

KORADO-BULGARIA AD

INTERIM ACTIVITY REPORT

31 March 2025



Financial statements in English are translation from the original in Bulgarian. This version of the financial statements is a translation from the original, which was prepared in Bulgarian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.

MANAGEMENT BOARD

Jiri Reznicek – Chairman of MB and Executive Director
Silviya Stefanova
Jana Havlova

SUPERVISORY BOARD

Tomas Kollert – chairman of SB
Eva Voborova
Ivan Lyaskov
Evelina Miltenova

AUDIT COMMITTEE

Sneznanka Kaloyanova
Marketa Strjinkova
Vera Vitvarova

LEGAL CONSULTANTS

Ivan Asenov Lyaskov
Konechna and Zaha Legal Firm

REGISTERED AND MANAGEMENT ADDRESS

Town of Strazhitsa
28 Gladstone Street

REGISTRATION NUMBER

UIC 814190902

BANKERS

UBB
DSK Bank

AUDITOR

Deloitte Audit OOD
Balkan Business Center
4, Mihail Tenev str.
Sofia, 1784

Management of KORADO-Bulgaria AD presents the interim management report and interim financial statements as of 31 March 2025 prepared in accordance with the International Accounting Standard (IAS) 34 Interim financial statements, as adopted for use in the European Union.

THIS MANAGEMENT REPORT HAS BEEN PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ART. 100n, ITEM 3 OF THE LAW ON THE PUBLIC OFFERING OF SECURITIES AND ART. 12 OF ORDINANCE No. 2 OF 09.11.2021 ON INITIAL AND SUBSEQUENT DISCLOSURES IN PUBLIC OFFERING OF SECURITIES AND ADMISSION OF SECURITIES TO TRADING ON A REGULATED MARKET

DESCRIPTION OF THE ACTIVITY

KORADO-Bulgaria AD (*the „Company”*) is registered with the Commercial Register at the Registry Agency under Unified Identification Code (UIC) 814190902, incorporated and domiciled at its registered address in the Republic of Bulgaria, Veliko Tarnovo Region, Strazhitsa Municipality 5150, 28 Gladstone Street.

The main scope of activity of the Company includes: manufacture and sale of heating equipment, domestic and foreign trade in all their varieties, domestic and international transport, representation and agency. The Company may perform also any other types of activities not prohibited by the laws of the Republic of Bulgaria.

The Company has no branches registered in the country and abroad.

Since 1994, the Company has been manufacturing primarily steel water heating panel radiators. The traditional brand KORADO is perceived as a good product of European quality.

During the first quarter of 2025, the Company's clients are mostly from the European market. The biggest share of sales is targeted to KORADO a.s. Czech Republic (*the „parent company”*).

The main suppliers of materials to the Company in 2025 were: Balkan Steel Engineering Sofia, Liberti Galati Romania, Huss Ltd. Lom, Berg Metal Turkey, Comital Turkey, Borchelik Turkey, Profsan Turkey, Frei Lacke Germany

The Company does not depend on its suppliers, as it is able to choose among numerous companies because of prices offered, quality and methods of payment.

ANALYSIS OF THE OPERATING RESULTS

Production

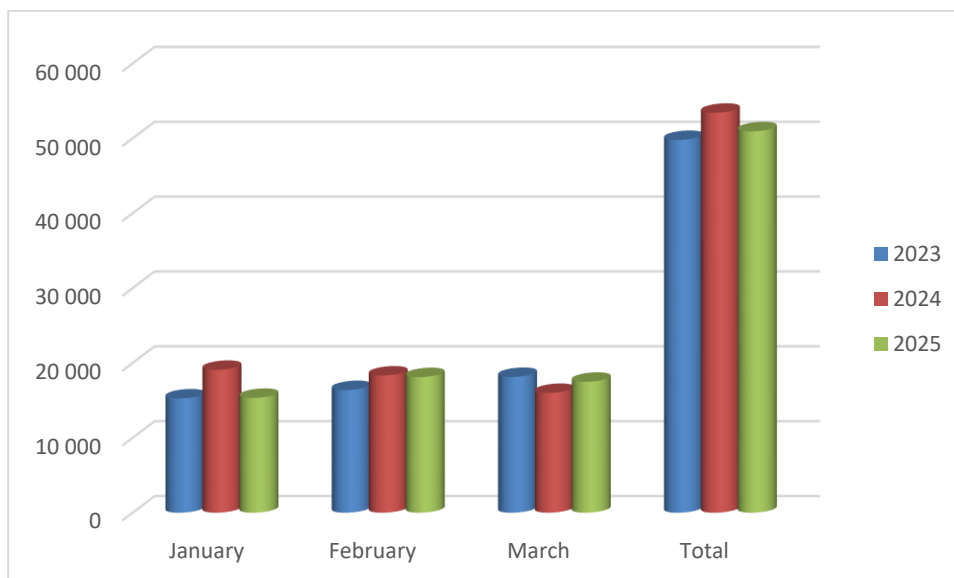
As of 31.03.2025, the Company manufactured 50,951 water heating panel radiators.

The radiators manufactured during first quarter of 2025, as also in the previous years of 2023 and 2024, are shown in the table and graph below:

	January	February	March	Total
2023	15 269	16 388	18 140	49 797
2024	19 089	18 333	16 006	53 428
2025	15 341	18 116	17 494	50 951

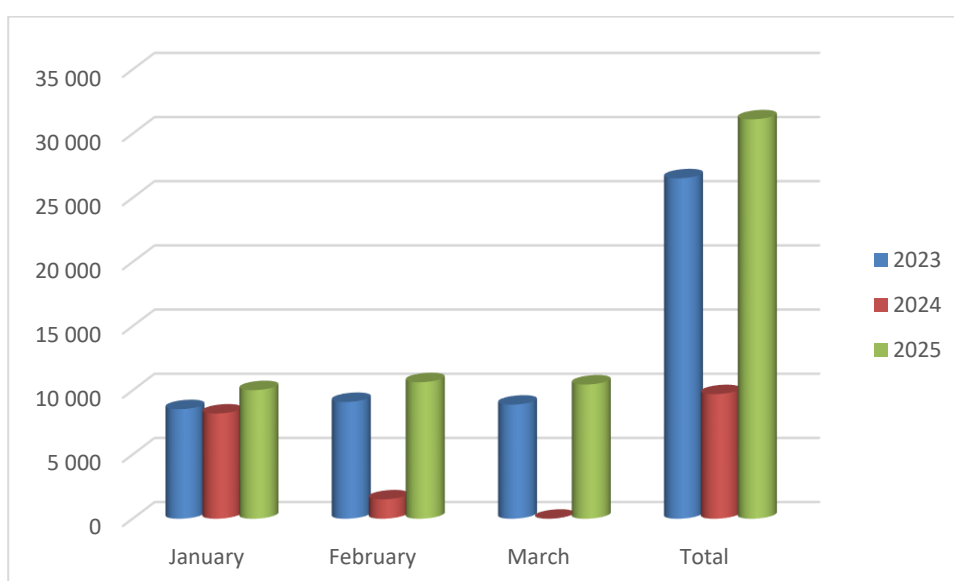
ANALYSIS OF THE OPERATING RESULTS (CONTINUED)

Production (continued)



As of 31.03.2025 Company manufactured 31,121 tubular heating units. The tubular radiators manufactured during first quarter of 2025, as also in the previous years of 2023 and 2024, are shown in the table and graph below:

	January	February	March	Total
2023	8 538	9 100	8 888	26 526
2024	8 198	1 510	0	9 708
2025	10 021	10 641	10 459	31 121



ANALYSIS OF THE OPERATING RESULTS (CONTINUED)

Sales

As at 31.03.2025, the major trading partner of the company is KORADO a.s. followed by companies in the European market.

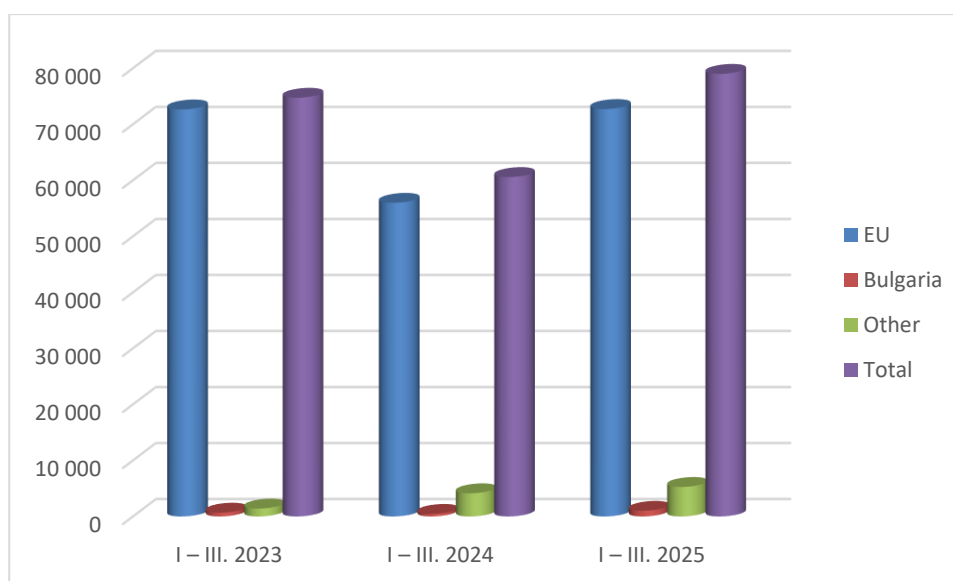
The sales of KORADO Bulgaria AD for the first quarter of 2025 amount to 78,998 heating units, including panel radiators, tubular radiators and designer radiators.

Sales on the territory of the country amount to 1,009 radiators, which forms 1.3% share of the company's total sales.

72,719 units of panel and tubular radiators were sold to partners in EU countries (excluding Bulgaria), and 5,270 pcs in countries outside the Community. Compared to the same period of the previous year, there is a 27% increase in the volume of products sold to countries outside the EU and a stabilization of sales to countries in the European Union with a 30% growth. Sales in Bulgaria marked a significant 119% increase compared to the previous reporting period - January - March, 2024.

The sales of radiators in the period ended 31 March 2025 and the previous years of 2023 and 2024 are shown in the following table and graph:

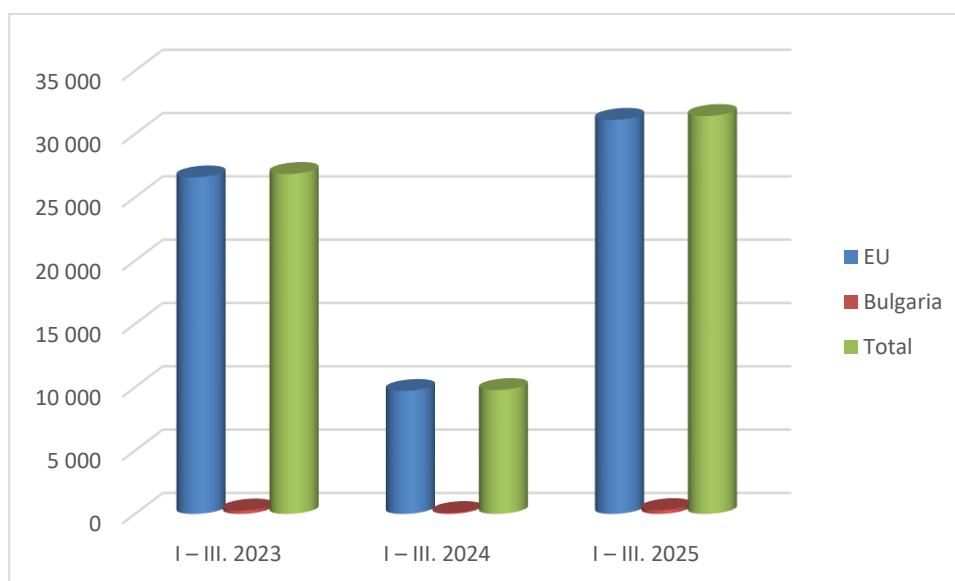
Period	Units	EU	Bulgaria	Other	Total
I – III. 2023	number	72 643	682	1 411	74 736
I – III. 2024	number	55 980	461	4 139	60 580
I – III. 2025	number	72 719	1 009	5 270	78 998



The following table illustrates the number of tubular and designer heating units sold over the first quarter of 2025 and the previous years of 2023 and 2024 are shown in the following table and graph:

Period	Units	EU	Bulgaria	Total
I – III. 2023	number	26 577	269	26 846
I – III. 2024	number	9 711	72	9 783
I – III. 2025	number	31 123	301	31 424

ANALYSIS OF THE OPERATING RESULTS (CONTINUED)



The trade relationships between KORADO-Bulgaria AD and the companies from the economic group are on equal trade footing and no preferences or reliefs are provided on the basis that they are related parties.

RELATED PARTY TRANSACTIONS DISCLOSURE

Besides with its parent company KORADO a.s., Czech Republic, during 2025 and 2024 there have been transactions carried out by the Company with other related parties as well, namely with Licon Heat s.r.o., Czech Republic (a subsidiary of KORADO a.s., Czech Republic).

The related party transactions originate from commercial relationships and loans granted. The loan funds are mainly used for investments.

As at 31 March 2025 and 31 December 2024, the loan liabilities to the parent company amounted to EUR 500 thousand.

The total amounts of related party transactions and balances due for the current and previous reporting period are as follows:

Nature		31.03.2025	31.03.2024
		<i>BGN'000</i>	<i>BGN'000</i>
Purchases from related parties			
<i>Ultimate parent company</i>			
KORADO a.s. Czech Republic	Purchase of materials and goods	235	223
	Purchase of services	11	5
	Purchase of FTAs		
	Interest on loan	2	5
Licon Heat s.r.o. Czech Republic	Purchase of materials and goods	12	8
		260	241

RELATED PARTY TRANSACTIONS DISCLOSURE (CONTINUED)

		31.03.2025	31.03.2024
		<i>BGN'000</i>	<i>BGN'000</i>
Sales to related parties			
<i>Ultimate parent company</i>			
KORADOa.s. Czech Republic	Sales of products	6,388	5,926
	Sales of materials	-	302
	Other	-	-
		6,388	6,228
Related party receivables		31.03.2025	31.12.2024
<i>Ultimate parent company</i>		<i>BGN'000</i>	<i>BGN'000</i>
KORADOa.s. Czech Republic	Trade receivables	4,356	4,280
		4,356	4,280
Payables to related parties		31.03.2025	31.12.2024
<i>Ultimate parent company</i>		<i>BGN'000</i>	<i>BGN'000</i>
KORADOa.s. Czech Republic	Trade payables	257	547
	Interest-bearing loan	978	978
	Payables of interest loan	3	2
Licon Heat s.r.o. Czech Republic	Trade payables	3	10
		1,241	1,537

SPECIFIC RISKS INHERENT TO THE COMPANY'S ACTIVITY

The Company's activities expose it to various financial risks, such as market risk (including currency risk, interest rate risk, and other price risk), credit risk and liquidity risk. Management monitors the overall risk exposure and seeks ways to eliminate any potential negative effects on the financial position of the Company, as disclosed in Note 21 to the financial statements.

RESEARCH AND DEVELOPMENT ACTIVITIES

The most important part in the area of research and development activity of the Company is the continuing useful collaboration with the parent company. The project completed, directed towards reducing the costs of maintenance and improving the production efficiency and quality and satisfying the customer's requirements towards the products manufactured, is a good example of that collaboration.

The final stage of the rehabilitation of the main production facilities was completed for meeting the criteria of increasing the energy efficiency and achieving better working conditions for the employees in the Company.

The project aiming at replacing materials supplied by the parent company with Bulgarian supplies continues. Successes and positive results have been achieved in this area.

CORPORATE GOVERNANCE

Pursuant to the effective Commercial Act of Bulgaria, at 31 March 2025 KORADO-Bulgaria AD is a joint-stock company with a two-tier management system: Supervisory Board and Management Board.

Members of the Supervisory Board at 31 March 2025:

1. Tomas Kollert–Chairman of SB
2. Eva Voborova
3. Ivan Lyaskov
4. Evelina Miltenova

Members of the Management Board at 31 March 2025:

1. Jiri Reznicek – Chairman of MB
2. Silviya Stefanova
3. Jana Havlova

Jiri Reznicek is the Executive Director of the Company.

SHARE CAPITAL

Shareholders	Share	Number of shares	Nominal value (BGN)
KORADOa.s., Czech Republic	82.15%	10,817 923	10,817 923
Legal entities	15,81 %	2 082 014	2 082 014
Individuals	2,04 %	268 677	268 677
TOTAL	100 %	13,168,614	13,168,614

At 31 March 2025 the Company held no shares in the capital of other companies.

INFORMATION UNDER ARTICLE 187E AND ARTICLE 247 OF THE COMMERCIAL ACT

Remuneration of members of the boards

The remuneration paid to the members of the Management and Supervisory Board for the period ended 31 March 2025 is BGN 32 thousand.

Dividends

On 11 September 2024 the General Meeting of Shareholders approved distribution of dividends amounting to BGN 1,317 thousand, gross dividend of BGN 0.10 per share.

The dividends are paid through the system of Central Depository AD and the branches of DSK Bank Their payment commenced on 10 October 2024.

The unpaid dividends will be paid at the registered address of the Company within the statutory deadlines and by applying the statutory methods.

ISIN code of issue - BG11LUSTAT13.

INFORMATION UNDER ARTICLE 187E AND ARTICLE 247 OF THE COMMERCIAL ACT (CONTINUED)

Shares held by the Company

At 31 March 2025 the Company held no treasury shares.

Shares of the Company owned by the members of the Management and Supervisory Board of the Company

At 31 March 2025 the chairman of Management Board Jiri Reznicek, held 180 shares, the member of the Management Board, Silviya Stefanova, held 507 shares of the Company and the member of the Supervisory board Evelina Miltenova, held 900 shares of the Company.

The other members of the Management and Supervisory Boards hold no shares or bonds of KORADO-Bulgaria AD, or rights to acquire shares and bonds of the Company.

For the period ended 31 March 2025 there were no changes in the shares owned by the members of the Company's boards.

Rights of the corporate management members to acquire shares and bonds of the Company

There are no plans within the Company or at the group level of KORADO Group for the acquisition of shares or share options by management or employees relating to the shares of the Company. Rights for the acquisition of bonds of the Company have not been granted to any of the member of the Management Board and/or Supervisory Board.

Participation of the corporate management members in other companies

The members of the Management and Supervisory Boards do not participate in entities as unlimited liability shareholders.

The members of the Management and Supervisory Boards hold more than 25% of the capital of other entities, as follows:

- | | |
|--------------|-----------------|
| Ivan Lyaskov | • Smile OOD |
| | • Vitop OOD |
| | • Esam OOD |
| | • Dike-2003 OOD |
| | • Citistroy OOD |
| | • Krameks OOD |

Shares of the Company were neither acquired nor transferred by the Board members as at 31.03.2025.

Membership in the management board of other entities

The members of the Management Board and Supervisory Board participate in the management of the following entities:

- | | |
|---------------|---|
| Tomas Kollert | • Licon Heat s.r.o. – member of the Supervisory board |
|---------------|---|

Contracts with Board members and their related parties

No contracts, which fall beyond the ordinary course of business or significantly deviate from market conditions, were concluded between members of the Management Board and / or Supervisory Board as at 31.03.2025.

CHANGES IN THE SHARE PRICE OF THE COMPANY

All shares of the issuer are registered and traded on Bulgarian Stock Exchange – Sofia AD, Premium Segment.

Number of shares in circulation: 13,168,614.
Issuer: KORADO Bulgaria AD
Stock exchange code: KBG
ISIN code: BG11LUSTAT13
In the period 01.01.2025 – 31.03.2025 the issue of shares was traded as follows:

Turnover /BGN/:	74 070
Shares transferred	17 339
Number of transactions	78

According to BSE, the changes in the price of the Company's shares as at 31.03.2025 are as follows:

- | | |
|-----------|-------------|
| ✓ minimum | – 4.00 BGN |
| ✓ maximum | – 4.48 BGN |
| ✓ average | – 4.272 BGN |
| ✓ last | – 4.34 BGN |

Public information required by the Public Information Act has been filed by the Company to Financial Supervision Commission and Bulgarian Stock Exchange within the time limits. This information is also available to shareholders and investors at the Company's website: www.korado.bg and www.X3news.com

KORADO-Bulgaria AD is aware that the continued credibility and security of shareholders, employees, customers and all stakeholders, as well as the communities where it operates, is vital for the continuing development and success of the Company.

FUTURE DEVELOPMENT PERSPECTIVES

Management has set the following goals to be achieved in year 2025:

- ✓ Maintain and increase of production capacity;
- ✓ Seeking new partners in order to increase the sales on the Bulgarian market and most of all, of radiators manufactured by using new technology;
- ✓ Preserving the share of trade in heating units on the Bulgarian market;
- ✓ Maintaining the optimal volume of sales in the territories in which KORADO-Bulgaria AD recently conducts its sales (Romania, France, Hungary, Tunisia and Greece);
- ✓ Full utilization of all benefits of the memberships in KORADO Group;

Korado-Bulgaria AD will pursue the highest standards in its activity, to maintain and develop in the long run its positions won in the competitive environment, in which it has chosen to operate. We are committed to the sustainable development of our society. This requires reaching a balance between short-term and long-term interests and reporting of all economic, ecological and social concerns in taking business solutions.

EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events have been identified after the end of the reporting period, which could affect the financial statements, as disclosed in Note 22 to the financial statements.

INFORMATION AS PER NOTE 4 OF ORDINANCE 2

1. Change in the individuals controlling the Company
No changes in the individuals controlling the Company were made.
2. Opening of liquidation proceedings for the company or its subsidiary and all significant stages related to the proceedings until the company declared insolvency
No opening of liquidation proceedings was made as at the date of the issuance of this report.
3. Agreement and completion of significant transactions
No agreements of completion of significant transactions outside the normal course of business were concluded.
4. Decision for conclusion, termination or cancellation of joint venture agreement
No decisions were made for conclusion, termination or cancellation of joint venture agreement
5. Change in the Company's auditors
No change in the Company's auditors was made.
6. Initiation or resolution of court or arbitration proceedings relating to claims or liabilities of the Company or its subsidiary with an amount of at least 10% of the Company's equity.

No initiation or resolution of court or arbitration proceedings relating to claims or liabilities of the Company with an amount of at least 10% of the Company's equity.
7. Purchase, sale or pledge of shares in other companies of the Company or its subsidiary.
No transactions or pledge of shares in other companies were initiated.
8. Other circumstances that the company considers may be relevant to investors in deciding to acquire, sell or continue to hold public offered securities.
No such circumstances

OTHER INFORMATION

No changes in the Company's accounting policies were made.

No changes in KORADO a.s. Group were made, part of which is the Company. No organizational changes were made in the Company, including:

- Restructuring or sale of companies;
- In-kind contribution;
- Rental of property;
- Non-current investments
- Discontinued operations

The Company's is not part of current legal, administrative or arbitration proceedings relating to claims or liabilities of the Company with an amount of at least 10% of the Company's equity. The total value of receivables and payables for all proceedings does not exceed 10% of the Company's equity.

The Company has not provided borrowings or guarantees or recognized liabilities to one party or its subsidiary, including related parties.

There is no internal information, which was not made available publicly, directly or indirectly related to the Company and which, if made available, might impact significantly the share price of the Company.

MANAGEMENT'S RESPONSIBILITIES

Management is required by Bulgarian legislation to prepare annual and interim financial statements that give a true and fair view of the financial position of the Company as at the period end and of its financial performance and its cash-flows for the period then ended in accordance with IFRS.

Management confirms that appropriate accounting policies have been used and applied consistently and that reasonable and prudent judgments and estimates have been used in the preparation of the interim financial statements for the period ended 31 March 2025.

Management also confirms that all applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

Management is responsible for keeping proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Jiri Reznicek
Executive Director
KORADO-Bulgaria AD

Town of Strazhitsa
25 April 2025