

## **1. Corporate information**

KORADO-Bulgaria AD (“the Company”) is a joint-stock company, registered with the Veliko Tarnovo District Court under UIC 814190902, with registered address and address of management in the town of Strazhitsa, Veliko Tarnovo Region, 28 Gladstone Street. All shares of the Company are registered and traded on Bulgarian Stock Exchange – Sofia AD, Premium Segment. Number of shares in circulation: 13 168 614. Stock exchange code is KBG (4KX).

The main scope of activity of the Company includes: manufacture and sale of heating equipment.

At 30 June 2026 the Company’s shareholders are:

|   |                                |         |
|---|--------------------------------|---------|
| - | KORADO a.s., Czech Republic    | 82,15 % |
| - | Individuals and legal entities | 17,85 % |

The ultimate parent company is KORADO a.s., Czech Republic. None of the owners of the ultimate parent company owns more than 35% of the parent’s shares.

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

According to the Bulgarian legislation, a decision of the General Meeting for approval of these annual financial statements can be subsequently revoked (by applying the relevant procedure) and in case it is considered appropriate, new revised financial statements can be prepared and issued for the same financial year.

### **1.1. Basis of preparation**

#### **Statement of compliance**

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union (EU). IFRS Accounting Standards as adopted by the EU is the commonly accepted name of the general purpose framework – the basis of accounting equivalent to the framework definition introduced by § 1, p. 8 of the Additional Provisions of the Accountancy Act “International Accounting Standards” (IASs).

#### **Historical cost convention**

The financial statements have been prepared on a historical cost basis.

The preparation of financial statements in conformity with IFRS accounting standards requires the use of certain critical and accounting estimates. It also requires management of the Company to execute its judgment and assumptions. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

#### **Going concern**

The financial statements have been prepared on a going concern basis. The financial statements have been prepared in Bulgarian leva and all amounts have been rounded off to the nearest thousand (BGN’000), unless otherwise stated.

The Company's current assets exceed its current liabilities as of 30 June 2026 with the amount of BGN 6,547 thousand euro(31 December 2025: EUR 5,641 thousand). For the year ended 30 June 2026 the Company generates profit in the amount of EUR 983 thousand (2025: EUR 392 thousand). As at 30 June 2026 the Company has equity in the amount of EUR 12,923 thousand (31 December 2025: EUR 11,940 thousand) and cash and cash equivalents in the amount of EUR 592 thousand (31 December 2025: EUR 1,403 thousand). For the year ended 30 June 2026 the Company generates positive net cash flows from operating activities in the amount of EUR (529) thousand. (2025: EUR: 691 thousand).

## **1.1. Basis of preparation (continued)**

### **Going concern (continued)**

The Company's sales revenue in 2026 was increased by 54 % % compared to the previous year.

Based on the current analysis, management has not identified a significant uncertainty as to whether the Company will be able to continue as a going concern. The Company also has the intention and ability to take the measures necessary to continue as a going concern. Currently, the Company has no liquidity difficulties and delays in deliveries, it performs timely payments to its suppliers and takes measures to reduce operating costs.

## **1.2. Summary of significant accounting policies**

### **a) Foreign currency translation**

The financial statements are presented in Bulgarian leva, which is also the functional and presentation currency of the Company. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated on a monthly basis by applying the exchange rate published by the Bulgarian National Bank for the last working day of the respective month.

All exchange differences are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as of the date of initial transaction (acquisition).

### **b) Revenue from contracts with customers**

The Company produces and sells radiators. Customers of the Company are wholesalers. Respectively, sales are recognised when control of the products (finished goods and goods for resale) has transferred, being when the products are delivered to the client, the client has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the client's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the client, and either the client has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

For the purposes of management, the Company has only one operating segment.

The products are often sold with retrospective volume discounts based on aggregate sales over a 12 months period.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 30-60 days, which is consistent with market practice. The Company's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company analyses its sales arrangements according to specific criteria in order to determine whether it acts as a principal or agent. It has reached the conclusion that it acts as a principal in relation to all such arrangements, as it controls the goods before transferring them to the customers.

## **1.2 Summary of significant accounting policies (continued)**

### **c) Taxes**

#### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date. Management analyses the individual items of the tax return for which the applicable tax provisions are subject to interpretation and recognises provisions where appropriate.

Current income tax is recognised directly in the equity or in other comprehensive income (and not in profit or loss) where the tax relates to items that have been recognised directly in the equity or in other comprehensive income.

#### *Deferred income tax*

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

Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability 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.

Deferred income tax assets are recognized 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 income 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.

The carrying amount of deferred income tax assets is reviewed 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. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred taxes relating to items recognized outside profit and loss are recognized out of profit and loss. Deferred taxes are recognized depending on the transaction they relate to in other comprehensive income, or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, 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. As of reporting date – offsetting is applied by Company.

#### *Value added tax (VAT)*

Revenue, expenses and assets are recognised net of VAT except:

- when 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.

## **1.2 Summary of significant accounting policies (continued)**

### **d) Financial instruments**

#### **(d.1.) Investments and other financial assets**

##### ***Debt instruments***

##### **(i) Classification**

The Company classifies its financial assets depending on the business model used to manage these assets and the specifics of their contractual cash flows as follows:

- those to be measured subsequently at fair value through profit or loss;
- those to be measured subsequently at fair value through OCI, and
- those to be measured at amortised cost.

##### **(ii) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

##### **(iii) Measurement**

At initial recognition, the Company measures a financial asset at its fair value less the costs directly related to the transaction for the acquisition of the financial asset, except in the case of financial assets that are reported at fair value in profit or loss. Transaction costs of financial assets carried at fair value through profit and loss are expensed in profit or loss.

At initial recognition, the Company measures trade receivables at their transaction price, as defined in IFRS 15, as based on standard contract terms applied to them, these do not contain a significant financing component.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. As the below are immaterial, the following presentation is applied: Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(Losses) together with foreign exchange gains and losses. Impairment losses are presented in other expenses.
- Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value at other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.

## **1.2 Summary of significant accounting policies (continued)**

### **d) Financial instruments (continued)**

#### **(d.1.) Investments and other financial assets (continued)**

##### ***Debt instruments (continued)***

##### **(iii) Measurement (continued)**

- Assets that do not meet the criteria for amortised cost or fair value in other comprehensive income are measured at fair value in profit and loss. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

The Company owns only financial assets stated at amortised cost.

##### **(iv) Impairment**

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value in other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### **(d.2.) Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified as financial liabilities subsequently measured at fair value through profit or loss, or at amortized cost such as loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus the transaction costs directly related to the acquisition of the financial liability.

The Company's financial liabilities include trade and other payables, and interest-bearing borrowings and lease liabilities.

##### **Subsequent measurement**

The measurement of financial liabilities depends on their classification as follows:

##### ***Loans and borrowings***

Subsequent to initial recognition, loans and borrowings are measured at amortised cost using the EIR method. Gains and losses are recognised in the profit and loss when the liabilities are derecognised as well as through the amortisation process.

Amortised cost is calculated by taking into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the statement of comprehensive income.

##### **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 (NPV changes by more than 10%), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

## **1.2 Summary of significant accounting policies (continued)**

### **e) Offsetting of financial instruments**

Financial assets and liabilities are off set and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

### **(f) Fair value measurement**

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

As of 30 June 2026 and 31 December 2025 all financial instruments are measured at amortized cost. The carrying amounts of the short-term trade receivables and trade payables approximate their fair value. The fair value is classified at level 2 and it is determined based on the discounted cash flows (the discount rate reflects the current market interest rate for the similar instruments). The fair value of borrowings is estimated via discounting technique based on Bulgarian National Bank statics for similar types of financing lent by commercial banks to companies— respectively, classified as level 2. The Company has no financial instruments at fair value.

### **g) Share capital**

The share capital is presented at the par value of shares issued (or subscribed) and paid. Any proceeds from shares issued over their nominal value are stated as share premiums.

## **1.2 Summary of significant accounting policies (continued)**

### **h) Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses. Cost comprises all expenses directly related to the acquisition of the asset. Such cost includes also the cost of replacing parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When a major inspection of an item of plant and/or equipment is performed, its cost is recognised in the carrying amount of the respective assets as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income for the period in which they were incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, determined for the current and previous period as follows:

|                       | <b>2026</b> | <b>2025</b> |
|-----------------------|-------------|-------------|
| Buildings             | 10-50 years | 10-50 years |
| Plant and equipment   | 3-30 years  | 3-30 years  |
| Hardware              | 4-7 years   | 4-7 years   |
| Motor vehicles        | 7-15 years  | 7-15 years  |
| Fixtures and fittings | 5-10 years  | 5-10 years  |

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income for the period in which the asset is derecognised.

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

### **i) Lease - the Company as a lessee**

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The right-of-use asset is presented separately in the statement of financial position.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease liabilities are subsequently measured using the effective interest method. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments.

The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

## **1.2 Summary of significant accounting policies (continued)**

### **i) Lease - the Company as a lessee (continued)**

Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Subsequently, the right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The amortisation periods for the right-of-use assets, depreciated using the straight-line method are as follows:

- right of use for vehicles                      7-15 years

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of comprehensive income. The Company applies the exemption for low-value assets on a lease-by-lease basis i.e., for the leases where the asset is sub-leased, a right-of-use asset is recognised with corresponding lease liability; for all other leases of low value asset, the lease payments associated with those leases will be recognised as an expense on a straight-line basis over the lease term.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

### ***The Company's lease activity***

The Company has lease agreements for vehicles. The lease agreements are concluded on an individual basis and contain a wide range of different conditions. The lease agreements do not contain covenants, but lease assets cannot be used as collateral for borrowings.

### **j) Borrowings 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 respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

### **k) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period, subject to distribution among the shareholders, to the weighted average number of ordinary shares held for the period. The weighted average number of shares is the number of ordinary shares held in the beginning of the period, adjusted by the number of redeemed ordinary shares and the shares newly issued over the period, multiplied by the time-weighting factor. This factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period. In case of capitalization of reserves, bonus issues, etc., which do not result in change in the Company's resources, the number of the ordinary shares before the transaction is adjusted proportionately to their change as if the transaction has been carried out at the earliest period presented. As a result, the number of ordinary shares is recalculated and respectively, the earnings per share for the comparative period.

## **1.2 Summary of significant accounting policies (continued)**

### **l) Intangible assets**

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

The useful lives of intangible assets are assessed to be finite, and are estimated as follows:

|          | <b>2026</b> | <b>2025</b> |
|----------|-------------|-------------|
| Licenses | 5-10 years  | 5-10 years  |
| Software | 5-10 years  | 5-10 years  |

Intangible assets with finite lives are amortised over the useful economic life applying straight-line amortization method 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 are 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 treated as changes in accounting estimates. 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 profits and losses when the asset is derecognised.

### **m) Inventories**

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

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

|                                        |                                                                                                                                                                                        |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Materials and goods                    | – acquisition cost determined under the weighted average value method                                                                                                                  |
| Finished products and work in progress | – cost of direct materials used, labour and overheads allocated based on the normal production capacity, excluding borrowing costs, determined under the weighted average value method |

Net realizable 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.

### **n) Impairment of non-financial assets**

The Company assesses at each reporting date whether there are indications that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions, if any, are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiple and other available sources of fair values of assets or CGUs.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth index is calculating and applied to future cash flows after the fifth year.

Impairment losses are recognized as other expenses in the statement of comprehensive income.

## **1.2 Summary of significant accounting policies (continued)**

### **n) Impairment of non-financial assets (continued)**

An assessment is made by the Company at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profits and losses.

### **o) Cash and cash equivalents**

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

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

### **p) Employee benefits**

#### *Short-term benefits*

Short-term employee benefits include salaries, wages, interim and annual bonuses, social security contributions and paid annual leave of current employees expected to be settled wholly within twelve months after the end of the reporting period. When the Company receives the service, they are recognised as an employee benefit expense in profit or loss or are capitalised to the asset's value. Short-term employee benefits are measured at the undiscounted amount of the expected cost of benefits. See Note 3.3. for further details.

#### *Retirement benefits*

The Company operates a defined benefit plan arising from the requirement of the Bulgarian labour legislation and the Collective Labour Agreement to pay a certain number of gross monthly salaries to its employees upon retirement, depending on the length of their service. If an employee has worked for KORADO-Bulgaria AD for 10 years, the retirement benefit amounts to six gross monthly salaries upon retirement, if he/she has worked for the Company from 5 to 10 years – four gross monthly salaries, and if he/she has worked for less than five years - two gross monthly salaries. Besides, if an employee has worked for KORADO-Bulgaria AD for more than twenty years, he/she received eight gross monthly salaries upon retirement. These retirement benefits are unfunded.

The cost of providing benefits under the retirement benefit plan is determined by the Company using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to the reserve from actuarial valuations through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Interest expense is calculated by applying the discount rate to the defined benefit liability. The Company recognises the following changes in the defined benefit obligation in profit or loss for the period:

- interest expense;
- current and past-service costs.

#### *Share based payment plans*

Payments for share based plans to employees are valued at the fair of the equity instrument at the date, when the shares are provided. Remuneration for conditional share based payment plans, which have not vested is measured at the fair value at the grant date of the share based payment reflecting these conditions and having no difference between the expected and actual results.

## **1.2 Summary of significant accounting policies (continued)**

### **q) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors assesses the financial performance and position of the Company and makes strategic decisions.

The Board of Directors has been identified as being the chief operating decision maker and consists of the chief executive officer, chief accountant and financial officer of the Company.

## **1.3. Changes in accounting standards**

### ***Amendments to IFRS accounting standards that are effective for the current reporting period***

The following amendments to the existing IFRS accounting standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to IAS 21:** Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2026).

The adoption of the new amendments to the existing IFRS accounting standards has not led to any material changes in the Company's financial statements.

### ***New and revised IFRS accounting standards issued by IASB and adopted by the EU but not yet effective***

At the date of authorisation of these financial statements, the Company has not applied the following amendments to IFRS accounting standards that have been issued by IASB and adopted by EU but are not yet effective:

- **Amendments to IFRS 9 and IFRS 7** - Amendments to the Classification and Measurement of Financial Instruments (effective for annual periods beginning on or after 1 January 2026);
- **Amendments to IFRS 9 and IFRS 7** - Contracts Referencing Nature-dependent Electricity (effective for annual periods beginning on or after 1 January 2026);
- **Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7** - Annual Improvements to IFRS Accounting Standards - Volume 11 - effective for annual periods beginning on or after 1 January 2026.

### ***New standards and amendments to the existing IFRS accounting standards issued by IASB but not yet adopted by the EU***

At present, IFRS accounting standards as adopted by the EU do not significantly differ from IFRS Accounting Standards adopted by the IASB except for the following new accounting standards and amendments to the existing accounting standards, which were not endorsed for use in EU as at the date of authorization of these financial statements (the effective dates stated below is for IFRS Accounting Standards as issued by IASB):

- **IFRS 18 - Presentation and Disclosures in Financial Statements** (effective for annual periods beginning on or after 1 January 2027);
- **IFRS 19 with further amendments - Subsidiaries without Public Accountability: Disclosures** (effective for annual periods beginning on or after 1 January 2027);
- **Amendments to IAS 21** - Translation to a Hyperinflationary Presentation Currency (effective for annual periods beginning on or after 1 January 2027);
- **IFRS 14 Regulatory Deferral Accounts** (effective for annual periods beginning on or after January 1, 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard;
- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted). Endorsement process postponed indefinitely until the research project on the equity method has been concluded.

### **1.3. Changes in accounting standards(continued)**

The Company does not expect that the adoption of the accounting standards listed above will have a material impact on the financial statements of the Company in future periods, except for IFRS 18 which is expected to have material impact on the presentation and disclosure of information in the financial statements. The Company is in process of analysing the specific impact of IFRS 18 on its financial statements.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to the Company's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39 Financial Instruments - Recognition and Measurement would not significantly impact the financial statements, if applied as at the reporting date.

## **2. Significant accounting judgments, estimates and assumptions**

The preparation of the financial statements requires the management to apply accounting judgements, estimates and assumptions, which have effect on the amount of reported assets and liabilities, and the disclosure of the contingent liabilities at the reporting date, as well as on the income and expenses reported for the period. Uncertainties related to these assumptions and estimates may lead to actual results requiring material adjustments in the carrying amounts of the respective assets or liabilities in subsequent reporting periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed below.

### *Net realisable value of inventories*

Inventories are written-down in accordance with the accounting policy of KORADO Group based on the estimated sale / turnover of goods. The related write-downs are presented as other expenses in the statement of comprehensive income. The Company's management believes that the carrying amount of goods as of reporting date is the best estimate of their net realizable value in compliance with the requirements of IAS 2 Inventories. Respectively, there were no inventory write offs as at 30 June 2026 and 31 December 2025.

### *Impairment of receivables*

Based on the available information the management has assessed the future cash flows of the receivables from clients and has not recognised other than immaterial in amount expected credit losses as at 30 June 2026 - EUR 0 thousand and (31 December 2025 – EUR 0 thousand), and respectively are not separately disclosed in the statement of comprehensive income. Additional information is presented in Note 19.

### *Applicability of the Organisation for Economic Co-operation and Development's (OECD) Pillar Two Model Rules*

At the end of 2023, amendments to the Corporate Income Tax Act (CITA) were adopted, effectively implementing taxation with a global minimum corporate tax of 15% for multinational and large national groups of entities from January 1, 2024, in accordance with the conditions specified in the CITA. These amendments are in the context of the so-called OECD Pillar Two Model Rules in line with the global and European level agreement launched by the OECD's BEPS (Base Erosion and Profit Shifting) initiative to address tax challenges arising as a result of the digitalisation of the economy. The Company is not subject to the additional corporate tax.

### 3. Income and expenses

#### 3.1 Revenue from contracts with customers and segment information

##### *a) Geographic information*

|                  | <b>30.06.2026</b> | <b>30.06.2025</b> |
|------------------|-------------------|-------------------|
|                  | <i>EUR '000</i>   | <i>EUR '000</i>   |
| Bulgaria         | 206               | 181               |
| Other countries: |                   |                   |
| Czech Republic   | 11,019            | 6,753             |
| Romania          | 278               | 289               |
| Ukraine          | -                 | 246               |
| Hungary          | 135               | 143               |
| Greece           | 545               | 292               |
| France           | -                 | -                 |
| Tunisia          | -                 | -                 |
| Cyprus           | 49                | 2                 |
| Slovakia         | 413               | 179               |
| Germany          | 113               | 121               |
|                  | <b>12,758</b>     | <b>8,206</b>      |

The geographic information on the revenue from sales of products is based on the customers' location. There are no differences between the measurements of the reportable segments' profits or losses - only one segment identified and the entity's profit or loss before income tax expense or income from continuing operations

##### *b) Information by key customers in 2026 and 2025*

|            | <b>30.06.2026</b> | <b>30.06.2025</b> |
|------------|-------------------|-------------------|
|            | <i>EUR '000</i>   | <i>EUR '000</i>   |
| Customer 1 | 11,019            | 6,753             |
| Customer 2 | 545               | 292               |
| Customer 3 | 413               | 179               |

#### 3.2 Other income

|                               | <b>30.06.2026</b> | <b>30.06.2025</b> |
|-------------------------------|-------------------|-------------------|
|                               | <i>EUR '000</i>   | <i>EUR '000</i>   |
| Income from sale of materials | 72                | 55                |
| Income from Government        | -                 | 73                |
| Other                         | 9                 | 5                 |
|                               | <b>81</b>         | <b>133</b>        |

The sale of materials is incidental to the main activities. The materials were sold to a Bulgarian company and the Parent-Company. Respectively, it is accounted as other income. Income from government is a subsidy for electricity prices.

#### 3.3 Employee benefit expense

|                               | <b>30.06.2026</b> | <b>30.06.2025</b> |
|-------------------------------|-------------------|-------------------|
|                               | <i>EUR '000</i>   | <i>EUR '000</i>   |
| Salaries                      | (1,924)           | (1,498)           |
| Social security contributions | (334)             | (267)             |
|                               | <b>(2,258)</b>    | <b>(1,765)</b>    |

### **3. Income and expenses (continued)**

#### **3.4 Expenses for hired services**

|                                          | <b>30.06.2026</b> | <b>30.06.2025</b> |
|------------------------------------------|-------------------|-------------------|
|                                          | <i>EUR '000</i>   | <i>EUR '000</i>   |
| Management services from related parties | (33)              | (32)              |
| Insurances                               | (19)              | (18)              |
| Consulting services                      | (39)              | (37)              |
| Security                                 | (78)              | (94)              |
| Transport costs                          | (22)              | (16)              |
| Repair and maintenance                   | (33)              | (32)              |
| Commissions                              | (94)              | (69)              |
| Advertising                              | (7)               | (8)               |
| Taxes and charges                        | (39)              | (40)              |
| Legal services                           | (6)               | (5)               |
| Telephone charges                        | (12)              | (15)              |
| Training                                 | (1)               | (4)               |
| Other                                    | (144)             | (126)             |
|                                          | <b>(527)</b>      | <b>(496)</b>      |

#### **3.5 Other expenses**

|                                          | <b>30.06.2026</b> | <b>30.06.2025</b> |
|------------------------------------------|-------------------|-------------------|
|                                          | <i>EUR '000</i>   | <i>EUR '000</i>   |
| Carrying amount of goods for resale sold | (307)             | (127)             |
| Carrying amount of materials sold        | (57)              | (41)              |
| Business trips                           | (19)              | (25)              |
| Scrap of assets                          | (2)               | (3)               |
| Entertainment expenses                   | (3)               | (3)               |
| Expenses of provision                    | (-)               | (-)               |
| Court fees                               | (-)               | -                 |
| Other                                    | (1)               | (1)               |
|                                          | <b>(389)</b>      | <b>(200)</b>      |

#### **3.6 Finance costs**

|                                             | <b>30.06.2026</b> | <b>30.06.2025</b> |
|---------------------------------------------|-------------------|-------------------|
|                                             | <i>EUR '000</i>   | <i>EUR '000</i>   |
| Interest expenses on borrowings and leasing | (3)               | (4)               |
| Expenses on charges and commission fees     | (4)               | (3)               |
| FX gains and losses, net                    | (-)               | (1)               |
|                                             | <b>(7)</b>        | <b>(8)</b>        |

#### 4. Income tax

The major components of the income tax expense as at 30 June 2026 and 31 December 2025 are:

|                                                                   | <u>30.06.2026</u> | <u>31.12.2025</u> |
|-------------------------------------------------------------------|-------------------|-------------------|
|                                                                   | <i>EUR '000</i>   | <i>EUR '000</i>   |
| Current income tax expense                                        |                   | (53)              |
| Deferred tax expense                                              |                   | 6                 |
| <b>Income tax expense recognized in profit or loss</b>            |                   | <b>(47)</b>       |
| Deferred tax on actuarial gains and losses                        |                   | 5                 |
| <b>Income tax credit recognized in other comprehensive income</b> |                   | <b>5</b>          |

The applicable tax rate in 2026 and 2025 is 10%.

A reconciliation between the income tax expense and the accounting profit at the applicable tax rate for the years ended 30 June 2026 and 31 December 2025 are:

|                                                                        | <u>30.06.2026</u> | <u>31.12.2025</u> |
|------------------------------------------------------------------------|-------------------|-------------------|
|                                                                        | <i>EUR '000</i>   | <i>EUR '000</i>   |
| Profit before taxes                                                    |                   | 430               |
| Income tax expense at the applicable tax rate of 10% for 2026 and 2025 |                   | (43)              |
| Permanent differences                                                  |                   | (4)               |
| <b>Income tax expense at an effective tax rate of 10 %</b>             |                   | <b>(47)</b>       |

As at 30 June 2026 and 31 December 2025 deferred taxes are related to the following:

|                                               | <u>Statement of financial position</u> |                   | <u>Comprehensive income</u> |                   |
|-----------------------------------------------|----------------------------------------|-------------------|-----------------------------|-------------------|
|                                               | <u>30.06.2026</u>                      | <u>31.12.2025</u> | <u>30.06.2026</u>           | <u>31.12.2025</u> |
|                                               | <i>EUR '000</i>                        | <i>EUR '000</i>   | <i>EUR '000</i>             | <i>EUR '000</i>   |
| <i>Deferred tax assets/(liabilities)</i>      |                                        |                   |                             |                   |
| Accelerated depreciation                      | (47)                                   |                   | (-)                         |                   |
| Unused paid leave                             | 19                                     |                   | 6                           |                   |
| Remuneration of personnel                     | -                                      |                   | -                           |                   |
| Impairment                                    | -                                      |                   | -                           |                   |
| Retirement benefits liability                 | 39                                     |                   | 5                           |                   |
| <b>Deferred tax assets/(liabilities), net</b> | <b>11</b>                              |                   | <b>11</b>                   |                   |

#### Reconciliation of deferred taxes, net

|                                                            | <u>30.06.2026</u> | <u>31.12.2025</u> |
|------------------------------------------------------------|-------------------|-------------------|
|                                                            | <i>EUR '000</i>   | <i>EUR '000</i>   |
| <b>At 1 January</b>                                        |                   | <b>(-)</b>        |
| Deferred taxes recognized in profit or loss for the period |                   | 6                 |
| Deferred taxes recognized in other comprehensive income    |                   | 5                 |
| <b>At 30 June</b>                                          |                   | <b>11</b>         |

## 5. Earnings per share

Basic earnings per share are calculated by dividing the profit for the period to the weighted average number of ordinary shares held for the period.

The Company's basic earnings per share are calculated by using the following data:

|                                                                              | <b>30.06.2026</b> | <b>31.12.2025</b> |
|------------------------------------------------------------------------------|-------------------|-------------------|
| Net profit for the year (in EUR'000)                                         | 983               | 392               |
| Weighted average number of ordinary shares held for the period (in thousand) | 6,716             | 6,733             |
| <b>Basic earnings per share (in EUR)</b>                                     | <b>0,15</b>       | <b>0,06</b>       |

## 6. Property, plant and equipment

|                                    | <b>Land<br/>(terrains)</b> | <b>Buildings,<br/>installations<br/>and<br/>outdoor<br/>equipment</b> | <b>Plant,<br/>equipment,<br/>fixtures<br/>and fittings</b> | <b>Motor<br/>vehicles</b> | <b>Assets<br/>under<br/>construction</b> | <b>Total</b>   |
|------------------------------------|----------------------------|-----------------------------------------------------------------------|------------------------------------------------------------|---------------------------|------------------------------------------|----------------|
|                                    | <i>EUR'000</i>             | <i>EUR'000</i>                                                        | <i>EUR'000</i>                                             | <i>EUR'000</i>            | <i>EUR'000</i>                           | <i>EUR'000</i> |
| <b>Cost</b>                        |                            |                                                                       |                                                            |                           |                                          |                |
| <b>At 1 January 2025</b>           | <b>208</b>                 | <b>2,593</b>                                                          | <b>10,954</b>                                              | <b>500</b>                | <b>1,156</b>                             | <b>15,411</b>  |
| Additions                          | -                          | -                                                                     | 172                                                        | 308                       | 121                                      | 601            |
| Disposals                          | -                          | -                                                                     | (15)                                                       | (1)                       | -                                        | (16)           |
| Transferred to right of use assets | -                          | 74                                                                    | 47                                                         | -                         | (121)                                    | -              |
| <b>At 31 December 2025</b>         | <b>208</b>                 | <b>2,667</b>                                                          | <b>11,158</b>                                              | <b>807</b>                | <b>1,156</b>                             | <b>15,996</b>  |
| <b>At 1 January 2026</b>           | <b>208</b>                 | <b>2,667</b>                                                          | <b>11,158</b>                                              | <b>807</b>                | <b>1,156</b>                             | <b>15,996</b>  |
| Additions                          | -                          | -                                                                     | 234                                                        | -                         | 13                                       | 247            |
| Written off                        | -                          | -                                                                     | -                                                          | -                         | -                                        | -              |
| Transfers                          | -                          | -                                                                     | 5                                                          | -                         | (5)                                      | -              |
| <b>At 30 June 2026</b>             | <b>208</b>                 | <b>2,667</b>                                                          | <b>11,397</b>                                              | <b>807</b>                | <b>1,164</b>                             | <b>16,243</b>  |
| <b>Accumulated depreciation:</b>   |                            |                                                                       |                                                            |                           |                                          |                |
| <b>At 1 January 2025</b>           | <b>-</b>                   | <b>1,813</b>                                                          | <b>6,456</b>                                               | <b>365</b>                | <b>-</b>                                 | <b>8,634</b>   |
| Depreciation charge for the year   | -                          | 45                                                                    | 464                                                        | 190                       | -                                        | 699            |
| Transferred to right of use assets | -                          | -                                                                     | (15)                                                       | (1)                       | -                                        | (16)           |
| <b>At 31 December 2025</b>         | <b>-</b>                   | <b>1,858</b>                                                          | <b>6,905</b>                                               | <b>554</b>                | <b>-</b>                                 | <b>9,317</b>   |
| <b>At 1 January 2026</b>           | <b>-</b>                   | <b>1,858</b>                                                          | <b>6,905</b>                                               | <b>554</b>                | <b>-</b>                                 | <b>9,317</b>   |
| Depreciation charge for the year   | -                          | 28                                                                    | 240                                                        | 32                        | -                                        | 300            |
| Written off                        | -                          | -                                                                     | -                                                          | -                         | -                                        | -              |
| <b>At 30 June 2026</b>             | <b>-</b>                   | <b>1,886</b>                                                          | <b>7,145</b>                                               | <b>586</b>                | <b>-</b>                                 | <b>9,617</b>   |
| <b>Carrying amount</b>             |                            |                                                                       |                                                            |                           |                                          |                |
| <b>At 1 January 2025</b>           | <b>208</b>                 | <b>780</b>                                                            | <b>4,498</b>                                               | <b>135</b>                | <b>1,156</b>                             | <b>6,777</b>   |
| <b>At 31 December 2025</b>         | <b>208</b>                 | <b>808</b>                                                            | <b>4,255</b>                                               | <b>253</b>                | <b>1,156</b>                             | <b>6,680</b>   |
| <b>At 30 June 2026</b>             | <b>208</b>                 | <b>781</b>                                                            | <b>4,293</b>                                               | <b>223</b>                | <b>1,252</b>                             | <b>6,757</b>   |

## **6. Property, plant and equipment (continued)**

### *Assets under construction*

At 30 June 2026 and 31 December 2025 assets under construction are related to the building of a new production facility.

### *Impairment of property, plant and equipment*

Based on the impairment testing of fixed tangible assets conducted at 30 June 2026 and 31 December 2025, the Company's management did not find any indications that the assets' carrying amounts might exceed their recoverable amounts. Therefore, no impairment of property, plant and equipment has been recognized at 30 June 2026 and 31 December 2025.

### *Fully depreciated assets*

At 30 June 2026 the Company held assets with a cost of EUR 3,078 thousand (31 December 2025: EUR 2,967 thousand), which were fully depreciated but still in use. These included: buildings of EUR 843 thousand (31 December 2025: EUR 843 thousand), production equipment of EUR 1,933 thousand (31 December 2025: EUR 1,832 thousand), motor vehicles of EUR 152 thousand (31 December 2025: EUR 301 thousand), fixture and fittings of EUR 66 thousand (31 December 2025: EUR 65 thousand), hardware of BGN 69 thousand (31 December 2025: EUR 68 thousand), and other equipment of EUR 7 thousand (31 December 2025: EUR 7 thousand).

Items of property, plant and equipment has not been mortgaged by the Company.

### *Geographic information*

All items of property, plant and equipment are located in the territory of Bulgaria.

## **7. Intangible assets**

|                                  | Software<br>EUR '000 |
|----------------------------------|----------------------|
| <b>Cost:</b>                     |                      |
| At 1 January 2025                | 59                   |
| Additions                        | 3                    |
| Disposals                        | -                    |
| <b>At 31 December 2025</b>       | <b>62</b>            |
| At 1 January 2026                | 62                   |
| Additions                        | -                    |
| Disposals                        | -                    |
| <b>At 30 June 2026</b>           | <b>62</b>            |
| <b>Accumulated amortisation</b>  |                      |
| At 1 January 2025                | 53                   |
| Amortisation charge for the year | 2                    |
| Amortisation of disposals        | -                    |
| <b>At 31 December 2025</b>       | <b>55</b>            |
| At 1 January 2026                | 55                   |
| Amortisation charge for the year | 1                    |
| Amortisation of disposals        | -                    |
| <b>At 30 June 2026</b>           | <b>56</b>            |
| <b>Carrying amount</b>           |                      |
| <b>At 1 January 2025</b>         | <b>6</b>             |
| <b>At 31 December 2025</b>       | <b>7</b>             |
| <b>At 30 June 2026</b>           | <b>6</b>             |

## 7. Intangible assets (continued)

### *Impairment of intangible assets*

The Company performed an impairment testing of intangible assets at 30 June 2026 and 31 December 2025.

No indications were found out that the assets' carrying amounts might exceed their recoverable amounts and therefore, no impairment loss was recognized in the financial statements.

### *Fully amortised intangible assets*

At 30 June 2026 the Company held software with a cost of EUR 28 thousand (31 December 2025: EUR 28 thousand), which were fully amortised but still in use.

## 8. Inventories

|                  | <b>30.06.2026</b> | <b>31.12.2025</b> |
|------------------|-------------------|-------------------|
|                  | <i>EUR '000</i>   | <i>EUR '000</i>   |
| Raw materials    | 6,020             | 5,302             |
| Finished goods   | 781               | 600               |
| Goods            | 147               | 121               |
| Work in progress | 181               | 78                |
|                  | <b>7,129</b>      | <b>6,101</b>      |

No write downs to net realizable value were made in the period. No inventories were pledged as a security. The inventories forming the cost of sales during the period and respectively recognized as an expense are at the amount of EUR 4,436 thousand (2025: EUR 2,844 thousand).

## 9. Trade and other receivables

|                          | <b>30.06.2026</b> | <b>31.12.2025</b> |
|--------------------------|-------------------|-------------------|
|                          | <i>EUR '000</i>   | <i>EUR '000</i>   |
| Trade receivables, gross | 286               | 173               |
| VAT refundable           | 482               | 668               |
| Other receivables        | 52                | 47                |
|                          | <b>820</b>        | <b>888</b>        |

Trade receivables are not interest-bearing and are normally settled within 0 - 60 days.

As at 30 June 2026 and 31 December 2025 the ageing analysis of trade receivables is presented in the table below:

|                   |              | <b>Overdue</b> |                     |                   |                   |                    |                     |
|-------------------|--------------|----------------|---------------------|-------------------|-------------------|--------------------|---------------------|
|                   | <b>Total</b> | <b>Regular</b> | <b>&lt; 30 days</b> | <b>30-60 days</b> | <b>60-90 days</b> | <b>90-120 days</b> | <b>&gt;120 days</b> |
| <b>30.06.2026</b> | 286          | 286            | -                   | -                 | -                 | -                  | -                   |
| <b>31.12.2025</b> | 173          | 173            | -                   | -                 | -                 | -                  | -                   |

## 10. Cash and cash equivalents

|                       | <b>30.06.2026</b> | <b>31.12.2025</b> |
|-----------------------|-------------------|-------------------|
|                       | <i>EUR '000</i>   | <i>EUR '000</i>   |
| Cash in bank accounts | 585               | 1,397             |
| Cash on hand          | 7                 | 6                 |
|                       | <b>592</b>        | <b>1,403</b>      |

Cash at banks accrue interest at floating interest rates based on the intraday interest rates on bank deposits.

## **11. Share capital and reserves**

### **11.1 Share capital**

|                            | <i>number</i>     | <i>EUR '000</i> |
|----------------------------|-------------------|-----------------|
| 1 January 2025             | 13,168,614        | 6,733           |
| <b>At 31 December 2025</b> | <b>13,168,614</b> | <b>6,733</b>    |
| <b>At 30 June 2026</b>     | <b>13,168,614</b> | <b>6,716</b>    |

All subscribed shares were paid at 30 June 2026 and 31 December 2025.

### **11.2 Share premium**

As at 30 June 2026 and 31 December 2025 the share premium is amounting to EUR 61 thousand.

### **11.3 Redeemed own shares**

In 2019 the Company redeemed 12,000 shares at the total amount of EUR 33,7 thousand. During the year 945 treasury shares were sold at the amount of EUR 2,5 thousand.

On 18 September 2019 the shareholders approved a decision for purchase of 12,000 redeemed shares to be provided to employees in the form of an additional one off compensation to all individuals employed by the Company for more than 1 year under a labour or management contract. The shares are allocated to 213 qualifying employees based on a step rate depending on the number of years of employment.

As at 30 June 2026 and 31 December 2025 there are no redeemed shares owned by the Company.

### **11.4 Statutory reserves and other reserves**

Statutory reserves are formed by joint-stock companies, such as KORADO-Bulgaria AD, through distribution of profits on the grounds of article 246 of the Commercial Act. They are set aside until they reach one-tenth or more of the capital. Sources of statutory reserves are at least one-tenth of the net profit, share premiums and funds, stipulated in the Articles of Association or approved by decision of the General Meeting of Shareholders. The statutory reserves may only be used to cover losses of the Company from the current and previous reporting periods.

### **11.5. Dividends**

#### *Dividends distributed in 2025*

On 10 September 2025 the General Meeting of Shareholders approved distribution of interim dividends amounting to EUR 336 thousand or a dividend of EUR 0,25 per share.

#### *Dividends distributed in 2024*

On 19 June 2024 the General Meeting of Shareholders approved distribution of dividends amounting to EUR 1,280 thousand or a dividend of EUR 0,097 per share.

## **11. Share capital and reserves (continued)**

### **11.5. Dividends (continued)**

On 11 September 2024 the General Meeting of Shareholders approved distribution of interim dividends amounting to EUR 673 thousand or a dividend of EUR 0,05 per share.

#### *Dividends distributed in 2023*

On 21 June 2023 the General Meeting of Shareholders approved distribution of dividends amounting to EUR 673 thousand or a dividend of EUR 0,05 per share.

#### *Dividends distributed in 2022*

On 18 May 2022 the General Meeting of Shareholders approved distribution of dividends amounting to EUR 1,280 thousand or a dividend of EUR 0,097 per share.

On 14 September 2022 the General Meeting of Shareholders approved distribution of interim dividends amounting to EUR 673 thousand or a dividend of EUR 0,05 per share.

#### *Dividends distributed in 2021*

On 19 May 2021 the General Meeting of Shareholders approved distribution of dividends amounting to EUR 1,280 thousand or a dividend of EUR 0,097 per share.

On 15 September 2021 the General Meeting of Shareholders approved distribution of interim dividends amounting to EUR 673 thousand or a dividend of EUR 0,05 per share.

#### *Dividends distributed in 2020*

On 20 May 2020 the General Meeting of Shareholders approved distribution of dividends amounting to EUR 1,280 thousand or a dividend of EUR 0,097 per share.

On 16 September 2020 the General Meeting of Shareholders approved distribution of interim dividends amounting to EUR 673 thousand or a dividend of EUR 0,05 per share.

### **12.1. Lease liabilities**

The Company concluded lease contracts for vehicles. For leases the Company recognises according to IFRS 16 the carrying amount of right of use asset and lease liability. The Company has only finance leases with a clause for transferring of ownership of vehicles, these are not modified in the period, no extension or termination options have been assessed as relevant in determining the lease terms of the respective vehicles leases. In the period there were no contracts for short term or low value leases, for which the associated lease payments have been directly expensed.

Interest expense on lease liabilities for the period is EUR 0 thousand (2025: EUR 0 thousand).

As at 30 June 2026 the lease liability amounts to EUR 0 thousand and as at 31 December 2025 amounts to EUR 0 thousand.

|                                 | <b>30.06.2026</b> |          | <b>31.12.2025</b> |          |
|---------------------------------|-------------------|----------|-------------------|----------|
|                                 | Lease             | Present  | Lease             | Present  |
|                                 | payments          | value of | payments          | value of |
|                                 | EUR '000          | EUR '000 | EUR '000          | EUR '000 |
| Within one year                 | -                 | -        | -                 | -        |
| From one to five years          | -                 | -        | -                 | -        |
| Total minimum lease payments    | -                 | -        | -                 | -        |
| Less finance charges            | -                 | -        | -                 | -        |
| Present value of lease payments | -                 | -        | -                 | -        |

## 12.2. Right of Use Assets

As at 30 June 2026 the carrying amount of the right of use assets (vehicles) is EUR 0 thousand (31 December 2025: BGN 0 thousand).

The carrying amount of the right of use asset could be analysed as follows:

| <b>Vehicles</b>                | <b>30.06.2026</b> | <b>31.12.2025</b> |
|--------------------------------|-------------------|-------------------|
|                                | <i>EUR '000</i>   | <i>EUR '000</i>   |
| <b>Carrying amount</b>         |                   |                   |
| <b>At 1 January</b>            |                   | 342               |
| Termination of lease contracts |                   | (342)             |
| Depreciation for the year      |                   | -                 |
| <b>At 30 June</b>              | -                 | -                 |

## 13. Retirement benefits

Pursuant to the requirement of the Bulgarian labour legislation and the Collective Labour Agreement, the Company is obliged to pay two to six gross monthly salaries to its employees upon retirement, depending on the length of their service in the Company. If an employee has worked for KORADO-Bulgaria AD for 10 years or more, the retirement benefit amounts to six gross monthly salaries upon retirement, if he/she has worked for the Company from 5 to 10 years – four gross monthly salaries, and if he/she has worked for less than five years - two gross monthly salaries. An employee, who has worked for KORADO-Bulgaria AD for more than 20 years, shall be entitled to receive 8 gross monthly salaries upon retirement. These retirement benefits are unfunded.

The components of the expenses for retirement benefits recognised in the statement of comprehensive income for 2026 and the liabilities recognised in the statement of financial position as at 30 June 2026 are as follows:

### Expenses for retirement benefits

|                                                                        | <b>30.06.2026</b> | <b>31.12.2025</b> |
|------------------------------------------------------------------------|-------------------|-------------------|
|                                                                        | <i>EUR '000</i>   | <i>EUR '000</i>   |
| Interest expense                                                       |                   | 14                |
| Current service costs                                                  |                   | 32                |
| <b>Expenses for retirement benefits, recognised in profit and loss</b> |                   | <b>46</b>         |
| <b>Actuarial losses recognised in other comprehensive income</b>       |                   | <b>28</b>         |

Changes in the present value of the retirement benefit obligation are as follows:

|                       | <b>30.06.2026</b> | <b>31.12.2025</b> |
|-----------------------|-------------------|-------------------|
|                       | <i>EUR '000</i>   | <i>EUR '000</i>   |
| <b>At 1 January</b>   |                   | <b>344</b>        |
| Interest expense      |                   | 14                |
| Current service costs |                   | 33                |
| Benefits paid         |                   | (32)              |
| Actuarial losses      |                   | 28                |
| <b>30 June</b>        |                   | <b>387</b>        |

### 13. Retirement benefits (continued)

The actuarial gains and losses arising from experience adjustments are at the amount of EUR (0) thousand (2025: EUR (13) thousand), from changes in demographic assumptions are the amount of EUR (0) thousand (2025: EUR (4) thousand), while those arising from changes in financial assumptions are EUR (0) thousand (2025: EUR (11) thousand).

The key assumptions used in determining the retirement benefit liability are stated in the table below:

|                         | <b>30.06.2026</b> | <b>31.12.2025</b> |
|-------------------------|-------------------|-------------------|
| Discount rate           | 3,5%              | 4%                |
| Future salary increases | 10%               | 15%               |

The tables below contain a quantitative sensitivity analysis of the retirement benefit liability as at 30 June 2026 and 31 December 2025:

| Sensitivity level                                   | Interest rate     |                   | Salary growth     |                   |
|-----------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                     | Increase by<br>1% | Decrease<br>by 1% | Increase by<br>1% | Decrease<br>by 1% |
| Assumptions 2026                                    | <i>EUR '000</i>   | <i>EUR '000</i>   | <i>EUR '000</i>   | <i>EUR '000</i>   |
| Effect on the pension liability increase/(decrease) |                   |                   |                   |                   |
| Assumptions 2025                                    |                   |                   |                   |                   |
| Effect on the pension liability increase/(decrease) | 38                | (40)              | 34                | (34)              |

### 14. Trade and other payables

|                                | <b>30.06.2026</b> | <b>31.12.2025</b> |
|--------------------------------|-------------------|-------------------|
|                                | <i>EUR '000</i>   | <i>EUR '000</i>   |
| Payables to suppliers          | 1,487             | 2,883             |
| Payables to personnel          | 267               | 299               |
| Payables for social securities | 107               | 129               |
| Other liabilities              | 869               | 401               |
|                                | <b>2,730</b>      | <b>3,712</b>      |

Terms and conditions of the financial liabilities, set out in the table above, are as follows:

- Trade payables are non-interest bearing and are normally settled on 30-60 day's term;
- Tax payables are non-interest bearing and are settled within the legal deadlines;
- Other payables are non-interest bearing and are normally settled on 30 day's term.

### 15. Provisions

As at 30 June 2026 and 31 December 2025 provisions consist of unused paid leave provisions at the amount of EUR 119 thousand and EUR 193 thousand, respectively.

## 16. Related party disclosures

### *Ultimate parent company*

The ultimate parent company is KORADO a.s., Czech Republic.

### *Entities with controlling interest in the Company*

At 30 June 2026, 82,15% of the shares of KORADO-Bulgaria AD are held by KORADO a.s., Czech Republic. The remaining 17,85% of the shares are held by legal entities and individuals.

Besides with the parent company, KORADO a.s., Czech Republic, in 2026 and 2025 the Company concluded transactions with other related companies as well, namely Licon Heat s.r.o., Czech Republic (a subsidiary of KORADO a.s., Czech Republic).

The following table provides the total amount of related party transactions and the outstanding balances for the current and previous reporting period:

|                                       |                                 | <b>Nature</b> | <b>30.06.2026</b> | <b>30.06.2025</b> |
|---------------------------------------|---------------------------------|---------------|-------------------|-------------------|
|                                       |                                 |               | <i>EUR '000</i>   | <i>EUR '000</i>   |
| <b>Purchases from related parties</b> |                                 |               |                   |                   |
| <i>Ultimate parent company</i>        |                                 |               |                   |                   |
| KORADO a.s. Czech Republic            | Purchase of materials and goods |               | 1,247             | 385               |
|                                       | Purchase of services            |               | 41                | 48                |
| Licon Heat s.r.o. Czech Republic      | Interest on loan                |               | 1                 | 3                 |
|                                       | Purchase of materials and goods |               | 12                | 9                 |
|                                       |                                 |               | <b>1,301</b>      | <b>445</b>        |
|                                       |                                 | <b>Nature</b> | <b>30.06.2026</b> | <b>30.06.2025</b> |
|                                       |                                 |               | <i>EUR '000</i>   | <i>EUR '000</i>   |
| <b>Sales to related parties</b>       |                                 |               |                   |                   |
| <i>Ultimate parent company</i>        |                                 |               |                   |                   |
| KORADO a.s. Czech Republic            | Sales of products               |               | 11,019            | 6,753             |
|                                       | Sales of materials              |               |                   |                   |
|                                       |                                 |               | <b>11,019</b>     | <b>6,753</b>      |
|                                       |                                 | <b>Nature</b> | <b>30.06.2026</b> | <b>31.12.2025</b> |
|                                       |                                 |               | <i>EUR '000</i>   | <i>EUR '000</i>   |
| <b>Related party receivables</b>      |                                 |               |                   |                   |
| <i>Ultimate parent company</i>        |                                 |               |                   |                   |
| KORADO a.s. Czech Republic            | Trade receivables               |               | 2,173             | 2,531             |
|                                       |                                 |               | <b>2,173</b>      | <b>2,531</b>      |
| <b>Payables to related parties</b>    |                                 |               |                   |                   |
|                                       |                                 | <b>Nature</b> | <b>30.06.2026</b> | <b>31.12.2025</b> |
|                                       |                                 |               | <i>EUR '000</i>   | <i>EUR '000</i>   |
| <i>Ultimate parent company</i>        |                                 |               |                   |                   |
| KORADO a.s. Czech Republic            | Interest-bearing loan           |               | 500               | 500               |
| KORADO a.s. Czech Republic            | Trade payables                  |               | 900               | 865               |
| KORADO a.s. Czech Republic            | Trade interest                  |               | 3                 | -                 |
| Licon Heat s.r.o. Czech Republic      | Trade payables                  |               | 3                 | 3                 |
|                                       |                                 |               | <b>1,406</b>      | <b>1,368</b>      |

## 16. Related party disclosures (continued)

Agreements were concluded and executed under which a portion of trade receivables amounting to EUR 1,267 thousand (31 December 2025: EUR 1,206 thousand) due from related parties were settled against trade payables of EUR 583 thousand (31 December 2025: EUR 1,200 thousand) and loan payables of EUR 0 thousand (31 December 2025: EUR 0 thousand) and interest payable of EUR 0 thousand (31 December 2025: EUR 6 thousand and interest payable) without payment.

As at 30 June 2026 and 31 December 2025 receivables from related parties of EUR 0 thousand (31 December 2025: BGN 0 thousand) are overdue within 30 days.

The receivables from related parties are subject to individual credit risk assessment, which takes into consideration the available qualitative and non-statistical quantitative information. Based on this information, the management has not accrued impairment loss allowance for the receivables from related parties as at 30 June 2026 and 31 December 2025 as it is insignificant.

All receivables and payables to related parties as at 30 June 2026 and 31 December 2025 are denominated in euro.

### Interest-bearing loan and borrowings from a related party

In October 2022, a loan was received from KORADO a.s. Czech Republic in the amount of EUR 1,200 thousand. These funds are intended for the purchase of raw materials. The loan is long-term, with an initial repayment period of December 31, 2027. The interest rate is 1M EURBOR+1.00 fixed margin.

As of 30 June 2026 and 31 December 2025 the payable under the loan is EUR 500 thousand.

|                                        | <b>30.06.2026</b> | <b>31.12.2025</b> |
|----------------------------------------|-------------------|-------------------|
|                                        | <i>EUR'000</i>    | <i>EUR'000</i>    |
| <b>Borrowings from related parties</b> |                   |                   |
| <i>Ultimate parent company</i>         |                   |                   |
| KORADO a.s. Czech Republic             | 500               | 500               |
|                                        | <b>500</b>        | <b>500</b>        |

Changes in borrowings is as follows:

|                                                                       | <b>30.06.2026</b> | <b>31.12.2025</b> |
|-----------------------------------------------------------------------|-------------------|-------------------|
|                                                                       | <i>EUR'000</i>    | <i>EUR'000</i>    |
| <b>At 1 January</b>                                                   | 500               | 500               |
| New credit                                                            | -                 | -                 |
| Interest expense                                                      | -                 | -                 |
| Offset to trade receivables                                           | -                 | -                 |
| Outstanding interest presented in current payables to related parties | -                 | -                 |
| <b>At 30 June</b>                                                     | <b>500</b>        | <b>500</b>        |

### Terms of the transactions with related parties

Sales and purchases to/from related parties are at contractual prices. The outstanding trade payables and receivables at year end are unsecured, interest-free (except for loans) and their settlement is done with cash. For the payables to or receivables from related parties, there are no guarantees received or issued. The Company did not impair its related party receivables as of 30 June 2026 and 31 December 2025. A review for impairment of the related party receivables is performed at the end of each year and is based on the financial performance of the related party and the market it operates on, including actual cash flow settlements.

## 16. Related party disclosures (continued)

### Remuneration to key management staff

|                                  | <b>30.06.2026</b> | <b>31.12.2025</b> |
|----------------------------------|-------------------|-------------------|
|                                  | <i>EUR'000</i>    | <i>EUR'000</i>    |
| Short-term benefits of MB and SB | 35                | 56                |
| Short-term benefits of AC        | 14                | 20                |
|                                  | <b>49</b>         | <b>76</b>         |

No post employment benefits or share based payments are provided to key management staff.

## 17. Commitments and contingencies

### Legal claims

No material legal claims have been brought against the Company.

### Other

The last tax audit by the tax administration authorities covered the following types of liabilities, by periods:

- Corporate income tax –until 31 December 2010;
- VAT –until 31 July 2008;
- Personal income tax –until 31 December 2007;
- Social security – until 31 January 2012; 30 September 2009
- Local taxes and charges – until 31 December 2006;
- Income tax foreign legal entities - until 31 December 2013.

The Company's management believes that no material risks exist as a result of the dynamic fiscal and regulatory environment in Bulgaria, which might require adjustments in the financial statements for the year ended 31 March 2026.

## 18. Fair value of financial instruments

Set out below is a comparison by class of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements:

|                                                | <b>Book value</b> |                   | <b>Fair value</b> |                   |
|------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                | <b>30.06.2026</b> | <b>31.12.2025</b> | <b>30.06.2026</b> | <b>31.12.2025</b> |
|                                                | <i>EUR'000</i>    | <i>EUR'000</i>    | <i>EUR'000</i>    | <i>EUR'000</i>    |
| <i>Financial assets</i>                        |                   |                   |                   |                   |
| Trade receivables                              | 286               | 173               | 286               | 173               |
| Related party receivables                      | 2,173             | 2,531             | 2,173             | 2,531             |
| Cash and short-term deposits                   | 592               | 1,403             | 592               | 1,403             |
| <i>Financial liabilities</i>                   |                   |                   |                   |                   |
| Interest-bearing borrowings to related parties | 500               | 500               | 500               | 500               |
| Trade payables                                 | 1,636             | 2,883             | 1,636             | 2,883             |
| Payables to related parties                    | 1,700             | 1,368             | 1,700             | 1,368             |

## **18. Fair value of financial instruments (continued)**

The fair value of the financial instruments of the Company is determined as the price at which a financial asset could be sold or a financial liability could be transferred in an arm's length transaction between market participants at the date of the valuation. The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, trade receivables, trade payables - their fair values approximate their book values due to the short-term maturities of these instruments;
- Interest-bearing loans and borrowings from related parties - the fair value is estimated by applying the DCF model and using a discount factor based on the interest rates for debt instruments of similar terms and remaining maturities.

The Company's principal financial liabilities comprise interest-bearing loans and borrowings from related parties, and trade payables.

The main objective of these financial instruments is to secure financing for the Company's operations. The Company holds financial assets such as trade receivables, cash and short-term deposits, which arise directly as a result of its operation. As of 30 June 2026, and 31 December 2025 the Company neither held nor traded in derivative financial instruments.

## **19. Financial risk management objectives and policy**

The major risks arising from the Company's financial instruments are liquidity risk, foreign currency risk, interest risk and credit risk. The risk management policy the Company's management implemented to manage these risks is summarized below.

### *Interest rate risk*

The Company not exposed to the risk of changes in market interest rates primarily to its short-term and short-term financial liabilities in the form of a related party loan at the amount of EUR 500 thousand bearing floating (variable) interest rate based on 1-month Euribor and margin of 1.00%.

The following table demonstrates the sensitivity to possible changes in interest rates of the Company's profit before tax (through the effect on variable rate loans and borrowings), with all other variables held constant. There is no effect on other equity components of the Company.

|                         | <b>Increase/<br/>Decrease in<br/>interest rates</b> | <b>Effect on the pre-<br/>tax profit</b> |
|-------------------------|-----------------------------------------------------|------------------------------------------|
|                         |                                                     | <i>EUR '000</i>                          |
| <b>30 June 2026</b>     |                                                     |                                          |
| In EUR                  |                                                     |                                          |
| In EUR                  |                                                     |                                          |
|                         |                                                     | <i>EUR '000</i>                          |
| <b>31 December 2025</b> |                                                     |                                          |
| In EUR                  | +0.5%                                               | (3)                                      |
| In EUR                  | -1%                                                 | 5                                        |

## 19. Financial risk management objectives and policy (continued)

### *Liquidity risk*

The effective management of the Company's liquidity presumes that sufficient working capital will be ensured mainly through maintenance of sufficient cash and other current assets and financing from related parties.

Company's general ratio, calculated as current assets over current liabilities is 2,57 in 2026 (2025: 2,07), which shows an appropriate ability of the Company to settle its liabilities coming due over the next 12 months.

At 30 June 2026 and 31 December 2025, the maturity structure of the Company's financial liabilities, based on the agreed undiscounted payments, is presented below:

#### **At 30 June 2026**

|                                       | <b>On demand</b> | <b>&lt; 3<br/>months</b> | <b>3-12<br/>months</b> | <b>1-5<br/>year</b> | <b>&gt; 5 years</b> | <b>Total</b>    |
|---------------------------------------|------------------|--------------------------|------------------------|---------------------|---------------------|-----------------|
|                                       | <i>EUR '000</i>  | <i>EUR '000</i>          | <i>EUR '000</i>        | <i>EUR '000</i>     | <i>EUR '000</i>     | <i>EUR '000</i> |
| Trade payables                        | 1,487            | -                        | -                      | -                   | 1,487               | 1,487           |
| Payables to related parties           | 906              | -                        | -                      | -                   | 906                 | 906             |
| Interest-bearing loans and borrowings | -                | 500                      | -                      | -                   | 500                 | -               |

#### **At 31 December 2025**

|                                       | <b>On demand</b> | <b>&lt; 3<br/>months</b> | <b>3-12<br/>months</b> | <b>1-5<br/>year</b> | <b>&gt; 5 years</b> | <b>Total</b>    |
|---------------------------------------|------------------|--------------------------|------------------------|---------------------|---------------------|-----------------|
|                                       | <i>EUR '000</i>  | <i>EUR '000</i>          | <i>EUR '000</i>        | <i>EUR '000</i>     | <i>EUR '000</i>     | <i>EUR '000</i> |
| Lease liabilities                     | -                | -                        | -                      | -                   | -                   | -               |
| Trade payables                        | -                | 2,883                    | -                      | -                   | -                   | 2,883           |
| Payables to related parties           | -                | 868                      | -                      | -                   | -                   | 868             |
| Interest-bearing loans and borrowings | -                | -                        | 500                    | -                   | -                   | 500             |

### *Currency risk*

The Company performs purchases, sales, and receives loans in foreign currencies – EUR.

### *Credit risk*

The Company trades only with recognised, creditworthy contractors. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Moreover, the trade receivable balances are monitored currently, and as a result of that the Company's exposure to bad and doubtful debts is insignificant. There are no significant concentrations of credit risk within the Company. With respect to credit risk arising from the other financial assets of the Company, which comprise cash and other financial assets, the Company's credit exposure arises from default of its counterparties.

The maximum credit exposure of the Company in relation to the recognised financial assets equals their respective carrying amount as per the statement of financial position as at 30 June 2026.

Cash transactions are made only with financial institutions with high credit ratings. Cash and cash equivalents are held with banks having a credit rating of BBB or higher or those with an excellent longstanding reputation. Approximately 99% (31 December 2025: 98%) of the cash and cash equivalents are concentrated in one bank.

## **19. Financial risk management objectives and policy (continued)**

### *Credit quality of financial assets*

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

|                                  | <b>30.06.2026</b> | <b>31.12.2025</b> |
|----------------------------------|-------------------|-------------------|
|                                  | <i>EUR '000</i>   | <i>EUR '000</i>   |
| <b>Existing customers</b>        |                   |                   |
| Trade receivables                | 286               | 173               |
| Receivables from related parties | 2,173             | 2,531             |
| <b>Cash and cash equivalents</b> |                   |                   |
| A- (Fitch)                       | 585               | 1,303             |
| Banks with no credit rating      | 7                 | 70                |

### *Impairment of financial assets*

The Company has the following financial assets, which are subject to the expected credit loss model:

- Trade receivables
- Cash and cash equivalents

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been analysed on an individual basis. The expected loss rates are based on the payment profiles of sales over a period of 24 month before 30 June 2026 or 31 December 2025 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Based on this analysis, the Company concluded that all trade receivables are paid within 60 days and no receivables were written off in the period analysed.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, but the impairment loss was immaterial.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

### *Capital management*

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise owner's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions.

To maintain or adjust the capital structure, the Company may adjust the payment of dividends to the shareholders, to redeem its treasury shares, to increase or decrease its share capital, by decision of the shareholders. No changes were made in the objectives, policies or processes for managing the Company's capital during 2026 and 2025.

The Company monitors its equity through the realized financial result for the reporting period ending 30 June 2026 and 31 December 2025, as follows:

|                   | <b>30.06.2026</b> | <b>31.12.2025</b> |
|-------------------|-------------------|-------------------|
|                   | <i>EUR '000</i>   | <i>EUR '000</i>   |
| <b>Net profit</b> | <b>983</b>        | <b>392</b>        |

**20. Reconciliation of the movements in liabilities the cash flows of which are presented in financing activity**

|                                                                       | <b>Borrowings</b> | <b>Lease liabilities</b> | <b>Retained earnings</b> | <b>Total</b>    |
|-----------------------------------------------------------------------|-------------------|--------------------------|--------------------------|-----------------|
|                                                                       | <i>EUR '000</i>   | <i>EUR '000</i>          | <i>EUR '000</i>          | <i>EUR '000</i> |
| <b>At 1 January 2025</b>                                              | <b>500</b>        | <b>71</b>                | <b>4,869</b>             | <b>5,440</b>    |
| Cash flows                                                            | -                 | (71)                     | (336)                    | (407)           |
| Interest expense                                                      | 5                 | -                        | -                        | 5               |
| Profit for the year                                                   | -                 | -                        | 392                      | 392             |
| Non-cash transactions                                                 | -                 | -                        | -                        | -               |
| Interest payables presented in current liabilities to related parties | (5)               | -                        | -                        | (5)             |
| <b>At 31 December 2025</b>                                            | <b>500</b>        | <b>-</b>                 | <b>4,925</b>             | <b>5,425</b>    |
| <b>At 1 January 2026</b>                                              | <b>500</b>        | <b>-</b>                 | <b>4,925</b>             | <b>5,425</b>    |
| Cash flows                                                            | -                 | -                        | -                        | -               |
| Other                                                                 | -                 | -                        | -                        | -               |
| Interest expense                                                      | 1                 | -                        | -                        | 1               |
| Profit for the year                                                   | -                 | -                        | 983                      | 983             |
| Interest payables presented in current liabilities to related parties | (1)               | -                        | -                        | (1)             |
| <b>At 30 June 2026</b>                                                | <b>500</b>        | <b>-</b>                 | <b>5,908</b>             | <b>6,408</b>    |

**21. Events after the reporting date**

Pursuant to the Introduction of the Euro in the Republic of Bulgaria Act, as of 1 January 2026, the euro shall become the official currency and legal tender in Bulgaria. The fixed conversion rate is set at BGN 1.95583 for one euro.

The introduction of the euro as the official currency in the Republic of Bulgaria represents a change in the functional (reporting) currency of the Company, which will be accounted for prospectively and does not represent an event after the reporting period which requires adjustment in the financial statements for the year ending 31 December 2025.

The Company does not anticipate significant effects from the revaluation of opening balances as of 1 January 2026 into euro, nor from the process of changing the functional (reporting) currency. The only change will be in the value of the capital, since the nominal value of one share is 0.51 euros and currency conversion is up to the fourth digit.

On 28 February 2026, a military operation initiated by the United States and its allied forces commenced within the territory of Iran. As of the approval date of these financial statements, the conflict has escalated and extended into other region within the area. The military operation may have impact on the European and global economies. The Company does not have material direct exposure to the countries, directly affected by the conflict as of the date of the approval of these financial statements. The effect on the overall economic situation may require reassessment of some assumptions and estimates. This may lead to material adjustments to the carrying value of assets and liabilities within the next financial year. At this stage management is not able to reliably estimate the impact as events are unfolding day-to-day.

The longer-term impact may also affect trading volumes, cash flows, and profitability. Nevertheless, at the date of these financial statements the Company continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation. Management considers the situation to be a non-adjusting event after the reporting period.

No other events have occurred after 30 June 2026, that would require additional adjustments and/or disclosures in the Company's financial statements.