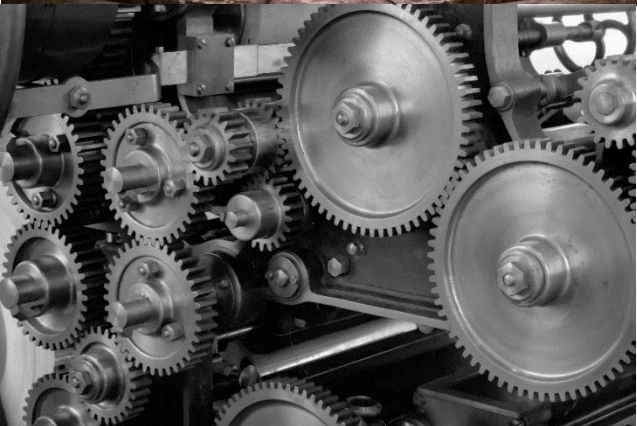




INTERIM CONSOLIDATED REPORT 30 JUNE 2026

INDUSTRIAL HOLDING BULGARIA PLC

CONTENTS



GENERAL INFORMATION	3
CONSOLIDATED SIX-MONTH MANAGEMENT REPORT	4
CONSOLIDATED SIX-MONTH FINANCIAL STATEMENTS	20
OTHER MATTERS	66



GENERAL INFORMATION

Management Board

Daneta Angelova Zheleva

Borislav Emilov Gavrilov

Galina Petrova Deneva

Vasil Mladenov Tsanev

Supervisory Board

Konstantin Kuzmov Zografov

DZH AD, represented by Elena Petkova Kircheva

Snezhana Ilieva Hristova

Audit Committee

Maksim Sirakov

Snezhana Hristova

Stefan Stefanov

Headquarters and registered office

Republic of Bulgaria

Sofia 1202

Vazrazhdane area

79, Knyaginya Maria Luiza Boulevard, floor 3

Register and registration number

121631219

CONSOLIDATED SIX-MONTH MANAGEMENT REPORT



1	Important events, which have occurred after the first six months of 2026 and their impact on the results reported in the financial statements	5
2	Financial resources and financial risk management	9
3	Future perspectives of the Group	13
4	Information on significant transactions concluded with related parties	15
5	Electronic reference to the website of the Company, where internal information	15
6	Information under Appendix 4 to Ordinance 2	15
7	Additional information	16

1. IMPORTANT EVENTS, WHICH HAVE OCCURRED AFTER THE FIRST SIX MONTHS OF 2026 AND THEIR IMPACT ON THE RESULTS REPORTED IN THE FINANCIAL STATEMENTS

1.1. OPERATING RESULTS

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

in EUR'000	30 June 2026	30 June 2025
Revenue	27,587	28,641
Operating profit / loss	2,255	1,224
Net finance income / finance costs	560	(1,541)
Profit / loss before tax	2,815	(317)
Profit / loss after tax from continuing operations	2,541	(714)
Profit / loss after tax attributable to majority owners	2,494	(747)
EBITDA	6,176	4,777

The Group's total revenue for the six months of 2026 decreased by 3.68% compared to the revenue for the same period of 2025.

Revenue from core activity for the first six months of 2026 was EUR 27,331 thousand compared to EUR 28,177 thousand for the same period of 2025, or a decrease of 3.00%, by segments as follows:

- The Maritime transport segment scored an increase of 25.76%;
- The Shipbuilding and ship repair segment scored a decrease of 30.53%;
- The Port Operations segment scored an increase of 14.58%.
- The Machine building segment scored a decrease of 3.03%.

The dynamics of revenue were mainly due to the following factors:

- Maritime transport – the better freight levels achieved by the Group during the reporting period, as well as the larger number of days in charter of the Group's ships due to the smaller number of scheduled repairs carried out, against the background of continuing volatility and uncertainty on the international freight market;
- Shipbuilding and ship repair – the reduced number of ship repair activities carried out under the conditions of higher military and insurance risks in the Black Sea region, which limits the readiness of shipowners to direct ships to the region and results in postponing some of the repair activities;
- Port Operations – the increase in processed grain cargo and growth in additional port services, supported by the good harvest in Bulgaria and the expanded abilities of Odessos PMB to accommodate and process larger ships and cargo lots;
- Machine building – the smaller number of metal-cutting machines sold under the conditions of limited demand and lower investment activity on principal markets, with the effect on revenue being partially compensated by the higher share of heavier machines within the product mix.

The other operating income on a consolidated basis for the first six months of 2026 amounted to EUR 256 thousand compared to EUR 464 thousand for the same period of 2025.

The operating result for the period was a profit of EUR 2,255 thousand compared to a profit of EUR 1,224 thousand for the same period of the previous year.

The Group reported net finance income of EUR 560 thousand for the first six months of 2026, compared to net finance costs of EUR 1,541 thousand for the same period in 2025. The change is primarily due to foreign exchange differences, which were positive in 2026 due to US Dollar appreciation, whereas in the comparative period they were negative due to its depreciation.

The financial result before taxes for the first six months of 2026 was a profit of EUR 2,815 thousand compared to a loss of EUR 317 thousand for the same period of 2025.

The result after taxes was a profit of EUR 2,541 thousand, including a profit of EUR 2,494 thousand attributable to the majority owners.

1.2. MAIN SCOPE OF THE ACTIVITY

Over the past six months of 2026, the Group continued to develop its activities across its main business segments: maritime transport, ship repair and shipbuilding, port operations, and machine building. During the reporting period, the companies operated at a normal operating pace, with no significant changes in the scope of their activities or market presence. Ongoing contracts were implemented, along with initiatives to enhance production efficiency, technical support, and the quality of products and services.

The Group closely monitors economic and regulatory conditions in individual sectors and proactively manages identified risks to maintain the stability and predictability of its activities.

1.3. CORPORATE EVENTS

a. General Meeting of Shareholders of Industrial Holding Bulgaria PLC

Regular General Meeting of Shareholders of Industrial Holding Bulgaria PLC

By their resolution, the Supervisory Board of Industrial Holding Bulgaria PLC convened a regular annual General Meeting of Shareholders of the Company to be held on 29 June 2026.

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

1. Approval of the Report on the Activity of the Company for 2025 and the Consolidated Report on the Activity of the Company for 2025.

Decision: The General Meeting of Shareholders approves the Report on the Activity of the Company for 2025 and the Consolidated Report on the Activity of the Company for 2025.

2. Approval of the Report of the Registered Auditor for the audit of the Annual Financial Statements of the Company for 2025 and the Report of the Registered Auditor for the audit of the Consolidated Annual Financial Statements of the Company for 2025.

Decision: The General Meeting of Shareholders accepts the Report of the Registered Auditor on the audit of the Annual Financial Statements for 2025 and the Report on the audit of the Consolidated Annual Financial Statements of the Company for 2025.

3. Approval of the Annual Financial Statements of the Company for 2025 and the Consolidated Financial Statements of the Company for 2025.

Decision: The General Meeting of Shareholders approves the Company's Annual Financial Statements for 2025 and the Consolidated Financial Statements of the Company for 2025.

4. Deciding on distributing the 2025 profit of the Company

Decision: The General Meeting of Shareholders takes a decision that the profit of the Company for 2025 amounting to EUR 1,316,626.13 (one million, three hundred and sixteen thousand, six hundred and twenty-six euros and thirteen eurocents) / BGN 2,575,096.88 (two million, five hundred and seventy-five thousand, and ninety-six euros and eighty-eight eurocents) to be set aside as retained earnings of the Company.

5. Report on the remuneration policy implementation for the Supervisory and Management Boards of Industrial Holding Bulgaria PLC members for 2025.

Decision: The General Meeting of Shareholders approves the Report on the remuneration policy implementation for the Supervisory and Management Boards of Industrial Holding Bulgaria PLC members for 2025.

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

Decision: The General Meeting of Shareholders approves amendments to the Remuneration policy for the Supervisory and Management Boards of Industrial Holding Bulgaria PLC members in connection with the amendments to Ordinance No. 48 of the FSC on the requirements to the remuneration, SG, issue 39 of 2026, as follows:

- 1. In Art. 7, para. 1, the expression “through the contract is concluded on behalf of the company” is deleted.
- 2. The title of Chapter III is changed as follows: “Conditions of the contract with a member of the Management and Supervisory board and indemnity upon its termination”.

- 3. In Art. 8, a new para. 1 is added - “The contract with a member of the Supervisory Board and a member of the Management Board shall be concluded for a term in accordance with the provisions of the Commercial Act and the Public Offering of Securities Act.”
- 4. The current text of Art. 8 shall become Para. 2 with the following content – “Upon termination of the contract with a member of the Supervisory Board and a member of the Management Board, the company owes no indemnity.
- 5. In Art. 10, Para. 2, the expression “, except for any commercially sensitive information or other information constituting business secrets” shall be deleted.
- 6. A paragraph shall be added to the Additional Provisions regarding the date of adoption of the changes and the results of the vote.

7. Discharge from liability of the members of the Management Board and the Supervisory Board for their activities in 2025

Decision: The General Meeting of Shareholders releases from liability for their activities in 2025:

As members of the Supervisory Board

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

As members of the Management Board:

- Daneta Angelova Zheleva,
- Galina Petrova Deneva,
- Borislav Emilov Gavrilov,
- Vasil Mladenov Tsanev

8. Determining the remuneration of the members of the Supervisory Board and the Management Board of the Company for 2026

Decision: The General Meeting of Shareholders determines that the monthly remuneration of the Company's Supervisory and Management Board members is to remain unchanged in 2026, namely, EUR 700.

9. Report on the Company's Audit Committee activity for 2025.

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

Decision: The General Meeting of Shareholders determines a monthly remuneration of the members of the Audit Committee of the Company in the amount of EUR 350.

11. Appointment of a registered auditor of the Company for 2026.

Decision: The General Meeting of Shareholders appoints the recommended by the Audit Committee registered auditor of the Company for 2026 – BDO Bulgaria OOD.

12. Termination of the procedure for share buyback of own shares of Industrial Holding Bulgaria PLC, started according to a decision taken by the General Meeting of Shareholders of Industrial Holding Bulgaria PLC, held on 18.11.2021 under item 5 of the agenda, as of the date of the present decision.

Decision: The General Meeting of Shareholders terminates the procedure for share buyback of own shares of Industrial Holding Bulgaria PLC, started according to a decision taken by the General Meeting of Shareholders of Industrial Holding Bulgaria PLC, held on 18.11.2021 under item 5 of the agenda, as of the date of the present decision.

13. Adoption of a decision for launching a new procedure for share buyback of own shares of Industrial Holding Bulgaria PLC.

Decision: On the grounds of Article 187b of the Commercial Act and Article 111, para 5 of the Public Offering of Securities Act, the General Meeting of the shareholders adopts a decision for launching a new procedure for share buyback of own shares of Industrial Holding Bulgaria PLC under the following terms:

- a/ Maximum number of shares to be bought back – up to 3% for each calendar year as from the buyback period under l. b/ from the total number of shares issued by Industrial Holding Bulgaria PLC but not more than 10% in total for the whole buyback period and not more than 10% in total of the total capital of the Company;
- b/ Buyback period – up to 5 (five) years from the decision for share buyback of own shares of Industrial Holding Bulgaria PLC;
- c/ Minimum buyback price - EUR 0.50 per share;
- d Maximum buyback price - EUR 1.50 per share;
- e/ Authorises the Managing board of Industrial Holding Bulgaria PLC to determine the remaining parameters of the share buyback and to take all necessary actions to fulfil the decision of the General Meeting of the shareholders.

14. Amendments to the Statute the Company.

Decision: The General Meeting of Shareholders approves the following changes in the Statute the Company as follows:

- 1. In Art. 6 the expression “96 808 417/ninety-six million eight hundred eight thousand four hundred seventeen/ leva” shall be replaced by “49 372 292.67 /forty-nine million three hundred seventy-two thousand two hundred ninety-two euros and sixty-seven euro cents/”;
The text of Art. 6 of the Statute the Company shall be amended as follows:
“The registered capital of the Company shall amount to 49 372 292.67 /forty-nine million three hundred seventy-two thousand two hundred ninety-two euros and sixty-seven euro cents.”.
- 2. In Art. 7, para. 1 the expression “1 /one/ leva” shall be replaced by “0.51 euro /fifty-one euro cents/”;
The text of Art. 7, para. 1 of the Statute the Company shall be amended as follows:
“The Company’s registered capital shall be divided into 96 808 417 /ninety-six million eight hundred and eight thousand four hundred and seventeen/ dematerialized registered voting shares, each having nominal value of 0.51 euro /fifty-one euro cents/”.
- 3. In Art. 12a, para. 1:
the date “15.06.2023” shall be replaced by the date “29.06.2026”.
the specified limit of “up to 300,000,000 /three hundred million/ leva” shall be changed to “up to 150,000,000 /one hundred and fifty million/ euros”.
The text of Art. 12a, para. 1 of the Statute the Company shall be amended as follows:
“Within 5 /five/ years as of 29.06.2026 on the basis of Article 196 of the Law on Commerce, following approval by the Supervisory Board, the Management Board shall be entitled to make decisions on increase of the registered capital of the Company up to 150,000,000 /one hundred and fifty million/ euros through the issue of new dematerialized registered shares, including also the purpose of giving the holders of convertible bonds the rights to convert their bonds into shares.”
- 4. In Art. 36, para. 6, the expression “, in leva” shall be deleted.
The text of Art. 36, para. 6 of the Statute the Company shall be amended as follows:
“The members of the Management Board and the Supervisory Board and the procurator shall provide guarantees for their management up to the amount of their gross quarterly remunerations”.
- 5. In paragraph 2 of the Final Provisions, after the phrase “and with a decision of the General Meeting of the Company held in the city of Sofia on 25.06.2024”, a comma shall be placed and the phrase “and with a decision of the General Meeting of the Company held in the city of Sofia on 29.06.2026” shall be added.

15. Report on the activities of the Investor Relations Director in 2025.

b. IHB treasury shares redeemed

In the first half of 2026, IHB had not performed transactions in pursuance of the decision of the General Meeting of Shareholders, held on 18 November 2021, to redeem shares. Industrial Holding Bulgaria PLC did not hold treasury shares as of 30 June 2026.

On the grounds of Article 187b of the Commercial Act and Article 111, paragraph 5 of the Public Offering of Securities Act (POSA), the General Meeting of Shareholders, held on 29 June 2026, passed a decision, effective as of the date of holding the meeting, to terminate the effectiveness of the current treasury shares buyback program and launch a new one for a period of five calendar years under 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 0.50 (fifty eurocents) per share;
- Maximum redemption price - EUR 1.50 (one euro and fifty eurocents) per share.

In connection with the launch of the new buyback procedure, the Company's Management Board, based on its empowerment by the General Meeting of Shareholders, elected Allianz Bank Bulgaria to serve as an investment broker and facilitate the buyback transactions.

2. FINANCIAL RESOURCES AND FINANCIAL RISK MANAGEMENT

2.1. FINANCIAL RESOURCES AND OPPORTUNITIES FOR IMPLEMENTATION OF INVESTMENT INTENTIONS

In the first six months of 2026, IHB met its needs to cover the operating costs with funds from its principal activity. The primary sources of financing for IHB were interest and principals on loans originated to subsidiaries, dividends received from subsidiaries, and interest on USD deposits with banks. The Holding redirected part of these funds to fund its subsidiaries' investment programs.

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

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

At the end of June 2024, the Group signed contracts for the construction in China of three new bulk carriers with a capacity of 64,100 DWT for the IHB fleet. The supply of the first ship is scheduled for mid-2027 and of the other two – for the first six months of 2028. The total amount of the investment in the ship-building contracts is USD 104,350 thousand.

In December 2025, the investment project for the expansion of the port terminal of Odessos PMB, which includes a new berth (221 m long with a design depth of -12.78 m) that can accommodate ships with a draft of up to -12.50 m, additional warehouse areas, a modern cargo inspection area with automated probes, new truck scales, and a second entry-exit gate, was completed. Since the beginning of 2026, the extension has been operational, with the new berth being able to accommodate larger ships with a deadweight of up to 77,000 metric tons (for cargo with specific characteristics).

In the first six months of 2026, active work on the analogous project to expand the port terminal of KRZ Port Burgas also began, including the construction of two new quay spaces. The purpose of the extension is to improve and accelerate the processing of grain and other cargo. It is envisaged that the project will be financed through a combination of the Group's own resources and bank financing. The Company was also approved for a grant under the Transport Connectivity Program 2021–2027 for the purchase of part of the necessary port mechanisation. It is expected that the extension will be commissioned in the first half of 2028.

The Group continues to invest in renewable energy sources and energy storage systems to increase the subsidiaries' energy independence and reduce their energy costs. A project for the extension of the existing solar park is implemented at ZMM Nova Zagora and at Bulyard Shipbuilding Industry – a project for the construction of a new solar park, with both investments including energy storage systems. In 2026, ZMM Nova Zagora signed a grant agreement to finance some of its investment costs under the Development of Regions Program 2021–2027.

The Group also continues to pursue other investment initiatives, mainly related to the purchase of new machinery and equipment and the upgrading of the production and infrastructure base.

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

IHB has an agreement concluded with UBB for the provision of a total limit for working capital financing, issuance of bank guarantees, and opening of letters of credit of the Holding and/or its Group companies of up to EUR 6,136 thousand with an option for disbursement in BGN and EUR.

As of 30 June 2026, bank guarantees totalling EUR 159 thousand were issued from the contract limit to the following Group companies - Bulyard Shipbuilding Industry EAD for EUR 102 thousand, IHB Metal Castings EAD for EUR 10 thousand, ZMM Bulgaria Holding EAD for EUR 18 thousand, and ZMM Nova Zagora AD for EUR 29 thousand (31 December 2025: EUR 120 thousand).

The unutilised limit under Contract No. 22F-001225 amounted to EUR 1,064 thousand as of 30 June 2026.

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

For more information on the employed financial instruments and risk assessment and financial risk management of IHB, see Note 30 Financial Instruments to the interim financial statements for the first six months of 2026.

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

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

a. Non-systematic risks specific to the Group

Risks associated with the structure of the Group's portfolio

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, ship design, maritime transport, classification and certification, and port activity), reducing the return on the IHB overall investment portfolio.

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

The state of the global economy and demand for raw materials underpin 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;
- environmental restrictions – the introduction of new regulations and requirements to limit emissions and increase the energy efficiency of vessels may require technical changes, use of fuels with lower carbon intensity, and other measures to bring them into compliance with the applicable 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, changes in the foreign trade policies of leading economies, as well as the escalation of tension and military actions in the Middle East, have a negative impact.

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 changes in economic policy imposed by objective economic or political factors, including expanding war conflicts around the world, the military conflict in the Black Sea region, increased political uncertainty in some countries, sanctions imposed, changes in the customs policies of leading economies, and the restrictions imposed on trade in some countries. This risk impedes the free movement of goods and people, leads to redirection of trade flows and changes in transport corridors, and affects the prices of energy resources and commodities. It is also possible that the risk adversely affects the machine building segment by reducing sales volumes in traditional markets.

Risks associated with climate change and natural disasters

Bulgaria is exposed to almost all risks related to climate change. On the one hand, these risks can affect the building stock and machinery, requiring adaptation measures (such as the use of sustainable building materials, energy efficiency measures, changes in design, investments in low-energy technologies, etc.) to minimise the negative effects. On the other hand, climate change poses threats to employees' health and safety. The higher temperatures increase the risk of health issues and reduce productivity, which also requires additional adaptation arrangements (cooling of the working environment, provision of areas for rest, health programs, etc.). Extreme meteorological events and natural disasters, such as floods, earthquakes, long-lasting heat, droughts, fires, storms and hailstorms, may cause not only loss of human lives, but also financial damages that could affect economic sustainability and growth. The impact of such events could surpass the borders of the country in which they occur and may affect vast territories in neighbouring countries.

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

Risks relating to environment legislation

The domestic and international legislation on ecology implies compliance with a number of measures on prevention, control and reduction of various types of environmental pollution. The trend in recent years is to increase significantly regulations in this area. The pressure on phasing out traditional energy sources, such as coal, oil or gas, is growing worldwide. Additional regulatory and financial requirements are being introduced on imports of certain commodities and products relating to the implementation of the European Union's environmental policies and limiting harmful ecological footprint.

It is the Group's policy to comply with the required processes and standards, as well as to invest in environmentally friendly RES technologies, improve energy efficiency, and reduce carbon emissions from the Group's fleet.

Risks arising from pandemics and epidemics

Globalisation worldwide and the freer movement of goods and people lead to a faster spread of pandemics and epidemics, making it difficult to contain them in individual regions and countries. In the case of more serious diseases, restrictive measures could disrupt supply chains and adversely impact the global economy, economic environment and the Group subsidiaries' operations.

Risks associated with fraud and abuse

The changing environment, in combination with the expanding use of new technologies, has intensified the risk of fraud and abuse, including risks related to cyber-attacks, interruptions or compromises of information systems, unscrupulous trade practices, contractor bankruptcies, 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 used. Disrupted supplies result in a rise in prices, which in turn has an unfavourable effect on the results of manufacturing companies operating in metal-intensive and energy-absorbing segments, such as machine building and ship repair. Maritime transport depends on fuel prices. The impact of changes in the market price of electric energy is similar, as electric energy is determined by factors beyond management's control. For the purposes of management and predictability, the Group invests in renewable energy sources.

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.

Risks related to the implementation of investment projects

Subsidiaries implement investment projects of significant scope and long duration. There is a risk of delays, cost increases, or contractor non-performance, which may affect the terms of commissioning and expected return

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, credentials, 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 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 machine-building 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 negotiate fixed-rate loans, depending on the market environment.

b. Systematic risks

The Holding and its subsidiaries are exposed to systematic risks relating to the market and macro-environment in which the companies operate. These risks cannot be entirely managed and controlled by the management team.

3. FUTURE PERSPECTIVES OF THE GROUP

3.1. MAIN TRENDS WITH REGARD TO THE ACTIVITY OF IHB

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

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

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

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

3.2. MAIN TRENDS FOR BUSINESS, IN WHICH THE GROUP COMPANIES OPERATE

a. Maritime Transport

The freight market during the first half of 2026 remains volatile, with market participants continuing to operate 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 in the region and disruptions in oil and fuel supplies. Although the effects of these events on bulk carriers are rather limited compared to the tanker segment, some transport services are affected, and, in general, uncertainty regarding deadlines, routes, and freight terms and conditions increases.

Shipping risks in the Black Sea also increase. The escalation of the military conflict affects shipowners' readiness to operate in the region and reduces cargo flows on some Black Sea routes. Military actions and the rising frequency of incidents involving commercial vessels in conflict zones are further worsening conditions for shipping, making the movement of goods more expensive 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. Grain cargo transportation is supported by higher export volumes from North and South America and Europe, and global coal transportation reports a moderate increase compared to the previous year. For fertilisers, export disruptions from the Persian Gulf limit offers. The varying trends in major cargoes, along with changes in available tonnage, continue to cause fluctuations in freight rates.

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 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 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. Moreover, based on the operational annual exploitation indicator for carbon intensity (CII) 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 Group's ships sail with mixed crews - Bulgarian and foreign.

b. Shipbuilding and ship repair

In the first half of 2026, the ship repair market remains sensitive to the deteriorated shipping environment in the Black Sea. Intensified military and insurance risks restrict shipowners' ability to direct ships to the region, which adversely impacts the competitiveness of Black Sea ship repair enterprises compared to alternative repair locations. The rising costs of transiting the Bosphorus and the Dardanelles are having an additional cost-increasing effect.

Against the backdrop of pressure on the prices of materials, energy, and general overhead costs, shipowners remain sensitive to the price, deadlines, 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, but due to the complicated market environment, encourages shipowners to postpone some repairs to times when the technical and regulatory requirements allow them to do so, which is also reflected in **Bulyard Shipbuilding Industry's activities**.

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.

c. Ship design

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** monitors trends in international standards and environmental protection policies, and the temporary delay in adopting new measures to reduce shipping emissions intensifies regulatory uncertainty; future developments remain a defining factor for 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 by adapting to the changing market requirements.

d. Port operations

The market for grain and oil-bearing crops remains active, and the good harvest of wheat and barley in Bulgaria increases the available quantities for export. As regards sunflower, imports continue to play a significant role, and there is a rise in lots intended for industrial processing.

The market for metal and fertilisers continues to affect processed volumes significantly. The European market is still affected by weak industrial demand and the higher share of imported products. For supplies to the Bulgarian market, the importance of more distant countries increases, which facilitates the consolidation of shipments. As regards fertilisers, high prices and supply disruptions due to tensions in the Middle East, in combination with difficulties around the Strait of Hormuz, limit offers and affect cargo flows. The implementation of the Carbon Border Adjustment Mechanism in its final version from the beginning of 2026 creates additional administrative and financial requirements for metal and fertiliser importers. It may impact the selection of suppliers and import organisation.

Against this backdrop, there is growth in the loading of the Group's terminals, driven by the increasing volume of processed grain and metal cargoes, supported by the expanded capabilities of **Odessos PMB** to accept larger ships and batches after commissioning the new deep-water berth at the end of 2025. In parallel, rising costs of materials and labour, as well as the rise in fuel prices, impose pressure on port companies' operating expenses.

The Group continues to invest in developing its capacity and improving cargo processing capabilities in its port terminals. After the successful completion of the project of **Odessos PMB**, the expansion of the port terminal of **KRZ Port Burgas** entered its active phase. The purpose is to improve and accelerate grain and other cargo processing, increase capacity, and strengthen the terminal's competitive position.

Bulport Logistics offers services for small and mid-sized vessels, yacht mooring, small-vessel docking for repairs, facility and office rental, and storage and production activities.

The warehouse and logistics space market in the country is characterised by demand and limited availability of suitable premises in the main logistics centres. Tenants' interest is directed towards modern, energy-efficient solutions that allow flexible use of sites and ensure good transport accessibility. Bulport's proximity to a motorway, ports, and the railway network creates favourable conditions to serve diverse cargo and customers. The company continues to focus its efforts on developing its warehousing and logistics operations by gradually renovating existing buildings and sites, and improving the area's infrastructure to respond to changing market trends.

As part of its efforts for sustainable development, the Company implements solutions in the areas of energy efficiency and electrical mobility. 50 kW and 200 kW fast-charging stations, and a 150 kW two-connector station, are operational in its territory at all times of day or night. Heating for part of the buildings is provided by geothermal energy.

e. 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 half 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 Central 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 remains limited.

Development of the international metal-cutting machine market varies by region, with more favourable opportunities observed in countries experiencing continued industrialisation and infrastructure development. The European market remains under pressure from weak demand and increased uncertainty. Energy resource price fluctuations, shortage of qualified employees, and rising labour costs continue to affect production profitability and investment decisions in the sector. Sanctions, combined with excessively heavy administrative procedures for exporting metal-cutting machines, have an additional restrictive effect.

Despite economic and geopolitical instability during the reporting period, the sector remains stable, with automation, digitalisation, and solutions for improving energy efficiency continuing to be of key importance. The operating solar plants in the machine-building group support the use of own energy and limit the sensitivity of production costs to the fluctuations observed on the energy market. The installation of the energy storage system at ZMM Sliven at the end of 2025 expands the possibilities for a more efficient use of the electricity generated, and an analogous system is planned for ZMM Nova Zagora.

4. INFORMATION ON SIGNIFICANT TRANSACTIONS CONCLUDED WITH RELATED PARTIES

Over the first six months of 2026, transactions of significant importance, except for the loan and guarantee contracts reported in the interim financial statements, were not concluded between IHB and related parties.

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

In the first six months of 2026, IHB published internal information on the Company's website - www.bulgariaholding.com in the "Press Centre" / "News" section (<https://www.bulgariaholding.com/bg/news>).

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

a. Change in individuals exercising control over the company

There are no changes in the persons exercising control over the Company as of 30 June 2026.

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

There is no such circumstance.

c. Conclusion or performance of significant transactions

There are no such transactions.

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

There is no such circumstance.

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

There is no such circumstance.

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

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

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

There is no such circumstance.

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

None.

7. ADDITIONAL INFORMATION

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

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

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

In January 2026, the sole owner of the capital of IHB Metal Castings EAD - ZMM Bulgaria Holding EAD made a decision to reduce the capital of IHB Metal Castings EAD to EUR 750,006. The reduction of the company's capital was entered into the Commercial Register in June 2026.

In March 2026, the General Meeting of Shareholders of ZMM Nova Zagora AD decided to increase the company's capital. In this procedure, only the parent company ZMM Bulgaria Holding EAD subscribed for new shares, while the other shareholders waived their rights. As a result, the Group's share in ZMM Nova Zagora AD increased from 99.66% to 99.79%. The increase of the subsidiary's capital was entered into the Commercial Register in April 2026.

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

By decision of the General Meeting of Shareholders of Maritime Holding AD, held on 09 February 2026, it was decided to discontinue the company's activity and declare it in liquidation. The decision to open the liquidation procedure, 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 of announcing the notice to creditors in the Commercial Register.

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

The Managing Board of Industrial Holding Bulgaria PLC has not published forecasts on the results in 2026.

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

As of 30 June 2026, Industrial Holding Bulgaria PLC had information about the following shareholders holding more than 5% of the voting shares, as follows:

1. Bulls AD

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

As of 30 June 2026: 66,504,789 shares held directly, which is 68.70% of the capital.

2. DZH AS

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

As of 30 June 2026: 9,657,874 shares held directly, which is 9.98 % of the capital.

3. Daneta Angelova Zheleva

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

As of 30 June 2026: 41,044 shares held directly, which is 0.04 % of the capital, and through related parties the total of 9,658,520 shares, which is 9.98 % of the capital, or directly and through related parties 9,699,564, which is 10.02 % of the capital

4. Dimitar Georgiev Zhelev

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

As of 30 June 2026: 646 shares held directly, which is 0.0007 % of the capital, and through related parties the total of 9,698,918 shares, which is 10.02 % of the votes, and controlled through Bulls AD 66,504,789 shares, which is 68.70% of the capital, or directly, through related parties, and through controlled parties 76,204,353, which is 78.72% of the capital.

Dimitar Georgiev Zhelev exercises control over Bulls AD.

Dimitar Zhelev and Daneta Zheleva are spouses.

f. Information about the shares held by the members of the Supervisory and Management Boards of IHB as of 30 June 2026

	Acquired directly in the first six months of 2026	Transferred directly in the first six months of 2026	Acquired through related in the first six months of 2026	Transferred through related in the first six months of 2026	Number of shares held directly	Number of shares held through related parties	Total directly and through related parties	% of the votes at GMS held directly and through related parties
Members of SB								
DZH AD	-	-	-	-	9,657,874	-	9,657,874	9.98%
Snejana Hristova	-	-	-	-	250	500,258	500,508	0.52%
Konstantin Zografov	-	-	-	-	582	208	790	0.0008%
Members of MB								
Daneta Zheleva	-	-	-	-	41,044	9,658,520	9,699,564	10.02%
Borislav Gavrilov	-	-	-	-	208	-	208	0.0002%
Vasil Tsanev	-	-	-	-	-	-	-	-
Galina Deneva	-	-	-	-	-	-	-	-

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

None.

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

The current loans granted as of 30 June 2026 by IHB, as a lender, to its subsidiaries (direct and indirect) and indirect associates were as follows:

- Loan granted to KLVK, UIC 130735957, under a Loan contract dated 26 July 2024, interest of 3% and maturity on 31 December 2030. The loan principal was EUR 7,058 thousand as of 30 June 2026;
- Loan granted to Bulyard Shipbuilding Industry, UIC 103862587, under a Novation contract dated 01 April 2018 and annexes thereto, interest of 2.1% and maturity on 31 December 2026. The loan principal was EUR 612 thousand as of 30 June 2026;
- Loan granted to Bulyard Shipbuilding Industry, UIC 103862587, under a Loan contract dated 26 January 2026 and annexes thereto, interest of 2.1 % and maturity on 31 December 2027. The loan principal was EUR 1,380 thousand as of 30 June 2026;
- Loan granted to Bulport Logistics, UIC 200421706, under a Novation contract dated 01 June 2024 and annexes thereto, interest of 2.1% and maturity on 31 December 2027. The loan principal was EUR 1,965 thousand as of 30 June 2026;
- Loan granted to Karvuna Ltd, UIC n/a, under a Novation contract dated 01 January 2018 and annexes thereto, interest of 2.1% and maturity on 31 December 2027. The loan principal was EUR 673 thousand as of 30 June 2026;
- Loan granted to ZMM Nova Zagora AD, UIC 119003196, under a Loan contract dated 24 January 2023 and annexes thereto, interest of 2.1% and maturity on 31 December 2027. The loan principal was EUR 1,085 thousand as of 30 June 2026;
- Loan granted to Odessos PBM EAD, UIC 103930885, under a Loan contract dated 08 March 2022 and annexes thereto, interest of 1.6 % and maturity on 31 March 2031. The loan principal was EUR 9,281 thousand as of 30 June 2026;
- Loan granted to Odessos PBM EAD, UIC 103930885, under a Loan contract dated 04 April 2024 and annexes thereto, interest of 2.1 % and maturity on 31 December 2029. The loan principal was EUR 3,130 thousand as of 30 June 2026;
- Loan granted to Odessos PBM EAD, UIC 103930885, under a Loan contract dated 25 April 2024 and annexes thereto, interest of 2.1 % and maturity on 30 June 2026. The loan principal was EUR 282 thousand as of 30 June 2026;
- Loan granted to Odessos PBM EAD, UIC 103930885, under a Loan contract dated 23 May 2024 and annexes thereto, interest of 2.1 % and maturity on 30 May 2028. The loan principal was EUR 5,564 thousand as of 30 June 2026;
- Loan granted to ZMM Bulgaria Holding AD, UIC 130489690, under a Loan contract dated 14 April 2026, interest of 2.1% and maturity on 14 April 2027. The loan principal was EUR 1,269 thousand as of 30 June 2026;
- Loan granted to ZMM Sliven AD, UIC 119002557, under a Loan contract dated 19 July 2024, interest of 2.1% and maturity on 31 March 2031. The loan principal was EUR 1,600 thousand as of 30 June 2026;
- Loan granted to ZMM Sliven AD, UIC 119002557, under a Loan contract dated 30 September 2024, interest of 2.1% and maturity on 31 May 2032. The loan principal was EUR 604 thousand as of 30 June 2026;
- Loan granted to ZMM Sliven AD, UIC 119002557, under a Loan contract dated 24 February 2025, interest of 2.1% and maturity on 31 December 2027. The loan principal was EUR 1,010 thousand as of 30 June 2026;
- Loan granted to ZMM Sliven AD, UIC 119002557, under a Loan contract dated 01 April 2025, interest of 2.1% and maturity on 31 December 2030. The loan principal was EUR 687 thousand as of 30 June 2026;

- Loan granted to Drazki Varna EAD, UIC 207442119, under a Loan contract dated 04 July 2023, interest of 7.5% and maturity on 04 July 2033. The loan principal was EUR 26 thousand as of 30 June 2026;
- Loan granted to KRZ Port Burgas AD, UIC 102003925, under a Loan contract dated 21 May 2026, interest of 2.1 % and maturity on 31 May 2031. The loan principal was EUR 235 thousand as of 30 June 2026.

The current loans granted as of 30 June 2026 by IHB subsidiaries, as lenders, to IHB only within the IHB Group were as follows:

- Loan granted by Privat Engineering to its subsidiary Tirista Ltd, UIC n/a, under a Loan contract dated 25 February 2011 and annexes thereto, interest of 2.1% and maturity as of 31 December 2027. The loan principal was EUR 2,638 thousand as of 30 June 2026;
- Loan granted by Privat Engineering to its subsidiary Karvuna Ltd, UIC n/a, under a Novation contract dated 31 October 2013 and annexes thereto, interest of 2.1% and maturity as of 31 December 2027. The loan principal was EUR 4,831 thousand as of 30 June 2026;
- Loan granted by Privat Engineering to its subsidiary Karvuna Ltd, UIC n/a, under a Loan contract dated 20 August 2024, interest of 2.1% and maturity as of 31 December 2027. The loan principal was EUR 1,663 thousand as of 30 June 2026;
- Loan granted by Privat Engineering to its subsidiary Karia Ltd, UIC n/a, under a Loan contract dated 26 July 2024, interest of 3.3% and maturity as of 31 December 2030. The loan principal was EUR 6,172 thousand as of 30 June 2026;
- Loan granted by KLVK to its subsidiary Odria Ltd, UIC n/a, under a Loan contract dated 02 January 2013 and annexes thereto, interest of 2.1% and maturity on 01 January 2030. The loan principal was EUR 5,558 thousand as of 30 June 2026;
- Loan granted by KLVK to its subsidiary Serdika Ltd, UIC n/a, under an Agreement dated 12 March 2018 and annexes thereto, interest of 2.1% and maturity as of 31 December 2030. The loan principal was EUR 12,978 thousand as of 30 June 2026;
- Loan granted by KLVK to its subsidiary Vaya Ltd, UIC n/a, under a Loan contract dated 26 July 2024, interest of 3% and maturity as of 31 December 2030. The loan principal was EUR 4,686 thousand as of 30 June 2026;
- Loan granted by KLVK to its subsidiary Ticha Ltd, UIC n/a, under a Loan contract dated 26 July 2024, interest of 3% and maturity as of 31 December 2030. The loan principal was EUR 6,149 thousand as of 30 June 2026.

As of 30 June 2026, the principal due by:

- IHB on a loan received by a company exercising control amounted to EUR 6,955 thousand. The loan was extended at an interest rate of 2% and maturity in May 2028.

Daneta Zheleva

Chief Executive Officer

Vladislava Zgureva

Preparer

CONSOLIDATED SIX-MONTH FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	21
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	22
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	23
CONSOLIDATED STATEMENT OF CASH FLOWS	25
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	26
NOTES	28
1 Corporate information	28
2 Summarised accounting policy information	28
5 Operating segments	43
6 Acquisition of non-controlling interest and effects of discontinued operations	43
7 Revenue	43
8 Other operating income	46
9 Expenses on materials	47
10 Expenses on hired services	47
11 Employee benefit expenses	47
12 Other operating expenses	47
13 Finance income and finance costs	48
14 Income tax	48
15 Property, plant and equipment	49
16 Intangible assets	50
17 Investment property	51
18 Debt instruments at fair value through other comprehensive income	51
19 Inventories	51
20 Trade and other receivables, and contract assets	52
21 Cash and cash equivalents	52
22 Share capital and reserves	52
23 Basic net earnings / (losses) per share	54
24 Interest-bearing loans	55
25 Government grants	56
26 Retirement benefit liabilities	56
27 Trade and other payables	56
28 Contract liabilities	57
29 Lease	57
30 Financial instruments	58
31 Related party disclosures	60
32 Commitments and contingencies	63
33 Fair value measurement	64
34 Fair value of financial instruments	65
35 Events after the reporting date	65



CONSOLIDATED STATEMENT OF PROFIT
OR LOSS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 30 June 2026

in EUR'000	Notes	30 June 2026	30 June 2025
Revenue	7	27,331	28,177
Other operating income	8	256	464
		27,587	28,641
Changes in stock of work in progress and finished products		439	635
Capitalised expenses for self-constructed non-current assets		957	675
Expenses on materials	9	(6,542)	(8,412)
Expenses on hired services	10	(4,996)	(6,190)
Depreciation and amortisation expenses	15,16,29	(3,734)	(3,555)
Employee benefit expenses	11	(10,320)	(9,920)
Other operating expenses	12	(1,136)	(650)
Profit from operations		2,255	1,224
Finance income	13	758	211
Finance costs	13	(198)	(1,752)
Profit/(Loss) before taxes		2,815	(317)
Income tax expense	14	(274)	(397)
Profit/(Loss) for the period		2,541	(714)
Attributable to:			
Equity holders of the parent		2,494	(747)
Non-controlling interests		47	33
Basic net earnings /(loss) per share			
Basic net earnings /(loss) per share attributable to the owners of the parent company (EUR)	23	0.026	(0.008)

The notes on pages 28 до 65 form an integral part of these consolidated financial statements, authorised for issue with a resolution of the Management Board dated 25 August 2026.

Daneta Zheleva
Chief Executive Officer

Ivan Rashkov
Preparer

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2026

in EUR'000	Notes	30 June 2026	30 June 2025
Profit/(Loss) for the year		2,541	(714)
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		1,917	(8,397)
Income tax effect		-	-
		1,917	(8,397)
Revaluation of debt instruments at fair value		(45)	61
Income tax effect		5	(6)
		(40)	55
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of taxes		1,877	(8,342)
Other comprehensive income / (loss) for the period, net of tax		1,877	(8,342)
Total comprehensive income / (loss) for the period, net of tax		4,418	(9,056)
Attributable to:			
Equity holders of the parent company		4,371	(9,089)
Non-controlling interests		47	33

The notes on pages 28 до 65 form an integral part of these consolidated financial statements, authorised for issue with a resolution of the Management Board dated 25 August 2026.

Daneta Zheleva
Chief Executive Officer

Ivan Rashkov
Preparer

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2026

in EUR'000	Notes	30 June 2026	31 December 2025
Assets			
Non-current assets			
Property, plant and equipment	15	193,257	190,131
Right-of-use assets	29	1,008	1,023
Investment property	17	8,325	8,100
Intangible assets	16	1,164	1,208
Goodwill	16	2,213	2,213
Debt instruments at fair value through other comprehensive income	18	2,043	2,039
Deferred tax assets	14	30	32
Other non-current receivables	20	31	31
Total non-current assets		208,071	204,777
Current assets			
Inventories	19	11,265	10,826
Trade and other receivables	20	5,145	3,515
Contract assets	20	172	114
Income tax receivable		8	11
Cash and cash equivalents	21	15,796	13,797
Total current assets		32,386	28,263
TOTAL ASSETS		240,457	233,040

The notes on pages 28 to 65 form an integral part of these consolidated financial statements, authorised for issue with a resolution of the Management Board dated 25 August 2026.

Daneta Zheleva

Chief Executive Officer

Ivan Rashkov

Preparer

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION

in EUR'000	Notes	30 June 2026	31 December 2025
Equity			
Share capital	22	49,372	49,497
Share premium	22	15,858	15,858
Other reserves	22	42,044	42,817
Foreign currency translation reserve	22	7,756	5,839
Retained earnings		91,390	88,035
Equity attributable to the equity holders of the parent company		206,420	202,046
Non-controlling interests		325	318
Total equity		206,745	202,364
Liabilities			
Non-current liabilities			
Interest-bearing bank loans	24	3,320	4,322
Loans from related parties	31	6,955	7,480
Lease liabilities	29	882	915
Government grants	25	570	511
Retirement benefit liabilities	26	475	646
Deferred tax liabilities	14	5,856	5,852
Other non-current liabilities	27	35	36
Total non-current liabilities		18,093	19,762
Current liabilities			
Trade and other payables	27	6,096	5,978
Contract liabilities	28	2,086	1,621
Interest-bearing bank loans	24	6,934	2,911
Loans from related parties	31	26	25
Lease liabilities	29	170	146
Provisions		6	17
Government grants	25	67	56
Income tax payable		234	160
Total current liabilities		15,619	10,914
Total liabilities		33,712	30,676
TOTAL EQUITY AND LIABILITIES		240,457	233,040

The notes on pages 28 до 65 form an integral part of these consolidated financial statements, authorised for issue with a resolution of the Management Board dated 25 August 2026.

Daneta Zheleva

Chief Executive Officer

Ivan Rashkov

Preparer

CONSOLIDATED STATEMENT OF CASH
FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2026

in EUR'000	Notes	30 June 2026	30 June 2025
Operating activities			
Proceeds from customers		27,192	28,287
Payments to suppliers		(13,343)	(17,189)
Personnel and social security payments		(10,392)	(9,919)
Income tax paid / (refunded), net		(169)	(202)
Other taxes refunded / (paid), net		390	1,128
Exchange rate differences, net		417	(1,480)
Other (payments) / proceeds, net		(208)	(122)
Net cash flow from operating activities		3,887	503
Investing activity			
Payments for the acquisition of fixed assets and self-constructed fixed assets		(4,488)	(3,386)
Proceeds from sale of property, plant and equipment		-	15
Proceeds from government grants for non-current assets		90	3
Proceeds from interest on bank deposits		197	212
Purchase of debt instruments (US government securities)		-	(2,057)
Interest on debt instruments (US government securities)		63	-
Net cash flow used in investing activities		(4,138)	(5,213)
Financing activity			
Proceeds from interest-bearing bank loans		4,070	114
Payments on interest-bearing bank loans		(1,050)	(1,050)
Proceeds from loans from related parties		3,000	1,790
Payments on loans from related parties		(3,525)	-
Payments on lease liabilities	29	(82)	(75)
Dividends paid		(27)	(71)
Interest paid on loans		(137)	(57)
Interest paid on leases	29	(15)	(17)
Fees and commissions paid on loans and borrowings		(6)	(7)
Net cash flow from financing activities		2,228	627
Net increase in cash and cash equivalents		1,977	(4,083)
Cash and cash equivalents as of 1 January	21	13,797	15,753
FX Foreign currency translation effects		22	(45)
Cash and cash equivalents as of 30 June	21	15,796	11,625

The notes on pages 28 to 65 form an integral part of these consolidated financial statements, authorised for issue with a resolution of the Management Board dated 25 August 2026.

Daneta Zheleva

Chief Executive Officer

Ivan Rashkov

Preparer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2026

in EUR'000

	Attributable to the equity holders of the parent company							Total	Non-controlling interest	Total equity
	Share capital	Share premium	Statutory and additional reserves	Revaluation reserve	Reserve from FX translation of foreign operations	Reserve from revaluation of debt instruments	Retained earnings			
On 1 January 2026	49,497	15,858	1,648	41,128	5,839	41	88,035	202,046	318	202,364
Translation upon transition to the euro	(125)	-	-	-	-	-	125	-	-	-
On 1 January 2026 after translation	49,372	15,858	1,648	41,128	5,839	41	88,160	202,046	318	202,364
Comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	2,494	2,494	47	2,541
Other comprehensive income for the period	-	-	-	-	1,917	(40)	-	1,877	-	1,877
Total comprehensive income for the period	-	-	-	-	1,917	(40)	2,494	4,371	47	4,418
Transactions with shareholders recognised in equity										
Distribution of profit to reserves	-	-	(725)	-	-	-	725	-	-	-
Distribution of profit for dividends	-	-	-	-	-	-	-	-	(37)	(37)
Acquisition of a share of non-controlling interest	-	-	1	2	-	-	-	3	(3)	-
Total transactions with shareholders	-	-	(724)	2	-	-	725	3	(40)	(37)
Transfer of revaluation reserve to retained earnings	-	-	-	(11)	-	-	11	-	-	-
As of 30 June 2026	49,372	15,858	924	41,119	7,756	1	91,390	206,420	325	206,745

The notes on pages 28 to 65 form an integral part of these consolidated financial statements, authorised for issue with a resolution of the Management Board dated 25 August 2026.

Daneta Zheleva
Chief Executive Officer

Ivan Rashkov
Preparer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2025

in EUR'000	Attributable to the equity holders of the parent company							Total	Non-controlling interest	Total equity
	Share capital	Share premium	Statutory and additional reserves	Revaluation reserve	Reserve from FX translation of foreign operations	Reserve from revaluation of debt instruments	Retained earnings			
As of 1 January 2025	49,497	15,858	2,332	41,059	14,535	-	85,302	208,583	538	209,121
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	(747)	(747)	33	(714)
Other comprehensive income for the period	-	-	-	-	(8,397)	55	-	(8,342)	-	(8,342)
Total comprehensive income for the period	-	-	-	-	(8,397)	55	(747)	(9,089)	33	(9,056)
Transactions with shareholders recognised in equity										
Distribution of profit to reserves	-	-	(225)	-	-	-	224	(1)	-	(1)
Distribution of profit for dividends	-	-	-	-	-	-	-	-	(114)	(114)
Acquisition of a share of non-controlling interest	-	-	51	79	-	-	126	256	(256)	-
Total transactions with shareholders	-	-	(174)	79	-	-	350	255	(370)	(115)
Transfer of revaluation reserve to retained earnings	-	-	-	(9)	-	-	9	-	-	-
As of 30 June 2025	49,497	15,858	2,158	41,129	6,138	55	84,914	199,749	201	199,950

The notes on pages 28 до 65 form an integral part of these consolidated financial statements, authorised for issue with a resolution of the Management Board dated 25 August 2026.

Daneta Zheleva
Chief Executive Officer

Ivan Rashkov
Preparer

NOTES

1. CORPORATE INFORMATION

The consolidated financial statements of Industrial Holding Bulgaria PLC (the Company or IHB AD) and its subsidiaries (the Group) for the period ended 30 June 2026 were authorised for issue with a resolution of the Management Board of 25 August 2026, which was approved by the Supervisory Board.

Industrial Holding Bulgaria PLC is a joint stock company (PLC), registered in the Republic of Bulgaria on Company File number 13081 / 1996 with headquarters and registered office at 79 Maria Luiza Boulevard, floor 3, Sofia, Republic of Bulgaria. During the reporting period there was no change in the name of the Company.

The financial year of the Company 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 49,497,358, 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 has a two-tier system of governance, comprising Supervisory Board and Management Board.

As of 30 June 2026, Industrial Holding Bulgaria PLC has 9 direct subsidiaries (2025: 9), 12 indirect subsidiaries (31 December 2025: 12), and two indirect associates (31 December 2025: 2), and collectively referred to as "the Group". Further information is presented in Note 31.

The ultimate parent of Industrial Holding Bulgaria PLC is Bulls AD (Note 31).

The scope of activity of the Group includes production and trading activities in the area of heavy machinery, shipbuilding, ship repair and maritime transportation, port services, designer's services, maintenance and repair, and other services.

The operation of any of the Group entities is not limited to a certain period or by any other termination condition, except for Maritime Holding AD (in liquidation), for which a decision was passed in February 2026 to discontinue the activity of the company and declare it in liquidation.

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

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

2. SUMMARISED ACCOUNTING POLICY INFORMATION

2.1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis except for land, buildings and certain specialised equipment presented at a revalued amount, less accumulated depreciation, investment properties that are measured at fair value and derivative financial instruments that are measured at fair value.

The consolidated financial statements have been presented in euros (EUR) and all figures have been rounded to the nearest thousand euros (EUR'000), unless stated otherwise.

(i) Statement of compliance

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

These interim consolidated financial statements do not contain all information and data that must be included in the annual financial statements and shall be read together with the annual financial statements of the Group for the year ended 31 December 2025, issued on 29 April 2026.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of Industrial Holding Bulgaria PLC and its subsidiaries as of 30 June 2025.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which Industrial Holding Bulgaria PLC obtains control, and continues to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If Industrial Holding Bulgaria PLC loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative currency translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit resulting from the transaction in profit or loss;

- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

Industrial Holding Bulgaria PLC has also prepared and presented separate financial statements for the period ended 30 June 2026 in which the investments in subsidiaries are presented at cost, net of accumulated impairment losses. The separate financial statements of Industrial Holding Bulgaria PLC were authorised for issue in accordance with a resolution of the Management Board on 30 July 2026, which was approved by the Supervisory Board.

(iii) Going concern

The consolidated financial statements of the Group have been prepared on the going concern basis. For more detailed information, please refer to Note 3 Significant accounting judgments, estimates and assumptions, section "Judgments", sub-section "Going concern".

2.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed in the profit or loss for the period.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. That includes the acquiree separating embedded derivatives in host contracts.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value through profit and loss as of the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed an asset or liability, will be recognised in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* in profit or loss. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, which is the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs because either the fair values to be assigned to the acquiree's identifiable assets and liabilities assumed or the amount of consideration transferred or the amount of any non-controlling interest can be determined only provisionally, the Group accounts for the combination using those provisional values. The Group recognises any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date and retrospectively from that date.

b) Investments in associates

The Group's investments in associates are accounted for under the equity method. An associate is an entity over which the Group exercises significant influence (the power to participate in the financial and operating policy decisions of that investee but not control them).

Under the equity method, the investment in an associate is recognised in the statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment.

The associates' profits or losses is the share of the Group in their net financial results (after taxes) from their operations, which share is recognised and presented in a separate line of the consolidated income statement of profit or loss.

If changes have been recognised directly in the associate's other comprehensive income, the Group recognises its share of these changes and discloses them, where applicable, in other comprehensive income. Any unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

The associate's financial statements are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

After applying the equity method, the Group assesses whether it is necessary to recognise an additional loss due to impairment of the investment made. At the end of each financial year, the Group assesses whether any objective evidence indicates that impairment of its investment may have been incurred. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and the carrying amount and recognises this amount in the income statement.

Upon losing significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the associate's carrying amount upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c) Foreign currency translation

These consolidated financial statements are presented in euros, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency, and items included in each entity's financial statements are measured using that functional currency.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate published by Bulgarian National Bank, effective for the reporting date. All differences are taken to the statement of profit or loss except all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in equity.

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the functional currency exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the functional currency exchange rates at the date when the fair value is determined. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss except for monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation, financial instruments held for sale or effective cash flow hedges, which are recognised in other comprehensive income.

(ii) Group companies

The assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statement of profit or loss are translated at the exchange rate prevailing on the reporting date and their statement of profit or loss are translated using the average annual exchange rate. The exchange

differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

d) Revenue from contracts with customers

The Group is in the business of machine building, production of metal structures, ship repair, marine transport, port services, design services, and other services. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. An exception is additional services provided to tenants, such as electricity, water supply, central heating, etc., in which the Group acts as an agent, as its performance obligation is to ensure a third party provides the service.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

In fulfilling its commitments on contracts with customers, the Group has identified the following performance obligations:

Production of machine tools, components and parts

Revenue from the sale of machine tools, components and parts for the machine-building and other industries is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the finished products.

Transportation of cargo under voyage charter contracts

Revenue from the transportation of cargo under voyage charter contracts is recognised over time as the client simultaneously receives and consumes the benefits provided by the Group. The Group is using an input method based on the number of days that have passed after the date of transportation relative to the total number of estimated days of transportation (from the first loading port to the last unloading port) to measure progress towards complete satisfaction of the service.

Services relating to the operation of vessels under time charter contracts

Revenue from services relating to the operation of vessels under time charter contracts is recognised over time as the client simultaneously receives and consumes the benefits provided by the Group. The Group is using a method to report the products based on the time passed after the ship is rented to measure progress towards complete satisfaction of the service.

Repair and reconstruction of vessels

Revenue from the repair and reconstruction of vessels is recognised over time as the client simultaneously receives and consumes the benefits provided by the Group. The Group is using a method to report input resources based on the expenses incurred compared to the total amount of estimated expenses to measure progress towards complete satisfaction of the service.

Production of metal structures

Revenue from the production of metal structures is recognised over time as the client simultaneously receives and consumes the benefits provided by the Group. The Group is using a method to report resources used based on the costs incurred relative to the total amount of estimated costs to measure progress towards complete satisfaction of the performance obligation.

Design services

Revenue from design services in the ship-building area is recognised over time as the client simultaneously receives and consumes the benefits provided by the Group. For fixed-price contracts, the Group uses a method based on man-hours worked out relative to the total expected man-hours to the satisfaction of that performance obligation to assess the progress of the complete satisfaction of the performance obligation. For contracts based on an agreed fee per unit of time, the Group uses a method to report finished products based on the hours worked out as accepted by the client.

Freight handling

Revenue from freight handling is recognised over time as the client simultaneously receives and consumes the benefits provided by the Group. The Group is using a method to report finished products based on tonnage processed to measure progress towards complete satisfaction of the service.

Cargo storage

Revenue from cargo storage is recognised over time as the client simultaneously receives and consumes the benefits provided by the Group. The Group is using a method to report finished products based on the time of storage of cargo that has passed to measure progress towards complete satisfaction of the service.

Rent of a quay

Revenue from the rent of a quay is recognised over time as the client simultaneously receives and consumes the benefits provided by the Group. The Group uses a method to report finished products based on the time the ship is at the quay to measure progress towards complete satisfaction of the performance obligation.

Other services

Revenue from other services is recognised over time as the client simultaneously receives and consumes the benefits provided by the Group. For production services (relating primarily to processing of parts), the Group is using a method to report resources based on the costs incurred

relative to the total amount of estimated costs to measure progress towards complete satisfaction of the performance obligation. For administrative services (relating primarily to the provision of services to tenants) and for the sale of electricity, the Group uses a method to report finished products to measure progress towards complete satisfaction of the performance obligation. The Group acts as an agent in its performance obligations to provide administrative services.

In determining the price of its contracts with customers, the Group considers the effects of variable consideration, the existence of significant financing components, non-monetary consideration, and consideration payable to the customer.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in cumulative revenue recognised will not occur (reversal) when the associated uncertainty with the variable consideration is resolved.

Demurrage/dispatch under voyage charter contracts

The voyage charter contracts include clauses according to which the customer is required to pay demurrage or compensation for delaying a ship's loading or unloading time. And vice versa, if a vessel is loaded or unloaded for a time shorter than the agreed time, the Group must pay a dispatch to the client. The Group applies the expected value method to estimate the variable consideration for demurrage and dispatch. The Group then applies the requirements on constraining estimates of variable consideration and recognises either contract assets for the expected future demurrages or a refund liability for the expected future dispatches.

Volume rebates under freight handling contracts

The Group provides retrospective volume rebates to some customers once the quantity of cargo processed during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. The Group applies the most likely amount method to estimate the variable consideration for the expected future rebates. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

(ii) Significant financing component

Generally, the Group receives short-term advances under its contracts with customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group also receives long-term advances from customers under specific contracts. The transaction price for such contracts is discounted, using the rate reflected in a separate financing transaction between the Group and its customers at contract inception to consider the significant financing component.

(iii) Non-monetary consideration

Under the ship repair and reconstruction contracts, the Group also receives consideration in the form of metal waste (scrap) removed from the vessel, which are a non-monetary consideration received from the customer. Its fair value is included in the transaction price and assessed when the Group obtains control over the removed metal scrap.

Under the contracts for voyage charters for the carriage of cargo and for ship operation services under time-charter contracts, the Group receives consideration in the form of greenhouse gas emission allowances generated by the relevant ship voyage, which constitute non-monetary consideration received from the customer. Their fair value is included in the transaction price and assessed when the Group fulfils its obligations under the contracts.

In assessing the fair value of non-monetary consideration, the Group applies the requirements of IFRS 13, Fair value measurement.

(iv) Consideration due to a customer

Under voyage charter contracts, the Group pays commissions that represent, in their substance, a discount from the service price. The consideration due to the customer is reported in a decrease in the transaction price.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer.

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due) (Accounting policies for financial assets in Note 2.2g).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Costs to obtain a contract

The Group pays sales commission under certain contracts. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under employee benefits and part of cost of sales) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration. See above for a description of the accounting policies applied to the variable consideration.

e) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities with reference to corporate income taxes. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date in the countries in which the Group carries out its activities.

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

Deferred income tax

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

Deferred tax liabilities are recognised for all taxable temporary differences:

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

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

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

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

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

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

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

Value added tax ("VAT")

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

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

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

f) Employee benefits

Short-term employee benefits include salaries, interim and annual bonuses, social security contributions and paid annual leave of current employees expected to be settled wholly within 12 months after the end of the reporting period. They are recognised as an employee benefit expense in the profit or loss or included in the cost of an asset when service is rendered to the Group company and measured at the undiscounted amount of the expected cost of the benefit. Further details are provided in Note 29.

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

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

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

g) Financial instruments - initial recognition and subsequent measurement

Financial assets

Initial recognition and measurement

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

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

at the transaction price determined under IFRS 15. (Accounting policies in Note 2.2 d).

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

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

Interest income

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

The Group's financial assets at amortised cost includes trade and other receivables and loans to third parties.

Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Group measures its debt instruments at fair value through other comprehensive income, if both of the following conditions are met:

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

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

The Group's debt instruments at fair value through other comprehensive income include investments in quoted debt instruments (US government securities).

Derecognition

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

The rights to receive cash flows from the asset have expired; or

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

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

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

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided also in the Disposal of significant assumptions (Note 3).

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

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

At each reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 180 days past due.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group's debt instruments at fair value through other comprehensive income include only first-class quoted bonds. The Group's policy is to assess the ECL on a 12-

month basis. However, when there is a significant increase in credit risk since initial recognition, the impairment allowance is based on the ECL for the entire term of the instrument. The Group uses publicly available ratings both to determine whether the credit risk of the debt instrument has increased significantly and to calculate the ECL for the instrument.

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, interest-bearing loans and borrowings, including loans from related parties and bank overdrafts.

Subsequent measurement

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

Loans and borrowings

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

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

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 24 and Note 31.

Derecognition

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

h) Offsetting of financial instruments

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

i) Fair value measurement

The Group reports its financial instruments, such as, derivatives, as well as non-financial assets, such as investment properties and land, buildings and specialised equipment, at fair value at each reporting date. The Group does not report financial assets at fair value. The fair values of financial instruments measured at amortised cost are disclosed in Note 35.

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

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

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

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

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

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

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

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

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

The Group's management sets the policies and procedures to apply to both the regular fair value measurements, such

as those of land, buildings and specialised equipment and investment property, and to ad hoc fair value measurements, such as those of assets held for sale/distribution to owners.

External independent appraisers are involved usually for valuation of significant assets, such as land, buildings and specialised equipment and investment property. Involvement of valuation experts is decided upon annually by the Group's management.

At the end of each financial year, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the major inputs applied in the latest valuation are verified by agreeing the information in the valuation computation to contracts and other relevant documents.

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

j) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as interest rate swaps to hedge interest rate risks. These derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when their fair value is positive and as financial liabilities when it is negative.

Gains or losses arising from changes in derivatives' fair value are recognised directly in the profit or loss for the period, except for the effective portion of cash flow hedges, which are recognised in other comprehensive income.

For the purpose of hedge accounting, the hedges are classified as:

- A fair value hedge that is a hedge of the exposure to changes in fair values of a recognised asset or liability or an unrecognised firm commitment (other than a currency risk);
- A cash flow hedge that is a hedge of the exposure to variability in cash flows that are attributed to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or an unrecognised firm commitment;
- A hedge of net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges, which meet all criteria for hedge accounting, are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised directly in profit or loss for the period under the heading of operating expenses.

The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is transferred from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in the other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in other comprehensive income must be accounted for depending on the nature of the underlying transaction as described above.

k) Share capital

The share capital represents the par value of the shares issued and paid. The difference between the par value and the price paid for the shares is accounted for as share premium. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

l) Cash dividends and non-cash distribution to equity holders of the parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the profit or loss.

m) Treasury shares redeemed

Equity instruments that are redeemed (bought back) are recognised at fair value of the consideration transferred and deducted from equity. The Group does not recognise either profit or loss from the purchase, sale, issue or cancellation of its own equity instruments. Any difference between the par value and the fair value of the consideration transferred in the event of cancellation of redeemed shares is recognised in the decrease / increase in the premium reserve. Any difference between the par value and the fair value of the sale of own shares is recognised in the accumulated earnings / losses.

n) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and the fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn.

Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment or an intangible assets are/is not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is:

- A component of the Group that is a CGU or a group of CGUs
- Classified as held for sale or distribution or already disposed in such a way, or
- A major line of business or major geographical area

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of comprehensive income.

o) Property, plant and equipment

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

After initial recognition, land, buildings and certain specialised equipment are measured at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed frequently (usually at 5 year interval) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. When their fair value is significantly changed at shorter time range revaluation shall be performed more frequently. The most recent valuation of lands, buildings and certain specialised equipment is performed as of 31 December 2023 by independent appraisers.

Vehicles and other fixed assets, including the vessels and assets under construction are measured at cost, less accumulated depreciation and impairment losses.

The increase in the carrying amount of an asset as a result of a revaluation is recognised as a revaluation reserve in the other comprehensive income. However, the revaluation surplus is recognised in the statement of profit or loss insofar as it restores a revaluation impairment of the same asset recognised as an expense in the statement of profit or loss. Decrease in the carrying amount of an asset as a result of revaluation is recognised as an expense in the statement of profit or loss except to the extent that it offsets an existing revaluation reserve relating to that asset. Accumulated depreciation at the revaluation date is derecognised at the expense of a decrease in the asset's carrying amount.

The asset's value thus found is adjusted to its fair value. When the asset is written off, the revaluation reserve associated with it is transferred to the accumulated profits and losses.

Self-constructed assets

The cost of self-constructed assets includes the cost of materials, direct labour and the corresponding portion of indirect production costs; costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating; an initial estimate of the costs of dismantling and relocating the asset, and of restoring the site on which the asset is located and capitalised interest costs.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful lives
Buildings	7 – 79 years
Specialised equipment	5 – 50 years
Plant and equipment	2 – 60 years
Vehicles (incl. ships)	3 – 25 years
Ship repairs	2 – 5 years
Furniture and fittings	2 – 15 years
Leasehold improvements	2 – 3 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset, if any) is included in the statement of profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if the expectations differ from the previous accounting estimates.

p) Investment property

Investment property is initially measured at cost, which includes transaction costs. The cost of replacing parts of an investment property is included in its carrying amount when these costs are incurred provided that they meet the criteria for recognising investment property; costs for ongoing maintenance of investment property are excluded from the carrying amount.

Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated statement of profit or loss in the period in which they arise.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The profit or loss from disposal of the asset is recognised in the statement of profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

q) Lease

At the commencement date of the lease, which is the earlier of the two dates – the date of the lease agreement and the date of the parties are committed to the main conditions of the lease contract, the Group conducts an analysis and evaluates whether a contract is or contains a lease agreement. A contract is or contains a lease if it conveys the right to control the use of an asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases (those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) of low-value assets (such as tablets, personal computers, telephone sets, office equipment, etc.).

The Group has not used the practical expedients included in IFRS 16, which allows the lessee for each class of identified assets not to separate non-lease components from lease components, but instead to consider each lease component and related non-lease components as a separate lease component. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration under the contract based on the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease, i.e. the date the underlying asset is available to the Group for use.

Right-of-use assets are presented in the statement of financial position at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes:

- the amount of the initial estimate of lease liabilities;
- lease payments made at or before the commencement date, less any lease incentives received;
- initial direct costs to be incurred by the Group as a lessee;
- costs of recovery to be made by the Group for dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated by the Group on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term, depreciation is calculated using the estimated useful life of the asset. Depreciation begins to accrue from the date of commencement of the lease and is recognised in profit or loss as "depreciation expenses".

The depreciation periods by type of assets subject to lease contracts are as follows:

Assets	Useful life
Buildings and constructions	10 years
Plant and equipment	2 years

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

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

Lease liabilities

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

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

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

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

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

The Group subsequently measures the lease liability by:

- increasing the carrying amount to reflect the interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made;
- remeasuring the carrying amount to reflect any reassessments or lease modifications, or to reflect the adjusted fixed essentially lease payments.
- The Group remeasures its lease liabilities whenever:
- the lease term has changes or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a residual value guarantee, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged (original) discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

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

Short-term leases and leases of low-value assets

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

Leases of intangible assets

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

The Group as a lessor

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

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

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

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

r) Borrowing costs

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

s) Intangible assets

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

The Group assesses for each individual intangible asset whether its useful life is finite or indefinite.

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

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful life of the asset as follows:

	Useful life
Patents, licences and trademarks	2 – 20 years
Software	2 – 10 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

t) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

- Materials - purchase cost calculated using the weighted average cost method;
- Finished products and work-in-progress - cost of direct materials, labour and production overheads, relatively-fixed expenses allocated on the basis of the accrued direct labour costs or manufactured quantity of products.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

u) Impairment of non-financial assets

The Group assesses whether there are indications that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's or cash-generating unit's (CGU) recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less asset's or CGU's costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case, the recoverable amount of the CGU to which the asset belongs is determined.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing an asset's/CGU's value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value less the costs to sell of an asset / CGU is determined on the basis of recent market transactions, if any. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or available fair value indicators for the fair value of an asset or a cash generating unit.

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

Impairment losses are recognised in the statement of profit or loss as other expenses, or as a separate line item, when significant except for assets previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

The Group assesses whether there are indications that the impairment loss on an asset/CGU other than goodwill recognised in prior periods may no longer exist or may have decreased. If such indications exist, the Group determines the recoverable amount of the asset or cash-generating unit. An impairment loss is reversed only when there has been a change in the estimates used to determine the recoverable amount of the asset after recognition of the last impairment loss. The reversal of an impairment loss is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount (after deduction of amortisation) that would have been determined had no impairment loss been recognised for asset in previous years. The reversal of an impairment loss is recognised in the statement of profit or loss unless the asset is carried at revalued amount in which case the reversal is treated as a revaluation surplus.

The following criteria are applied by the Group in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

v) Cash and cash equivalents

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

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

w) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events when it is probable that an outflow of resources containing economic benefits will be required and when a reliable estimate of the cost of the obligation can be made. When the Group expects that some or all of the expenses required to settle the provision will be recovered, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when it is practically certain that these costs will be recovered. Provisioning costs are presented in the income statement net of the amount of

reimbursement. When the effect of time differences in the value of money is significant, provisions are discounted using a current pre-tax discounted rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision as a result of the elapsed time is presented as finance costs.

Provision for warranty service

Warranty provisions are recognised when the relevant products and services are realised. The provision is based on the historical information about the guarantees lodged, taking into account the probability of incurring future such costs.

Litigation provision

Litigation provision is recognised when there are ongoing legal or arbitration proceedings in which the Group is a party, and there is a likelihood of an unfavourable outcome. The provision is calculated as the present value of the expected costs to settle the dispute or the expected payments, depending on the outcome, based on information available as of the reporting date. Before recognising a litigation provision, the Group assesses all relevant facts and circumstances in each specific case.

x) Basic earnings per share

Basic net earnings per share are calculated by dividing the net profit or loss for the period attributable to ordinary equity holders by the weighted average number of shares held during the period.

y) Government financing (grants)

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the underlying asset.

z) Segment reporting

An operating segment is a separate business area (distinguishable component) of the Group that is the bearer of various business benefits and risks and the results of which are regularly evaluated by management. Decision-making on the operational activity of the segments and on the allocation of the Group's resources among them is on

the basis of the financial and other relevant information prepared for each segment specifically.

The Group's operating segments are separated according to the main business areas in which they operate, and are presented in Note 5

aa) Carbon regulation schemes

The Group participates in carbon regulation schemes, including the EU Emissions Trading Scheme (EU ETS) and similar schemes, under which it is obligated to surrender allowances, certificates, or other equivalent instruments based on generated greenhouse gas emissions or other metrics specified by the relevant scheme.

Expenses related to carbon regulation schemes are recognised in the period in which the relevant emissions are generated, or another event occurs that gives rise to an obligation to surrender allowances or certificates. A liability under carbon regulation schemes is recognised against the recognised expense.

Purchased allowances, certificates, and other equivalent instruments are reported as inventory and are initially measured at cost. Instruments received as non-cash consideration from customers are initially recognised at their fair value as of the acquisition date. At the end of each reporting period, they are measured at the lower of cost and net realisable value. When these assets are held to settle an obligation that has already arisen under the relevant scheme, the effect of such measurement is reflected in determining the value of the obligation under carbon regulation schemes. To the extent that the held allowances, certificates, or other equivalent instruments exceed the quantity required to settle the existing obligation, the reduction to net realisable value is recognised as an expense in the statement of profit or loss for the period.

The liability under carbon regulation schemes is assessed at the end of each reporting period at the carrying amount of the available allowances, certificates, or other equivalent instruments intended to settle it, and at the fair value of any shortfall. Changes in the measurement of the liability are recognised in the statement of profit or loss for the period.

Upon transfer of allowances, certificates, or other equivalent instruments to the competent authority, their respective carrying amounts are written off, and the recognised liability is settled.

5. OPERATING SEGMENTS

The Group reports on the following operating segments (business sectors):

- Maritime transport: Group's ships operation to transport cargo by sea.
- Port Operations: port services relating to processing and storage of cargo, and servicing the vessels at the time of loading and unloading operations.
- Machine building: production and sale of machine tools, components and parts for the machine-building and other industries; cast metals.
- Ship building and ship repair: repairs and reconstruction of vessels; production of non-standard metal constructions for the needs of ship-building, construction and energy industries; ship design.
- Other activities: consulting services, supervision and inspection of vessels, and other activities.

6. ACQUISITION OF NON-CONTROLLING INTEREST AND EFFECTS OF DISCONTINUED OPERATIONS

Acquisition/incorporation of subsidiaries in the first six months of 2026 and 2025

In the first six months of 2026 and 2025, the Group did not acquire and incorporate new entities.

Acquisition of additional interests in the first six months of 2026 and 2025

In the first six months of 2026, the General Meeting of Shareholders of ZMM Sliven AD took a decision to increase the entity's capital. In this procedure, new shares were subscribed only by the parent company, ZMM Bulgaria Holding EAD, by acquiring 2,487,170 shares for the amount of EUR 1,268 thousand, while the other shareholders waived their rights. As a result, the share of the Group in ZMM Sliven AD grew from 99.66% to 99.79%, with the effects from the acquisition being presented in the following table:

in EUR'000	30 June 2026
Transfer to Revaluation reserve	2
Transfer to Statutory and Additional Reserves	1
Carrying amount of the additional shareholding in ZMM Sliven AD	(3)

In the first six months of 2025, the General Meeting of Shareholders of ZMM Sliven AD took a decision to increase the entity's capital. In this procedure, new shares were subscribed only by the parent company, ZMM Bulgaria Holding EAD, by acquiring 1,356,100 shares for the amount of EUR 763 thousand, while the other shareholders waived their rights. As a result, the share of the Group in ZMM Sliven AD grew from 95.98% to 99.31%, with the effects from the acquisition being presented in the following table:

in EUR'000	30 June 2025
Transfer to Revaluation reserve	79
Transfer to Statutory and Additional Reserves	51
Carrying amount of the additional shareholding in ZMM Sliven AD	(256)
Difference recognised in retained earnings	(126)

7. REVENUE

in EUR'000	30 June 2026	30 June 2025
Revenue from production of machine tools, components and parts	7,449	7,758
Revenue from cargo transportation under voyage charter contracts	2,111	2,210
Revenue from time charter contracts	5,966	4,205
Revenue from repair and reconstruction of vessels	5,140	8,063
Revenue from design services	877	641
Revenue from cargo handling	4,150	3,214
Revenue from cargo storage	582	517
Revenue from quay rent	333	220
Revenue from property rentals	436	830
Revenue from other services	287	519
	27,331	28,177

NOTES

Pursuant to IFRS 16 Leases, the Group has conducted an analysis and found that the time charter contracts for ships contain a lease and a non-lease component, as the lease component is the charter of the vessel and the non-lease component is the service of its operation during the charter. The breakdown between the two revenue components from these contracts is as follows:

in EUR'000	30 June 2026	30 June 2025
Revenue from charter of vessels under time charter contracts	2,493	1,163
Revenue from services on operation of vessels under time charter contracts	3,473	3,042
	5,966	4,205

The Group's revenue under the applicable standards is disclosed in the following table:

in EUR'000	30 June 2026	30 June 2025
Revenue from contracts with customers	24,402	26,184
Rental income	2,929	1,993
	27,331	28,177

Set out below is the Group's revenue by segments for the first six months of 2026:

in EUR'000	Maritime Transport	Ship Building and Ship Repair	Port Operations	Machine Building	Other activities	Total
Revenue from production of machine tools, components and parts	-	-	-	7,449	-	7,449
Revenue from cargo transportation under voyage charter contracts	2,111	-	-	-	-	2,111
Revenue from time charter contracts	5,966	-	-	-	-	5,966
Revenue from repair and reconstruction of vessels	-	5,140	-	-	-	5,140
Revenue from design services	-	877	-	-	-	877
Revenue from cargo handling	-	-	4,150	-	-	4,150
Revenue from cargo storage	-	-	582	-	-	582
Revenue from quay rent	-	-	333	-	-	333
Revenue from property rentals	-	73	345	18	-	436
Revenue from other services	46	39	51	151	-	287
	8,123	6,129	5,461	7,618	-	27,331
Revenue from contracts with customers	5,630	6,056	5,116	7,600	-	24,402
Rental income	2,493	73	345	18	-	2,929

NOTES

Set out below is the Group's revenue by segments for the first six months of 2025:

in EUR'000	Maritime Transport	Ship Building and Ship Repair	Port Operations	Machine Building	Other activities	Total
Revenue from production of machine tools, components and parts	-	-	-	7,758	-	7,758
Revenue from cargo transportation under voyage charter contracts	2,210	-	-	-	-	2,210
Revenue from time charter contracts	4,205	-	-	-	-	4,205
Revenue from repair and reconstruction of vessels	-	8,063	-	-	-	8,063
Revenue from design services	-	641	-	-	-	641
Revenue from cargo handling	-	-	3,214	-	-	3,214
Revenue from cargo storage	-	-	517	-	-	517
Revenue from quay rent	-	-	220	-	-	220
Revenue from property rentals	-	75	741	14	-	830
Revenue from other services	44	44	74	84	273	519
	6,459	8,823	4,766	7,856	273	28,177
Revenue from contracts with customers	5,296	8,748	4,025	7,842	273	26,184
Rental income	1,163	75	741	14	-	1,993

Contract balances

in EUR'000	30 June 2026	30 June 2025
Trade receivables	3,321	2,612
Trade receivables related parties	7	4
Contract assets	172	806
Contract liabilities	2,086	2,287

Contract assets are recognised initially on the basis of the satisfied performance obligations as the receipt of the consideration depends also on other conditions (completion of activities), besides on the expiry of a certain period of time. Upon completion of the work and its acceptance by the customer, the amounts recognised as contract assets are transformed in trade receivables.

The contract liabilities include short-term advance payments.

According to paragraph 116 of IFRS 15, the Group has recognised revenue of EUR 1,168 thousand (the first six months of 2025: EUR 1,568 thousand), which has been included in the balance of advances received under a contract at the beginning of the period.

Performance obligations

Information about the Group's performance obligations are summarised below:

Production of machine tools, components and parts

The performance obligation to manufacture machine tools, components and parts is satisfied upon delivery of the respective machine tool, component or part to the customer. Usually, the customer pays part of the price due in advance, and the final payment is made from 0 to 30 days after the delivery.

Cargo transportation under voyage charter contracts

The performance obligation to transport cargo under voyage charter contracts is satisfied by considering each day of cargo carriage, which has passed. The payment is due generally from 0 to 30 days upon loading.

Services on operation of vessels under time charter contracts

The obligation to operate vessels under time charter contracts is satisfied by considering each day the vessel is chartered. The payment is due generally in advance, in every 15 or 30 days.

Repair and reconstruction of vessels

The performance obligation to repair and reconstruct vessels is satisfied upon acceptance of each activity by the customer. The payment is due generally from 0 to 180 days upon completion of the repair.

Production of metal structures

The performance obligation for production of metal structures is satisfied over time based on the resources consumed. The payment is due generally from 0 to 30 days upon acceptance of the work.

Design services

The performance obligation to provide design services is satisfied over time based on the resources consumed (man-hours). The payment is due generally from 0 to 30 days upon acceptance of the work.

Cargo handling

The performance obligation to process cargo is satisfied by considering every quantity of cargo being processed. The payment is due generally from 0 to 30 days upon completion of the processing.

Cargo storage

The performance obligation to storage cargo is satisfied by considering each day, which has passed, during which the cargo has been stored within the territory of the ports. The payment is due generally from 0 to 30 days upon acceptance of the work.

Quay rent

The performance obligation to pay a quay rent is satisfied by considering each day, which has passed, during which the ship is moored to the Group's quays. The payment is due generally from 0 to 30 days upon expiry of the monthly period or after the ship is no longer moored to the quay.

Other services

The performance obligation with respect to other production services and vessel supervision and inspection services is satisfied over time based on the resources consumed. The payment is due generally from 0 to 30 days upon acceptance of the work. The performance obligation with respect to supervision and inspection services relate to activities of a subsidiary, which was sold in October 2025. The performance obligation with respect to administrative services is satisfied over time, based on the resources consumed by the customer. Payment is due generally from 0 to 30 days upon expiry of the monthly period or termination of the rent. . The performance obligation with respect to the sale of electricity is satisfied over time on the basis of the quantities of electricity consumed by the customer. Payment is due generally from 0 to 30 days after the end of the monthly period.

As a practical expedient, it is not necessary for the Group to disclose information under paragraph 120 of IFRS 15 regarding a performance obligation, as the contracts with customers for the sale of goods and services are initially expected to mature within 1 year.

8. OTHER OPERATING INCOME

in EUR'000	30 June 2026	30 June 2025
Income from government financing (Note 27)	29	162
Gain on sale of fixed assets	3	14
Gain on sale of materials and scrap	202	236
Income from insurance indemnities	1	5
Reversed impairment, net	6	2
Other income	15	45
	256	464

9. EXPENSES ON MATERIALS

in EUR'000	30 June 2026	30 June 2025
Raw materials	(3,360)	(4,168)
Fuel for operation of ships	(631)	(1,264)
Auxiliary materials	(1,152)	(1,075)
Spare parts	(510)	(895)
Electric energy	(655)	(774)
Other expenses	(234)	(236)
	(6,542)	(8,412)

10. EXPENSES ON HIRED SERVICES

in EUR'000	30 June 2026	30 June 2025
Services from subcontractors	(1,841)	(2,941)
Intermediary services	(260)	(698)
Port expenses	(632)	(596)
Insurances	(459)	(426)
Repairs	(284)	(329)
Security	(330)	(301)
Software maintenance on subscription	(200)	(74)
Civil contracts	(65)	(94)
Legal services	(19)	(20)
Other expenses	(906)	(711)
	(4,996)	(6,190)

11. EMPLOYEE BENEFIT EXPENSES

in EUR'000	30 June 2026	30 June 2025
Wages and salaries	(8,024)	(7,689)
Compulsory social security contributions	(1,250)	(1,183)
Management contracts	(505)	(563)
Compulsory social and health security contributions on management contracts	(30)	(36)
Other employee benefit expenses	(511)	(449)
Other employee benefit expenses	(10,320)	(9,920)

The average number of staff of the Group for the period January 2026 – June 2026 is 899 employees (January 2025 – June 2025: 915 employees).

12. OTHER OPERATING EXPENSES

in EUR'000	30 June 2026	30 June 2025
Expenses on business trips and replacement of crew	(463)	(314)
Local taxes and charges, tax on expenses	(218)	(217)
Scraping and liquidation of fixed tangible assets	(109)	(37)
Expenses on court proceedings, notarial and other fees	(7)	(7)
Impairment loss, net	(193)	-
Other expenses	(146)	(75)
	(1,136)	(650)

13. FINANCE INCOME AND FINANCE COSTS

in EUR'000	30 June 2026	30 June 2025
Foreign currency gains, net	503	-
Interest income (Note 13.1.)	255	211
Finance income	758	211

In EUR'000	30 June 2026	30 June 2025
Interest expenses (Note 13.2.)	(153)	(57)
Foreign currency losses, net	-	(1,645)
Other finance costs	(45)	(50)
Finance costs	(198)	(1,752)

The realised exchange rate gains and losses are mainly related to balance sheet items denominated in US dollars – cash and debt instruments. These positions are kept open in connection with the financing of the purchase of the three new ships by subsidiaries in the Maritime Transport segment, as payments under shipbuilding contracts are made in US dollars.

13.1. INTEREST INCOME

in EUR'000	30 June 2026	30 June 2025
Interest income on bank deposits – related parties	147	143
Interest income on bank deposits – unrelated parties	56	54
Interest income on government securities	50	11
Other interest income	2	3
	255	211

13.2. INTEREST EXPENSES

in EUR'000	30 June 2026	30 June 2025
Interest expenses on bank loans received	(62)	(2)
Interest expenses on loans from related parties (Note 31)	(76)	(38)
Interest expenses on lease liabilities (Note 29)	(15)	(17)
	(153)	(57)

In the first six months of 2026, there was no interest expenses on bank loans capitalised to the value of the assets (in the first six months of 2025: EUR 55 thousand).

14. INCOME TAX

The main components of income tax expense relating to the corporate income tax for the period ended 30 June 2026 and 30 June 2025 include:

in EUR'000	30 June 2026	30 June 2025
Current income tax charge	(260)	(384)
Deferred tax relating to origination and reversal of temporary differences	(14)	(13)
Income tax expense recognised in the consolidated income statement	(274)	(397)

15. PROPERTY, PLANT AND EQUIPMENT

in EUR'000	Land and building	Plant and equipment	Other fixed assets	Ships	FTAs in progress	Total
Book value as of 1 January 2025	74,904	49,050	6,998	60,189	35,802	226,943
Depreciation as of 1 January 2025	(549)	(20,297)	(4,155)	(5,644)	-	(30,645)
Net book value as of 1 January 2025	74,355	28,753	2,843	54,545	35,802	196,298
Book value on 1 January 2025	74,904	49,050	6,998	60,189	35,802	226,943
Book value of acquired assets	212	2,593	191	-	8,764	11,760
Book value of derecognised assets	-	(213)	(129)	(379)	(3)	(724)
Transfers from costs of acquisition	1,215	15,544	232	1,569	(18,559)	1
Transfers among classes	328	(328)	-	-	-	-
Transfers from/to intangible assets	-	-	-	-	(184)	(184)
Transfers from/to investment property	(277)	-	-	-	-	(277)
Transfers from/to materials	-	-	-	-	(2,091)	(2,091)
Book value written off accumulated depreciation upon transfers to investment property	(51)	(1)	-	-	-	(52)
Effect of foreign currency translation of foreign operations	-	(14)	-	(7,052)	(2,196)	(9,262)
Other movements	-	(6)	(48)	-	-	(54)
Book value on 31 December 2025	76,331	66,625	7,244	54,327	21,533	226,060
Depreciation on 1 January 2025	(549)	(20,297)	(4,155)	(5,644)	-	(30,645)
Depreciation charges for the period	(717)	(1,883)	(392)	(3,864)	-	(6,856)
Depreciation of derecognised assets	-	175	129	353	-	657
Transfers among classes	(51)	51	-	-	-	-
Derecognised accumulated depreciation upon transfers to investment property	51	1	-	-	-	52
Effect of foreign currency translation of foreign operations	-	6	-	803	-	809
Other movements	-	6	48	-	-	54
Depreciation on 31 December 2025	(1,266)	(21,941)	(4,370)	(8,352)	-	(35,929)
Book value on 31 December 2025	75,065	44,684	2,874	45,975	21,533	190,131
in EUR'000	Land and building	Plant and equipment	Other fixed assets	Ships	FTAs in progress	Total
Book value on 1 January 2026	76,331	66,625	7,244	54,327	21,533	226,060
Book value of acquired assets	-	157	91	-	4,649	4,897
Book value of derecognised assets	-	(78)	(46)	(810)	-	(934)
Transfers from acquisition costs	23	1,080	2	1,267	(2,372)	-
Effect of foreign currency translation of foreign operations	-	3	-	1,742	528	2,273
Book value on 30 June 2026	76,354	67,787	7,291	56,526	24,338	232,296
Depreciation on 1 January 2026	(1,266)	(21,941)	(4,370)	(8,352)	-	(35,929)
Depreciation charges for the period	(381)	(1,101)	(182)	(1,939)	-	(3,603)
Depreciation of derecognised assets	-	52	37	702	-	791
Effect of foreign currency translation of foreign operations	-	(2)	-	(296)	-	(298)
Depreciation on 30 June 2026	(1,647)	(22,992)	(4,515)	(9,885)	-	(39,039)
Book value on 30 June 2026	74,707	44,795	2,776	46,641	24,338	193,257

Pledged assets

In relation to issuing bank guarantees and/or letters of credit in favour of suppliers and utilised bank loans, mortgages were registered or registered pledges were established on items of property, plant, equipment with a total carrying amount of EUR 29,898 thousand as of 30 June 2026 (2025: EUR 29,378 thousand) (Note 24).

Property, plant and equipment under construction

Assets under construction consist of assets not yet commissioned, as well as costs of major repairs of existing assets that were not completed as of 30 June 2026. Segment breakdowns are as follows:

- Assets under construction in the Maritime Transport segment amounting to EUR 16,942 thousand (2025: EUR 16,546 thousand) – comprise primarily amounts paid in advance for the construction of three new bulk carriers;
- Assets under construction in the Shipbuilding and Ship Repair segment amounting to EUR 2,229 thousand (2025: EUR 1,729 thousand) - comprise primarily expenses on reconstruction of production buildings and expenses on optimisation of the electricity grid;
- Assets under construction in the Port Operations segment amounting to EUR 5,095 thousand (2025: EUR 2,561 thousand) – comprise primarily expenses on the project for the extension of KRZ Port Burgas;
- Assets under construction in the Machine Building segment amounting to EUR 72 thousand (2025: EUR 697 thousand);

Capitalised borrowing costs

In the first six months of 2026, there was no interest on bank loans capitalised to the value of the assets (2025: EUR 103 thousand).

16. INTANGIBLE ASSETS

in EUR'000	Patents and trademarks	Software	Other intangible assets	Total
Carrying amount as of 1 January 2025	841	126	154	1,121
Carrying amount as of 31 December 2025	805	96	307	1,208
Carrying amount as of 30 June 2026	790	84	290	1,164

Amortisation charges on intangible assets for the year ended 30 June 2026 amount to EUR 45 thousand (2025: EUR 102 thousand).

The value of patents and trademarks includes an intangible asset recognised upon the business combination of the acquisition of Odessos PBM EAD in connection with the port operating certificate. The carrying amount of the asset was EUR 788 thousand as of 30 June 2026 (2025: EUR 804 thousand).

16.1. GOODWILL

in EUR'000	
On 31 December 2025	2,213
On 30 June 2026	2,213

17. INVESTMENT PROPERTY

Investment properties are trade and offices premises, warehouses, etc. in Varna city, which are leased out.

Fair value reconciliation

in EUR'000	Commercial and office properties	Warehouses	Other properties	Total
On 1 January 2025	2,461	4,796	595	7,852
Expenses on asset improvements	34	14	5	53
Transfers from/to property, plant and equipment	-	277	-	277
Profit/(loss) on revaluation of assets during the period	38	(143)	23	(82)
On 31 December 2025	2,533	4,944	623	8,100

in EUR'000	Commercial and office properties	Warehouses	Other properties	Total
On 1 January 2026	2,533	4,944	623	8,100
Expenses on asset improvements	66	159	-	225
On 30 June 2026	2,599	5,103	623	8,325

Pledged assets

The bank loans granted are secured with mortgages over investment properties, owned by a Group entity with a total carrying amount as of 30 June 2026 of EUR 21 thousand (2025: EUR 21 thousand) (Note 24).

18. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

in EUR'000	30 June 2026	31 December 2025
Long-term US government securities	2,043	2,039
	2,043	2,039

In May 2025, the Group invested in an issue of long-term US government securities maturing in November 2054, with a coupon of 4.5% and interest payments every six months. The nominal value of the acquired debt instruments was USD 2,500 thousand. The yield on the security issue from issuance to maturity was 5.002%. The debt instrument was classified as a financial asset measured at fair value through other comprehensive income.

For the first half of 2026, the Group recognised interest income, calculated using the effective interest rate method, of EUR 50 thousand. During the reporting period, interest amounting to EUR 63 thousand was received in cash. For the first half of 2026, a loss from the subsequent fair value measurement of the instrument, recognised in other comprehensive income, net of taxes, of EUR 40 thousand was reported.

The fair value of U.S. government securities is determined based on quoted prices in active markets (Level 1 of the fair value hierarchy).

19. INVENTORIES

in EUR'000	30 June 2026	31 December 2025
Raw materials, materials and consumables	7,141	7,550
Work in progress	2,744	2,269
Finished products	1,083	936
Allowances and certificates under carbon regulation schemes (at net realisable value)	297	71
	11,265	10,826

20. TRADE AND OTHER RECEIVABLES, AND CONTRACT ASSETS

in EUR'000	30 June 2026	31 December 2025
Trade receivables from unrelated parties, net	3,635	2,422
Trade related party receivables	7	5
Advance payments and prepayments	534	310
Taxes receivable, other than income tax	510	326
Court receivables, net	29	1
Loans to related parties	31	30
Interest receivable on deposits placed with banks	134	128
Other receivables	296	324
	5,176	3,546
Long-term portion	31	31
Short-term portion	5,145	3,515

As of 30 June 2026, the following Trade and other receivables represent trade receivables under contracts with customers:

- Trade receivables from unrelated parties, net – EUR 3,293 thousand (2025: EUR 2,171 thousand);
- Trade receivables from related parties – EUR 7 thousand (2025: EUR 5 thousand).

Out of the interest on bank deposits, EUR 104 thousand were from a bank – related party as of 30 June 2026 (2025: EUR 103 thousand).

Out of the other receivables, EUR 11 thousand were from a related party 30 June 2026 (2025: EUR 12 thousand).

Contract assets

As of 30 June 2026, the Group had contract assets of EUR 172 thousand (2025: EUR 114 thousand).

21. CASH AND CASH EQUIVALENTS

in EUR'000	30 June 2026	31 December 2025
Cash with banks – related parties (Note 31)	10,112	10,223
Cash with banks - unrelated parties	5,547	3,461
Cash in hand	137	113
Cash and cash equivalents recognised in the consolidated statement of cash flows	15,796	13,797
Restricted cash as collateral under bank loans	-	-
Cash and cash equivalents recognised in the consolidated statement of financial position	15,796	13,797

Cash denominated in euros are measured at their nominal amount and that denominated in foreign currency are measured at the closing exchange rate of BNB at the reporting period-end. Any foreign exchange differences are stated as current income and respectively, expenses.

22. SHARE CAPITAL AND RESERVES

As a result of the introduction of the euro as the official currency of the Republic of Bulgaria, effective 1 January 2026, the nominal value of one share of the parent company, Industrial Holding Bulgaria PLC, was translated into euros at the applicable statutory exchange rate. The translation resulted in a difference between the capital determined based on the number of shares and their new nominal value, and the total converted amount of capital, which amounted to EUR 125 thousand and was taken to retained earnings.

The capital of the parent company, Industrial Holding Bulgaria PLC, as of 30 June 2026 comprises 96,808,417 dematerialised registered voting shares with a nominal value of EUR 0.51 each that are listed on the Bulgarian Stock Exchange. The share capital is subscribed at par value and is fully paid. There are no preference shares and bearer shares.

The share capital was stated at nominal value in compliance with the registration in the Commercial Register.

in EUR'000	30 June 2026	31 December 2025
96,808,417 ordinary shares with par value of EUR 0.51 each	49,372	49,497
	49,372	49,497

Shareholders of Industrial Holding Bulgaria PLC holding more than 5% of the Group's capital as of 30 June 2026:

	Number of shares as of 30 June 2026	30 June 2026
BULLS AD	66,504,789	68.70%
DZH AD	9,657,874	9.98%
Other legal entities and natural persons	20,645,754	21.32%
	96,808,417	100.00%

Shareholders of Industrial Holding Bulgaria PLC holding more than 5% of the Group's capital as of 30 June 2025:

	Number of shares as of 31 December 2025	31 December 2025
BULLS AD	66,339,143	68.53%
DZH AD	9,657,874	9.98%
Other legal entities and natural persons	20,811,400	21.49%
	96,808,417	100.00%

Reconciliation of the issued shares:

in EUR'000	Number of shares	Amount
On 1 January 2025	96,808,417	49,497
On 31 December 2025	96,808,417	49,497
Allocation to retained earnings as a result of the introduction of the euro as the official currency	-	(125)
On 30 June 2026	96,808,417	49,372

Reconciliation of the premium reserve

in EUR'000	Amount
On 1 January 2025	15,858
On 31 December 2025	15,858
On 30 June 2026	15,858

Statutory and additional reserves

Statutory reserves are set aside by joint-stock companies as a profit distribution in accordance with the provisions of Article 246 of the Commercial Act. They are set aside until they reach one-tenth or more of the capital. The sources that form the statutory reserves include at least one-tenth of the net profit, share premium and funds envisaged in the articles of association or decision of the General Meeting of Shareholders. The Statutory and Additional Reserves amounted to EUR 924 thousand as of 30 June 2026 (2025: EUR 1,648 thousand).

Treasury shares redeemed

By decision of the General Meeting of Shareholders of Industrial Holding Bulgaria PLC held on 29 June 2026 a consecutive procedure for redemption of treasury shares was initiated by the following parameters:

- Number of shares to be redeemed every year over a period of five years – up to 3% of the registered capital of the Company per calendar year, but not more than 10% in total for the entire period of redemption and not more than 10 % of the total capital of the Company;
- Minimum redemption price - EUR 0.50 per share;
- Maximum redemption price – EUR 1.50 per share.

On 17 July 2026, Allianz Bank Bulgaria AD was appointed as an investment intermediary.

Industrial Holding Bulgaria PLC did not hold redeemed treasury shares as of 30 June 2026.

Industrial Holding Bulgaria PLC did not hold redeemed treasury shares as of 31 December 2025.

Revaluation reserve

The revaluation reserve is used to record increases in the fair value upon revaluation of land, buildings and specialised equipment (net of any deferred tax effects), and decreases in this amount to the extent that such increases relate to an increase of the value of the same asset previously recognised in other comprehensive income. The revaluation reserve amounted to EUR 41,119 thousand as of 30 June 2026 (2025: EUR 41,128 thousand).

Reserves from FX translations of foreign operations

The reserves from FX translations of foreign operations represent foreign exchange differences due to the translation of financial statements of companies with functional currencies other than the euro (mainly in US dollars), as also due to the translation of net investments in these foreign operations for the purposes of their consolidation. Such reserves are reclassified to profit or loss in the period of disposal of the relevant investments in foreign subsidiaries.

Reserves from foreign currency translation of foreign subsidiaries amounted to EUR 7,756 thousand as of 30 June 2026 (2025: EUR 5,839 thousand).

23. BASIC NET EARNINGS / (LOSSES) PER SHARE

Basic net earnings / (losses) per share are calculated by dividing the net financial result for the period, attributable to the parent company equity owners, at the weighted average number of the ordinary shares held over the period.

The calculation of the basic net earnings / (losses) per share as of 30 June 2026 is based on the net financial result for the period attributable to the equity holders of the parent company – a profit of EUR 2,494 thousand (30 June 2025: a loss of EUR 747 thousand), and the weighted average number of the ordinary shares available during the period ended 30 June 2026 of 96,808 thousand (30 June 2025: 96,808 thousand). Calculations have been made as follows:

	30 June 2026	30 June 2025
Net profit / (loss) for the period (in EUR'000)	2,541	(714)
Net profit / (loss) for the period attributable to the owners of the parent company (in EUR'000)	2,494	(747)
Weighted average number of ordinary shares (in thousand)	96,808	96,808
Basic net earnings / (losses) per share (in EUR)	0.026	(0.008)

The weighted average number of shares in the first six months of 2026 and the first six months of 2025 has been calculated on the basis of the movement in outstanding shares, as follows:

In thousands	30 June 2026	30 June 2025
Ordinary shares issued at the beginning of the period	96,808	96,808
Shares redeemed at the beginning of the period	-	-
Number of shares outstanding at the beginning of the period	96,808	96,808
Shares redeemed over the period	-	-
Ordinary shares issued at the end of the period	96,808	96,808
Shares redeemed at the end of the period	-	-
Number of shares outstanding at the end of the period	96,808	96,808
Weighted average number of ordinary shares for the period	96,808	96,808

Basic net earnings per diluted share have not been calculated as financial instruments that could lead to changes in the equity structure and equity ratios have not been issued.

24. INTEREST-BEARING LOANS

The contractual terms and conditions of the Group's loans are presented below.

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

in EUR'000	Currency	Interest rate, %	Maturity	30 June 2026	31 December 2025
Bank loan contract No. 22F-000155 of 24 February 2022	EUR	1.40%	2029	3,320	4,322
				3,320	4,322

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

in EUR'000	Currency	Interest rate, %	Maturity	30 June 2026	31 December 2025
Bank loan contract No. 22F-000155 of 24 February 2022	EUR	1.40%	2029	2,007	2,006
Bank loan contract No. 19F-002296 of 8 October 2019	EUR	1.60%	2026	14	62
Bank loan contract No. 22F-000125 of 07 November 2022	BGN	РЛП+1.7%	2026	4,913	843
				6,934	2,911

The payables under interest-bearing loans include principal and interest payable, as follows:

in EUR'000	30 June 2026	31 December 2025
Principal payable	10,251	7,231
Interest payable	3	2
	10,254	7,233

Bank Loan Contract No. 22F-000155 is concluded to secure funds for investments in a project for expanding one of the Group's ports. The contract is secured by mortgages on real estate (land and buildings) of the company implementing the investment project. The loan matures in February 2029.

Under Bank Loan Contract No. 22F-001225, a total limit was granted 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 UIC 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 interest rates as a result of the adoption of the euro as the official currency of the Republic of Bulgaria, effective 01 January 2026. The agreement is secured by mortgages on real estate (land and buildings) of a Group company, which company is also a guarantor under the contract. The amount of EUR 4,913 thousand was utilised under the contract as of 30 June 2026.

The bank loans are secured by registered mortgages on land and buildings, and registered pledges imposed on plant and equipment belonging to Group companies, with a total carrying amount of EUR 29,919 thousand as of 30 June 2026 (31 December 2025: EUR 29,398 thousand).

25. GOVERNMENT GRANTS

in EUR'000	30 June 2026	31 December 2025
As of 1 January	565	622
Government financing authorised and received over the period	90	3
Government financing authorised during the period, but not received in the bank account	11	-
Government financing authorised during the period, received in the form of payables to suppliers	-	133
Recognised in the statement of profit or loss during the period	(29)	(191)
At the period-end	637	567
Long-term portion	570	511
Short-term portion	67	56

The Group reported government grants as of 30 June 2026, which were received in previous reporting period, either the most significant thereof being the following:

- Financing under Operational Programme "Development of the Competitiveness of the Bulgarian Economy 2007-2013" for a project related to the purchase of new equipment in the amount of EUR 541 thousand. The outstanding balance as of 30 June 2026 was EUR 204 thousand.
- Financing under Operational Program "Development of the Competitiveness of the Bulgarian Economy 2007-2013" for a project for the supply of new equipment in the amount of EUR 184 thousand. The outstanding balance as of 30 June 2026 was EUR 71 thousand.
- Financing under the Operational Program "Development of the Competitiveness of the Bulgarian Economy 2007-2013" for a project for the introduction of an innovative technological process in the amount of EUR 269 thousand. The outstanding balance as of 30 June 2026 was EUR 137 thousand.

As of the approval date of the financial statements there were no unfulfilled conditions connected with the received financing.

26. RETIREMENT BENEFIT LIABILITIES

in EUR'000	30 June 2026	31 December 2025
Present value of liabilities as of 1 January	646	669
Remuneration paid for the year	(171)	(131)
Expenses recognised in the statement of profit or loss	-	47
Expenses recognised in the statement of comprehensive income	-	61
Present value of the liability at the period-end	475	646

27. TRADE AND OTHER PAYABLES

in EUR'000	30 June 2026	31 December 2025
Trade payables	3,238	2,812
Payables to related parties	11	15
Advances and deferred income	145	324
Payables to personnel	1,413	1,621
Social security payable	417	423
Payables to the State budget	255	183
Payables under carbon regulation schemes	234	226
Other payables	418	410
	6,131	6,014
Long-term portion	35	36
Short-term portion	6,096	5,978

28. CONTRACT LIABILITIES

in EUR'000	30 June 2026	31 December 2025
Short-term advances	2,086	1,621
	2,086	1,621

29. LEASE

29.1. THE GROUP AS A LESSEE

Right-of-use assets

in EUR'000	Buildings	Equipment	Total
Book value on 1 January 2025	1,123	64	1,187
Depreciation charges as of 1 January 2025	-	(26)	(26)
Carrying amount on 1 January 2025	1,123	38	1,161
Book value on 1 January 2025	1,123	64	1,187
Recalculation of the lease liability due to modification	26	-	26
Derecognised depreciation due to modification	(144)	-	(144)
Book value on 31 December 2025	1,005	64	1,069
Depreciation on 1 January 2025	-	(26)	(26)
Depreciation charges over the period	(145)	(20)	(165)
Depreciation written off due to modification	144	-	144
Other movements	1	-	1
Depreciation on 31 December 2025	-	(46)	(46)
Book value on 31 December 2025	1,005	18	1,023
in EUR'000	Buildings	Equipment	Total
Book value on 1 January 2026	1,005	64	1,069
Recalculation of the lease liability due to modification	-	71	71
Derecognised depreciation due to modification	-	(89)	(89)
Book value on 30 June 2026	1,005	46	1,051
Depreciation on 1 January 2026	-	(46)	(46)
Depreciation charges over the period	(74)	(12)	(86)
Depreciation written off due to modification	-	89	89
Depreciation on 30 June 2026	(74)	31	(43)
Book value on 30 June 2026	931	77	1,008

Impairment of right-of-use assets

Based on an impairment testing of right-of-use assets carried out at 30 June 2026, the Group's management found no indications that the right-of-use assets' carrying amount exceeded their recoverable amount.

Lease liabilities

in EUR'000	30 June 2026	31 December 2025
As of 1 January	1,061	1,188
Recalculation of the lease liability due to modification	71	26
Interest expenses for the period	15	31
Lease payments for the period	(97)	(184)
Translation effects	2	-
Balance at the period-end	1,052	1,061
Long-term portion	882	915
Short-term portion	170	146

The weighted average incremental interest rate applied by the Group in calculating the lease liabilities for the first six months of 2026 was 2.8%.

Other expenses included in profit or loss

Besides depreciation expenses on right-of-use assets and interest expenses on lease liabilities, indicated above, the Group has recognised also the following other lease-related expenses:

in EUR'000	30 June 2026	31 December 2025
Expenses relating to short-term lease contracts	(2)	(7)
Expenses relating to leases of low-value assets	(2)	(3)

Lease activities of the Group

The Group rents buildings (office properties) and equipment. Leases generally have lease terms between 2 and 10 years. The leased main assets cannot be used as collateral under other contracts.

29.2. THE GROUP AS A LESSOR

The Group contracted the following leases as a lessor:

- contracts for buildings, mainly classified as investment property;
- contracts for leases of open areas as well, classified as Property, plant and equipment;
- short-term time charter contracts for ships, which have been classified as Property, plant and equipment.

All leases of the Group are classified as operating leases as they do not transfer all significant risks and rewards of ownership of the leased assets.

The rental income recognised by Group in the first six months of 2026 amounted to EUR 2,929 thousand (in the first six months of 2025: EUR 1,993 thousand). For further details, see Note 7.

30. FINANCIAL INSTRUMENTS**30.1. FINANCIAL RISK MANAGEMENT****a. Overview**

The Group is exposed to the following risks relating to the use of financial instruments:

- credit risk
- liquidity risk;
- market risk
- operating risk.

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

b. General risk management considerations

The Group's risk management policy is elaborated and applied in such a way as to identify and analyse the risks facing the Group, to set limits for assuming risks and controls, to monitor the risks and the compliance with the limits set. It falls primarily within the powers of the Management Board of the parent company, Industrial Holding Bulgaria PLC. The policy is subject to regular review to identify possible changes in the market conditions and the Group's operations. Through the training and management standards and procedures, which it includes, the Group aims to develop a constructive control environment where all employees understand their roles and duties.

The Audit Committee of Industrial Holding Bulgaria PLC observes the way management ensures, at a group level, compliance with the risk management policy and review the adequacy within the risk management framework regarding the individual risks facing the Group. The Internal Audit Department supports the Audit Committee of Industrial Holding Bulgaria PLC. The Internal Audit Department handles both planned and unannounced checks of the risk management controls and procedures, the results of which are reported to the Audit Committee.

c. Credit risk

The credit risk to which the Group is exposed is the risk of possible financial loss if a client or a party to a financial instrument fails to perform its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's credit risk exposure depends on the customer's individual characteristics, which vary across sectors. This exposure may also depend on the risk of non-payment specific to the industry or the markets in which the Group companies operate. As this risk varies across sectors, it is managed by sector in view of each sector's weight within the investment portfolio of Industrial Holding Bulgaria PLC. Therefore, the Group's risk is diversified. The credit policies of the Group companies require that the solvency of each new customer be investigated and assessed before standard terms of delivery and payment are offered.

Guarantees

It is the Group's policy to issue financial guarantees only to Group companies and only after obtaining preliminary approval from the Managing and Supervisory Boards.

d. Liquidity risk

Liquidity risk is the probability that the Group will be unable to meet all its obligations that are settled in cash or through other financial assets. The Group's approach to managing liquidity risk is to secure sufficient liquidity, wherever possible, to cover its liabilities under both ordinary and abnormal conditions, ensuring the Group will not suffer unacceptable losses or reputational damage. The Group prepares financial planning to cover its expenses and current payables for a period of 30 days, including the settlement of financial liabilities; this planning excludes the potential effects of extraordinary circumstances that may not be foreseen under usual conditions.

e. Market risk

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

Currency risk

The Group is exposed to currency risk on purchases and / or sales and / or borrowings and / or upon accumulation of significant cash denominated in a currency other than the functional currency of the subsidiaries. The functional currency of all subsidiaries is the euro, except for the shipping companies, whose functional currency is the US Dollar, and International Industrial Holding Bulgaria, whose functional currency is the Swiss Franc.

The interest on bank loans is denominated in the currency of the loan. Typically, loans are denominated in the currency of the cash flows from the activities that service them. This approach allows the creation of a non-derivative economic hedge, and, as a result, no hedge accounting is applied in those cases. The Group's management has minimised payments in currencies other than EUR, and USD, aiming to minimise the Group's exposure to currency risk. Some of the companies are exposed to limited currency risk on purchases and/or sales and/or the receipt of loans denominated in currencies other than the functional currency. The Group's management maintains significant cash in a currency other than the subsidiaries' functional currencies only when it is envisaged that these funds will be used to cover contract liabilities or finance investment projects, the payments under which are denominated in the same currency.

Interest rate risk

The Group companies are exposed to interest rate risk mainly with respect to its loans bearing floating (variable) interest rates corresponding to the current market prices. Interest rate risk is managed through using loans with fixed interest rates.

f. Capital management

The policy of the Managing Board (MB) is to maintain a strong capital base, thereby ensuring the confidence of investors, creditors, and the market, as well as conditions that facilitate future business development. The capital consists of share capital, reserves and retained earnings.

31. RELATED PARTY DISCLOSURES

The Group's consolidated financial statements include the parent company and the following entities:

	Country of registration	30 June 2026	31 December 2025
Industrial Holding Bulgaria PLC	Bulgaria	parent company	parent company
Privat Engineering EAD	Bulgaria	100.00%	100.00%
ZMM Bulgaria Holding EAD	Bulgaria	100.00%	100.00%
ZMM Sliven AD	Bulgaria	99.31%	99.31%
ZMM Nova Zagora AD	Bulgaria	99.79%	99.66%
IHB Metal Castings EAD	Bulgaria	100.00%	100.00%
KRZ Port-Burgas AD	Bulgaria	99.65%	99.65%
KLVK AD	Bulgaria	100.00%	100.00%
International Industrial Holding Bulgaria AG	Switzerland	100.00%	100.00%
Maritime Holding AD (in liquidation)	Bulgaria	61.00%	61.00%
Bulyard Shipping Industry EAD	Bulgaria	100.00%	100.00%
IHB Shipping Co EAD	Bulgaria	100.00%	100.00%
Karvuna Ltd	Marshal Islands	100.00%	100.00%
Odria Ltd	Marshal Islands	100.00%	100.00%
Tirista Ltd	Marshal Islands	100.00%	100.00%
Serdika Ltd	Marshal Islands	100.00%	100.00%
Karia Ltd	Marshal Islands	100.00%	100.00%
Ticha LTD	Marshal Islands	100.00%	100.00%
Vaya LTD	Marshal Islands	100.00%	100.00%
Bulport Logistics AD	Bulgaria	100.00%	100.00%
Odessos PBM EAD	Bulgaria	100.00%	100.00%
IHB Shipdesign AD	Bulgaria	70.00%	70.00%

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.

In the first six-months of 2026, the General Meeting of Shareholders of ZMM Sliven AD decided to increase the company's capital. In this procedure, only the parent company, ZMM Bulgaria Holding EAD, subscribed for shares by acquiring 2,487,170 shares for EUR 1,268 thousand, while the other shareholders waived their rights. As a result, the Group's share in ZMM Sliven AD increased from 99.66% to 99.79%.

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

I. Persons exercising control within the meaning of IAS 24

- BULLS AD, a company that directly holds 68.70% 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. Entities under the joint control of the persons exercising control (under item I)

III. Entities, over which the persons that have control also exercise significant influence or are members of their key management staff (under item I)

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

V. Associated companies

Trade and other receivables from related parties

in EUR'000	30 June 2026	31 December 2025
Entities under joint control of the persons exercising control	12	12
Entities, over which the persons exercising control have significant influence or are members of their key management staff	110	108
	122	120

Loans to related parties

in EUR'000	30 June 2026	31 December 2025
Associated companies	31	30
	31	30

Cash with banks-related parties

in EUR'000	30 June 2026	31 December 2025
Entities, over which the persons exercising control have significant influence or are members of their key management staff	10,112	10,223
	10,112	10,223

Loans from related parties (including interest)

in EUR'000	30 June 2026	31 December 2025
Persons exercising control	6,981	7,505
	6,981	7,505
Non-current portion of long-term loans	6,955	7,480
Current portion of long-term loans	26	25
Principal	6,955	7,480
Interest	26	25

Liabilities to related parties under lease contracts

in EUR'000	30 June 2026	31 December 2025
Entities under joint control of the persons exercising control	975	1,045
Balance at the period-end	975	1,045
Long-term portion	831	906
Short-term portion	144	139

The consideration due for the first six months of 2026 under a lease contract with an entity under the joint control of the persons exercising control is EUR 97 thousand and the cash outflow is EUR 97 thousand.

Trade and other payables to related parties

in EUR'000	30 June 2026	31 December 2025
Entities under joint control of the persons exercising control	-	3
Entities, over which the persons exercising control have significant influence or are members of their key management staff	5	6
	5	9

Sales transactions

in EUR'000		30 June 2026	30 June 2025
Revenue from contracts with customers			
	Entities, over which the persons exercising control have significant influence or are members of their key management staff	24	19
Rental income			
	Entities under joint control of the persons exercising control	1	1
	Entities, over which the persons exercising control have significant influence or are members of their key management staff	26	26
Other income			
	Entities, over which the persons exercising control have significant influence or are members of their key management staff	15	2
		66	48

Purchase transactions

in EUR'000		30 June 2026	30 June 2025
Expenses on materials			
	Entities under the joint control of the persons exercising control	18	16
Expenses on hired services			
	Entities, over which the persons exercising control have significant influence or are members of their key management staff	119	58
Other expenses			
	Entities under the joint control of the persons exercising control	19	20
Other finance costs			
	Entities, over which the persons exercising control have significant influence or are members of their key management staff	30	31
		186	125

Interest income on short-term deposits placed with a bank-related party (entities over which the persons exercising control have significant influence or are members of their key management staff) in the first six months of 2026 amounted to

EUR 147 thousand (the first six months of 2025: EUR 143 thousand). The interest on deposits paid over the period by the bank amounted to EUR 146 thousand (the first six months of 2025: EUR 152 thousand).

Movements in loans from related parties

in EUR'000		Amounts received/ (granted)	Amounts (paid)/ refunded	Interest (expenses)/ income	Interest paid
Persons exercising control	30 June 2026	3,000	(3,525)	(76)	(75)
Persons exercising control	30 June 2025	1,790	-	(38)	-
	30 June 2026	3,000	(3,525)	(76)	(75)
	30 June 2025	1,790	-	(38)	-

Movements in loans from related parties

in EUR'000		Amounts received/ (granted)	Amounts (paid)/ refunded	Interest (expenses)/ income	Interest paid
Associated companies	30 June 2026	-	-	1	-
Associated companies	30 June 2025	-	-	1	-
	30 June 2026	-	-	1	-
	30 June 2025	-	-	1	-

Terms and conditions of related party transactions

The sales to and purchases from related parties are made at contractual prices. Outstanding balances at the year-end are unsecured (except for loans), and settlement is made in cash. Guarantees were not provided or received for related party receivables or payables. As of 30 June 2026, the Group did not impair receivables relating to amounts owed by related parties (2025: Nil). A review for expected credit losses due to impairment is made every financial year by examining the financial position of the related party, the economic environment, and the market in which the related party operates.

32. COMMITMENTS AND CONTINGENCIES

Capital commitments

In June 2024, the Group signed three contracts to construct three new 64,100 DWT bulk carriers, with an expected delivery of the first ship at the end of 2027 and the following two – in the first six months of 2028. The total price of the three ships was USD 104,350 thousand and in 2024, the Group made an advance payment totalling USD 19,113 thousand. The balance is due in stages over construction, with the most significant portion of the amounts due in 2027 and 2028.

The total amount of the agreed capital commitments at the end of the reporting period, which were not recognised as liabilities, was USD 85,237 thousand.

Legal claim contingency

No material legal claims have been brought against the Group.

Guarantees

Under Contract No. 22F-001225 concludes with a commercial bank for the provision of a total limit for working capital financing, issuance of bank guarantees and letters of credit to the Holding and/or its Group companies in the amount of up to EUR 6,136 thousand as of 30 June 2026:

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

The unutilised limit under Contract No. 22F-001225 amounted to EUR 1,064 thousand as of 30 June 2026.

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

The corporate guarantees secure all pre-delivery advances on the vessels totalling USD 52,175 thousand and any interest due for late payment. The guarantees are valid until all advances (first to fourth) have been paid, expected by the end of 2027. The obligation under the guarantees may also be terminated in the event of termination of the contracts by the buyer in compliance with the agreed terms. The amount of the corporate guarantees is reduced by each payment due under the shipbuilding contracts, and, the Group made advance payment in the total amount of USD 19,113 thousand (after receipt of the counter bank guarantees from the seller) as of 30 June 2026.

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). Under the agreement, upon commencement of a liquidation procedure, the shareholder's commitment is converted from a guarantee to an assumption of debt.

Collateral

In connection with Bank Loan Contract No. 22F-001225 of 07 November 2022, obtained to secure a total limit for working capital financing, issuing bank guarantees, and opening letters of credit, Industrial Holding Bulgaria PLC and the company-guarantor concluded financial collateral agreements 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 Agreement No. 22F-000155 of 24 February 2022, obtained to ensure loan funds to cover investments of a subsidiary, Industrial Holding Bulgaria PLC, the company-guarantor and the company-co-debtor under the loan signed financial collateral agreements by way of a pledge of receivables providing for a right of use over all their accounts with the creditor bank in the amount of the loan liability at the relevant time.

In connection with Bank Loan Contract No. 19F-002296 of 8 October 2019, obtained to finance the construction of a photovoltaic power plant, the company-borrower under the loan and the company-co-debtor signed financial collateral agreements by way of a pledge of receivables providing for a right of use over all their accounts with the creditor bank in the amount of the loan liability at the relevant time.

The above collateral is valid until the date of full repayment of the loan liabilities it secures and/or until the date of termination of the revolving limits.

Other matters

The Group's management has not identified any other material risks arising from the dynamic fiscal and regulatory environment in Bulgaria that might require significant adjustments to the consolidated financial statements for the year ended 30 June 2026.

33. FAIR VALUE MEASUREMENT

In accordance with its disclosed accounting policy, the Group measures the fair value of **land, buildings, and specialised facilities** at regular intervals or when there are indications of significant changes in their value. The fair value measurements of these assets (prepared by an independent licensed appraiser) use significant unobservable inputs; therefore, they are categorised as Level 3 fair values.

In accordance with the disclosed accounting policy, the Group measures the fair value of its **investment properties** annually. The fair value measurements of these assets (prepared by an independent licensed appraiser) use significant unobservable inputs; therefore, they are categorised as Level 3 fair values.

In accordance with the disclosed accounting policy, the Group measures the fair value of **debt instruments at fair value at each reporting date**. The fair value of these assets (US government securities) is determined based on quoted prices in active markets; therefore, in term of the hierarchy, they are categorised as Level 1 fair values.

During the reporting period, there were no transfers among the fair value hierarchy levels.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- Trade and other receivables and payables – these are short-term;
- Debt instruments at fair value (US government securities) – as of the date of the financial statements, these financial assets were remeasured at fair value reflecting the changes in market interest rates;
- Cash and cash equivalents – the exposures thereon are on demand;
- Loans to related parties – the interest rates thereon are subject to review at least once a year, including to consider the need to adapt them to the current market interest rate levels;
- Lease liabilities – these are subject to review in accordance with the contractual terms and conditions;
- Interest-bearing bank loans received – the interest rates thereon are subject to review in accordance with their contractual terms and conditions;
- Loans from related parties - the interest rates thereon are subject to review at least once a year, including to consider the need to adapt them to the current market interest rate levels.

35. EVENTS AFTER THE REPORTING DATE

No significant events have occurred after 30 June 2026, which require additional adjustments and/or disclosures in the financial statements for the reporting period.



OTHER MATTERS

DECLARATION

Under Article 100n of the Public Offering of Securities Act

The undersigned, Daneta Zheleva, in my capacity as Chief Executive Officer of Industrial Holding Bulgaria PLC, Sofia, UIC 121631219,

DECLARE HEREBY THAT

To the best of my knowledge

1. The financial statements to the six-month financial report on the activity for the first six months of 2026 on a consolidated basis, prepared in accordance with the applicable accounting standards, give a true and fair view of the information on assets and liabilities, financial performance, and profit or loss of Industrial Holding Bulgaria PLC.
2. The interim management report to the six-month financial report on the activity for the first six months of 2026 on a consolidated basis contains an accurate review of the information under Article 100n, paragraph 4, item 2 of the Public Offering of Securities Act.

25 August 2026

Declarant:

/Daneta Zheleva /

DECLARATION

Under Article 100n of the Public Offering of Securities Act

The undersigned, Ivan Rashkov, in my capacity as Chief Accountant of Industrial Holding Bulgaria PLC, Sofia, UIC 121631219,

DECLARE HEREBY THAT

To the best of my knowledge the financial statements to the six-month financial report on the activity for the first six months of 2026 on a consolidated basis, prepared in accordance with the applicable accounting standards, give a true and fair view of the information on assets and liabilities, financial performance, and profit or loss of Industrial Holding Bulgaria PLC.

25 August 2026

Declarant:

/Ivan Rashkov/

DECLARATION

Under Article 100n of the Public Offering of Securities Act

The undersigned, Vladislava Zgureva, in my capacity as Investors Relation Director of Industrial Holding Bulgaria PLC, Sofia, UIC 121631219,

DECLARE HEREBY THAT

To the best of my knowledge the interim management report to the six-month financial report on the activity for the first six months of 2026 on a consolidated basis contains an accurate review of the information under Article 100n, paragraph 4, item 2 of the Public Offering of Securities Act.

25 August 2026

Declarant:

/ Vladislava Zgureva /