors include fluctuations in energy resource prices, which affect production costs and investment decisions in the sector.

Despite economic and geopolitical instability during the reporting period, the sector remains relatively stable, while participants implementing automation and energy-efficiency solutions are in a better position. 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 installation of an energy storage battery at ZMM Sliven at the end of 2025 and the planned one at ZMM Nova Zagora.

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 31 March 2026.

As of 31 March 2026, 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 31 March 2026: 66,417,884 shares held directly, representing 68.61% 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 31 March 2026: 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 March 2026: 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 31 March 2026: 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 66,417,884 shares held directly, representing 68.61% of the capital, or directly and through related parties and through controlled parties 76,117,448 representing 78.63% 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 January 2026, the sole equity owner of IHB Metal Castings – ZMM Bulgaria Holding EAD – decided to reduce the capital of IHB Metal Castings EAD to EUR 750,006. Regarding the adopted decision, as of the present date, the period under Article 150, paragraph 2, of the Commercial Act with respect to creditors is still running.

In March 2026, 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 99.66% to 99.79%. The increase of the subsidiary's capital was entered into the Commercial Register in April 2026.

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

By decision of the General Meeting of Shareholders of Maritime Holding AD, held on 09 February 2026, it was resolved on dissolving the company and announcing its liquidation. The decision for opening the liquidation proceeding, together with the notice to creditors, was entered into the Commercial Register on 26 March 2026. The liquidation term is 6 months from the date the notice to creditors is announced in the Commercial Register.

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