

**CONSOLIDATED FINANCIAL STATEMENTS
FOR 2024**

TRACE GROUP HOLD PLC

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	Note	31.12.2024 BGN'000	31.12.2023 BGN'000
ASSETS			
Non-current assets			
Property, plant, machinery and equipment	1.1.	79 517	75 529
Investment property	1.2.	12 816	10 695
Non-current intangible asset	1.3.	991	1 211
Investments recognised under equity method	1.4.	3	3
Non-current trade receivables	1.5.	21 705	14 189
Other non-current receivables and assets	1.6.	5 453	6 234
Deferred tax assets	1.7.	6 172	2 208
Total non-current assets		126 657	110 069
Current assets			
Inventories	1.8.	93 931	53 066
Current trade receivables	1.9.	386 211	170 546
Other current receivables and assets	1.10.	20 185	13 232
Current financial assets	1.11.	172	169
Cash and cash equivalents	1.12.	9 398	53 830
Total current assets		509 897	290 843
Total assets		636 554	400 912

The accompanying notes on pages 7 to 111 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 1 to 111 were approved for issue by the Board of Directors and signed on 30 April 2025 by:

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	Note	31.12.2024 BGN'000	31.12.2023 BGN'000
EQUITY AND LIABILITIES			
Equity			
Share capital	1.13.1.	24 189	24 179
Registered capital		24 200	24 200
Shares redeemed		(11)	(21)
Share premium	1.13.2.	21 739	21 739
Translation reserve	1.13.3.	(445)	(739)
Reserves	1.13.4.	94 005	84 415
Financial result	1.13.5.	32 724	15 728
Accumulated profit / (loss)		(145)	(385)
Current year's profit / (loss)		32 869	16 113
Equity attributable to shareholders of the parent company		172 212	145 322
Non-controlling interests		(214)	(190)
Total equity		171 998	145 132
Non-current liabilities			
Non-current financial liabilities	1.15.	14 674	13 051
Non-current trade payables	1.16.	10 318	6 967
Non-current provisions	1.17.	18 876	2 015
Deferred tax liabilities	1.18.	1 096	1 034
Other non-current payables and liabilities	1.19.	486	819
Total non-current liabilities		45 450	23 886
Current liabilities			
Current financial liabilities	1.20.	80 117	4 994
Current trade payables	1.21.	303 211	206 289
Tax liabilities	1.22.	12 852	7 627
Employee benefits payables	1.23.	7 290	4 287
Current provisions	1.24.	12 663	5 311
Other current payables and liabilities	1.25.	2 973	3 386
Total current liabilities		419 106	231 894
Total equity and liabilities		636 554	400 912

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	Note	2024 BGN'000	2023 BGN'000
Income			
<i>Revenue from contracts with customers</i>	2.1.1.	661 875	396 435
Revenue from construction contracts		617 085	367 162
Revenue from finished products		30 103	24 924
Revenue from sales of goods		14 145	3 476
Revenue from sales of services		542	873
<i>Other operating income/(losses), net</i>	2.1.2.	4 786	4 571
<i>Finance income</i>	2.1.3.	725	988
Total Income		667 386	401 994
Expenses			
<i>Expenses per economic items</i>		(619 181)	(380 464)
Raw materials, materials and consumables	2.2.1.	(214 582)	(116 314)
Cost of external services	2.2.2.	(316 449)	(212 473)
Depreciation and amortisation costs	2.2.3.	(6 345)	(6 234)
Employee benefits	2.2.4.	(46 866)	(35 312)
Impairment of assets	2.2.5.	(3 100)	(1 703)
Other costs	2.2.6.	(31 839)	(8 428)
<i>Allowances</i>	2.2.7.	(2 888)	1 730
Net book value of assets disposed (excluding production)		(13 473)	(3 420)
Capitalised costs		8 478	7 528
Changes in inventories of finished goods and work in progress		2 107	(2 378)
<i>Finance costs</i>	2.2.8.	(6 138)	(3 729)
Total expenses, excluding tax expenses		(628 207)	(382 463)
Profit / (Loss) before income tax		39 179	19 531
<i>Tax expense</i>	2.2.9.	(6 334)	(3 452)
Current tax expense		(10 240)	(3 725)
Deferred tax changes		3 906	273
Profit / (Loss) from continuing operations		32 845	16 079
Profit / (Loss)		32 845	16 079
to shareholders of the parent company		32 869	16 113
to non-controlling interests		(24)	(34)
		2024	2023
		BGN	BGN
Primary Net Earnings per Share		1,36	0,66
from continuing operations	1.13.	1,36	0,66

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	Note	2024 BGN'000	2023 BGN'000
Profit / (Loss)		32 845	16 079
<i>Other comprehensive income</i>	2.3.1.	60	358
<i>Items that are not subject to subsequent reclassification in profit or loss, including:</i>			
Actuarial gains / (losses)		(234)	56
<i>Items that are not subject to subsequent reclassification in profit or loss, including:</i>		294	302
Gains / (Losses) from translation of foreign currency		294	302
Total comprehensive income		32 905	16 437
to shareholders of the parent company		32 929	16 471
to non-controlling interests		(24)	(34)

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	2024 BGN'000	2023 BGN'000
Cash flows from operating activities		
Proceeds from contractors	614 629	516 727
Payments to contractors	(667 930)	(420 714)
Net cash flows for employee benefits (salaries and wages, and social insurance contributions)		
	(43 722)	(34 350)
Tax paid (excluding income tax)	(13 132)	(5 958)
Proceeds from tax (excluding income tax)	13 665	3 990
Income tax paid	(2 540)	(1 153)
Payments under profit distribution	(6 108)	(4 056)
Payments of guarantees	(3 503)	(3 233)
Net foreign exchange gains / (losses)	(215)	(180)
Other cash flows from operating activities	(332)	(422)
Net cash flows from operating activities	(109 188)	50 651
Cash flows from investing activities		
Purchases under acquisitions of non-current assets	(3 709)	(5 986)
Proceeds from disposals of non-current assets	1 125	466
Net Cash flows from investing activities	(2 584)	(5 520)
Cash flows from financing activities		
Cash outflows on dividends for non-controlling interests	(13)	-
Proceeds under loans received	135 029	8 424
Payments under loans received	(61 323)	(8 780)
Payments of interest on loans received	(3 007)	(745)
Lease payments	(2 986)	(1 547)
Other cash flows from financing activities	(16)	(14)
Net Cash flows from Financing activities	67 684	(2 662)
Net cash increase / (decrease) in cash and cash equivalents	(44 088)	42 469
Cash and cash equivalents as at 1 January	50 554	8 150
Translation reserve	3	(65)
Effect of application of IFRS 9	(6)	(25)
Cash and cash equivalents as at 31 December	6 463	50 529

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	Share capital	Share premium	Translation reserve	General and other reserves	Accumulated profit / (loss)	Total Equity for the Group	Total Equity for Non- controlling interest	Total Equity
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Balance as at 31.12.2022	24 179	21 739	(1 041)	81 836	6 009	132 722	(144)	132 578
Changes in equity for the financial reporting 2023	-	-	302	2 579	9 719	12 600	(46)	12 554
<i>Other comprehensive income</i>	-	-	302	-	56	358	-	358
Actuarial gains / (losses)					56	56		56
Translation of foreign activities			302			302		302
<i>Profit / (loss) for the period</i>					16 113	16 113	(34)	16 079
Total Comprehensive Income for 2023	-	-	302	-	16 169	16 471	(34)	16 437
<i>Dividends</i>					(3 871)	(3 871)	(12)	(3 883)
<i>Other changes at equity</i>				2 579	(2 579)	-		-
Balance as at 31.12.2023	24 179	21 739	(739)	84 415	15 728	145 322	(190)	145 132
Changes in equity for the financial reporting 2024	10	-	294	9 590	16 996	26 890	(24)	26 866
<i>Other comprehensive income</i>	-	-	294	-	(234)	60	-	60
Actuarial gains / (losses)					(234)	(234)		(234)
Translation of foreign activities			294			294		294
<i>Profit / (loss) for the period</i>					32 869	32 869	(24)	32 845
Total Comprehensive Income for 2024	-	-	294	-	32 635	32 929	(24)	32 905
<i>Repurchase of shares (Treasury shares)</i>	10					10		10
<i>Dividends</i>					(6 049)	(6 049)		(6 049)
<i>Other changes at equity</i>				9 590	(9 590)	-		-
Balance as at 31.12.2024	24 189	21 739	(445)	94 005	32 724	172 212	(214)	171 998

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I. General information, accounting policies, baseline

1. General information on the Group

“Trace Group Hold” PLC group (the Group) is comprised of the parent and its subsidiaries.

Parent

Trace Group Hold PLC (Parent) is a joint stock company, registered at the Stara Zagora District Court, under company file №255/2005, entered in the Registry Agency with UIC: 123682269. It is domiciled, and has its address of registered office and principal place of business at: №12 “Nikola Obrazopisov” Str., 1408, Sofia. There have been no changes in the aforementioned data, compared with those data, presented in the prior (comparative) reporting period.

The principal activity of the Parent involves acquisition, management, valuation and sale of interests in Bulgarian and foreign entities, acquisition, management and sale of bonds, acquisition, management and sale of patents, assignment of licences for the use of patents to entities in which the holding has interest, financing of entities in which the holding has interest, design, construction, reconstruction, rehabilitation and overhaul of roads, road facilities, facilities for highway, road and street (bridges, tunnels and others) and road infrastructure facilities; design, construction, reconstruction, furnishing, repairs and investor control of commercial and residential construction projects and sites, of railway lines and aircraft runways (new construction, overhaul and rehabilitation); of metro stations; of hydropower plants, hydro-ameliorative facilities and systems, water supply facilities and systems; of port and shore protection facilities and systems; implementation of all types of building and construction works, consulting services, trading activities and rental (sublease) of non-current assets.

The principal activity of the entities within the Group is concentrated in the construction sector, with the exception of some entities, whose principal activity involves trading, rental and lease of assets, and investments.

Trace Group Hold PLC is a public company in accordance with the Public Offering of Securities Act (POSA).

The entity has established branches in: Serbia, the Czech Republic, Romania, Ukraine, Greece and North Macedonia.

The structure of the Group comprises Trace Group Hold PLC, as the parent, and the following subsidiaries:

<i>Subsidiaries, domiciled in Bulgaria</i>	31.12.2024	31.12.2023	<i>Date of</i>	<i>Date of</i>
	<i>Participating</i>	<i>Participating</i>	<i>gaining</i>	<i>loss of</i>
	<i>interest</i>	<i>interest</i>	<i>control</i>	<i>control /merger</i>
	%	%		
Trace BG EOOD (LTD)	100.00	100.00	-	-
Trace Yambol AD (JSC)	99.48	99.48	-	-
Infra Commerce EOOD (LTD)	100.00	100.00	-	-
Asphalt Commerce EOOD (LTD)	100.00	100.00	02.02.2022	-
USM AD(JSC) – in liquidation	98.68	98.68	-	-
Trace Mechanization EAD (JSC)	100.00	100.00	04.03.2021	-
Trace Properties EOOD (LTC)	100.00	100.00	-	-
Trace Rent EOOD (LTD)	100.00	99.48	-	-

** Effective percentage of participating interest*

*** Indirect participating interest*

<i>Subsidiaries, domiciled abroad</i>	<i>31.12.2024</i>	<i>31.12.2023</i>	<i>Date of</i>	<i>Date of</i>
	<i>Participating</i>	<i>Participating</i>	<i>gaining</i>	<i>loss of</i>
	<i>interest</i>	<i>interest</i>	<i>control</i>	<i>control /merger</i>
	<i>%</i>	<i>%</i>		
Trace Serbia, Serbia	100.00	100.00	-	-
Trace Build, Serbia	100.00	100.00	03.12.2020	-
Trace Group Hold, USA	100.00	-	06.09.2024	-
<i>* Effective percentage of participating interest</i>				
<i>** Indirect participating interest</i>				

Subsidiaries

The following entities (with their principal activity disclosed hereafter too) are subsidiaries of the Group at 31.12.2024:

- TRACE – BG EOOD (LTD), SOFIA, BULGARIA – 100.00% owned by Trace Group Hold PLC
Principal activity: Construction, current repairs and maintenance of highways, roads, streets and the infrastructure around such;
- TRACE YAMBOL AD (JSC), YAMBOL, BULGARIA – 99.48% owned by Trace Group Hold PLC
Principal activity: Construction and reconstruction of roads and road facilities;
- INFRA COMMERCE EOOD (LTD), SOFIA, BULGARIA – 100% owned by Trace Group Hold PLC
The entity has an established branch in the Republic of Serbia.
Principal activity: Trade activities in Bulgaria and abroad, trade representation and trade mediation;
- ASPHALT COMMERCE EOOD (LTD), SOFIA, BULGARIA – 100% owned by Trace Group Hold PLC as of its establishment on 02.02.2022
Principal activity: Production and trade activities in Bulgaria and abroad, trade representation and trade mediation;
- USM AD (JSC) – in liquidation, STARA ZAGORA, BULGARIA – 98.68% owned by Trace Group Hold PLC
Principal activity: Rendering of building and construction mechanical services;
- TRACE MECHANIZATION EAD (JSC), STARA ZAGORA, BULGARIA – 100.00% owned by Trace Group Hold PLC as of its establishment, by its separation from USM AD (JSC), on 04.03.2021.
Principal activity: Rendering of building and construction mechanical services;
- TRACE PROPERTIES EOOD (LTD), SOFIA, BULGARIA – 100% owned by Trace Group Hold PLC
Principal activity: Property management, as well as all types of auxiliary services, and any other activities;
- TRACE RENT EOOD (LTD), SOFIA, BULGARIA – 100% owned by Trace Group Hold PLC
Principal activity: Lease (rental) of mechanisation, rendering of mechanical services, domestic and international passenger and cargo transport;
- TRACE SERBIA, SERBIA – 100% owned by Trace Group Hold PLC
Principal activity: Construction and reconstruction of roads and road facilities, current repairs and winter maintenance;

- TRACE BUILD, SERBIA – 100% owned by Trace Group Hold PLC
Principal activity: Investments in property, with the purpose of implementing projects in the real estate sector: purchase, construction and / or furnishing, and others;
- TRACE GROUP HOLD, USA – 100% owned by Trace Group Hold PLC
Principal activity: Design, construction, reconstruction, rehabilitation and overhaul of roads, road facilities, highway facilities, roads and streets (bridges, tunnels and others) and road infrastructure;

Entities and Alliances, established under the Law on Obligation and Contracts:

- OBEDINENIE METRO TRACE (transl. METRO TRACE ALLIANCE), A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 55% participating interest of Trace Group Hold PLC and 15% participating interest of Trace BG EAD (JSC).
Principal activity: Other specialised construction activities;
- OBEDINENIE METRO MLADOST (transl. METRO MLADOST ALLIANCE), A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 70% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of roads, aircraft runways and sports fields;
- MAGISTRALA TRACE (TRANSL. TRACE HIGHWAY), A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 75% participating interest of Trace Group Hold PLC and 10% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of roads, aircraft runways and sports fields;
- KARDZHALI 2010, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 52% participating interest of Trace BG EAD (JSC) and 24% participating interest of Trace Yambol AD (JSC)
Principal activity: Construction of roads, aircraft runways and sports fields;
- STARA ZAGORA 2010, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 55% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of roads, aircraft runways and sports fields;
- TRACE BOURGAS – SK-13 TRANSSTROY, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 55% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of electrical installations;
- SOFIA 2010, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 52% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of residential and non-residential buildings;
- HEMUS A2, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 60% participating interest of Trace Group Hold PLC
Principal activity: Construction of roads, aircraft runways and sports fields;
- TRACE SVOGE, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 60% participating interest of Trace Group Hold PLC
Principal activity: Construction of highways, roads and aircraft runways;
- TRACE SOP, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 60% participating interest of Trace Group Hold PLC and 20% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of roads, aircraft runways and sports fields;

- LYULIN TRACE, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 55% participating interest of Trace Group Hold PLC and 5% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of highways, roads and aircraft runways;
- TRACE STARA ZAGORA, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 100% participating interest of Trace BG EAD (JSC)
Principal activity: Overall construction of buildings and construction premises;
- PS 2014, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 70% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of highways, roads and aircraft runways;
- TMA, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 100% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of other premises and facilities, not classified elsewhere;
- TSARIGRADSKO, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 95% participating interest of Trace Group Hold PLC
Principal activity: Construction of highways, roads and aircraft runways;
- CHEPELARE, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 51% participating interest of Trace Group Hold PLC
Principal activity: Construction of highways, roads and aircraft runways;
- TRACE PRIBOR, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 51% participating interest of Trace Group Hold PLC, 19% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of highways, roads and aircraft runways;
- PB – MARK, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 51% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of highways, roads and aircraft runways;
- MARKIROVKA (TRANSL. MARKING) 2014, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 84.99% participating interest of Trace Group Hold PLC
Principal activity: Construction of highways, roads and aircraft runways;
- SAMARA 2015, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 70% participating interest of Trace Group Hold PLC
Principal activity: Construction of other premises and facilities, not classified elsewhere;
- GABROVO CENTAR (TRANSL. GABROVO CENTER), A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 50% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of highways, roads and aircraft runways;
- EE KYUSTENDIL BLOCK 27, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 91% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of other premises and facilities, not classified elsewhere;
- EE KYUSTENDIL BLOCK 82 AND BLOCK 83, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 90% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of residential and non-residential buildings;

- TRACE ALFA, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 50% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of highways, roads and aircraft runways;
- EE LUKOVIT', A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 95% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of residential and non-residential buildings;
- ZHELEZOPATNA INFRASTUKTURA (TRANSL. RAILWAY INFRASTRUCTURE), A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 50.5% participating interest of Trace Group Hold PLC
Principal activity: Construction of underground and overground railways;
- MARAZH 2018, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 77% participating interest of Trace Yambol AD (JSC)
Principal activity: Construction of highways, roads and aircraft runways;
- VIK (TRANSL. WATER SUPPLY AND SEWERAGE) STROY – GOURKOVO 2018, A COMPANY UNDER THE LAW ON OBLIGATION AND CONTRACTS, BULGARIA – 90% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of transmission and distribution pipelines;
- METRO STROITELSTVO (TRANSL. METRO CONSTRUCTION), A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 97,99% participating interest of Trace Group Hold PLC
Principal activity: Construction of underground and overground railways;
- TRACE BUILD, A COMPANY UNDER THE LAW ON OBLIGATION AND CONTRACTS, BULGARIA – 80% participating interest of Trace Group Hold PLC
Principal activity: Construction of highways, roads and aircraft runways;
- VODOPROVODI (TRANSL. WATER MAINS) KARLOVO 2019, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 90% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of other premises and facilities, not classified elsewhere;
- PROEKT (TRANSL. PROJECT) PLOVDIV, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 90% participating interest of Trace Group Hold PLC
Principal activity: Construction of underground and overground railways;
- ULITSI (TRANSL. STREETS) IVAYLOVGRAD, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 50% participating interest of Trace BG EAD (JSC)
Principal activity: Other specialised construction activities, not classified elsewhere;
- TRACE ZONA 1 (TRANSL. ZONE 1), A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 99.99% participating interest of Trace Group Hold PLC
Principal activity: Other specialised construction activities, not classified elsewhere;
- OBEDINENIE ULITSI BORO VAN (TRANSL. BORO VAN STREETS ALLIANCE), A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 50% participating interest of Trace Group Hold PLC
Principal activity: Participation in a public tender procedure for the awarding of a public tender for: “Repairs and rehabilitation of streets within the Municipality of Borovan”;

- VIK (TRANSL. WATER SUPPLY AND SEWERAGE) STARA ZAGORA, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 60.40% participating interest of Trace Group Hold PLC
Principal activity: Engineering (Design, copy right supervision and construction) – Reconstruction of the water supply and sewerage network of Stara Zagora;
- SOD ZONA 3 (TRANSL. ZONE 3), A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 99.99% participating interest of Trace Group Hold PLC
Principal activity: Other specialised construction activities, not classified elsewhere;
- POMORIE 2018, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 59.99% participating interest of Trace Group Hold PLC, as of 09.02.2021
Principal activity: Construction of highways, roads and aircraft runways;
- ULITSI LOM (TRANSL. LOM STREETS), A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 99.99% participating interest of Trace BG EAD (JSC)
Principal activity: Construction of highways, roads and aircraft runways;
- TRZP STARA ZAGORA, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 87.00% participating interest of Trace BG EAD (JSC)
Principal activity: Other specialised construction activities, not classified elsewhere;
- KR SVOGE, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 50.00% participating interest of Trace Group Hold PLC
Principal activity: Other specialised construction activities, not classified elsewhere;
- POMORIE 2020, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS – 50.00% participating interest of Trace Group Hold PLC
Principal activity: Execution of building and construction works under the project “Rehabilitation and reconstruction of street network in the towns of Aheloy and Kableshevo, Pomorie Municipality”.
- DRAGALEVTSI 2021, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS – 50.00% participating interest of Trace Group Hold PLC
Principal activity: Construction of other premises and facilities, not classified elsewhere.
- PODDARZHANE (TRANSL. MAINTENANCE) 2022, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS – 50.00% participating interest of Trace Group Hold PLC
Principal activity: Construction of underground and overground railways;
- METRO SLATINA, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS – 50.00% participating interest of Trace Group Hold PLC
Principal activity: Construction of underground and overground railways;
- DRUM 2022, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS – 50.00% participating interest of Trace Group Hold PLC
Principal activity: Construction of other premises and facilities, not classified elsewhere;
- SHIPKA, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS – 98.00% participating interest of Trace Group Hold PLC
Principal activity: Construction of underground and overground railways;
- GARA PLISKA (TRANSL. PLISKA STATION), A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS – 99.99% participating interest of Trace Group Hold PLC
Principal activity: Other specialised construction activities, not classified elsewhere;

- SKOBELEVO 2022, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS – 50.00% participating interest of Trace Group Hold PLC
Principal activity: Construction of highways, roads and aircraft runways

New companies (subsidiaries, joint ventures and associates) under the Law on Obligations and Contracts (POSA) were established together with partners (entities within the Group and external, unrelated parties) in the current and prior reporting periods. Such have not engaged in any operations at year-end. Entities that were established under already completed projects have been terminated.

On 09.02.2024, the Board of Directors of “USM” AD (JSC) took the decision to present a proposal before the General Meeting of Shareholders to terminate the aforementioned entity and initiate liquidation proceedings. The application to initiate liquidation proceedings on the entity was filled in the Commercial Registry and the Registry of Non-profit Organisations (CRRNPO) on 24.06.2024. Manol Denev is appointed as a liquidator and the liquidation term is 9 months.

The entity “DM estate” EOOD (LTD) was registered in the Commercial Registry and the Registry of Non-profit Organisations (CRRNPO) on 07.05.2024. The forementioned entity was registered by contribution in kind of a non-current asset by the sole capital owner – “Infra Commerce” EOOD (LTD). Ventsislav Georgiev and Zheni Kaltcheva are managers of the entity, whose principal activity involves acquisition, renovation, repairs, management, lease (rent), sale, servicing of real estate. The transfer of the company shares of “DM estate” EOOD (LTD), owned by “Infra Commerce” EOOD (LTD) and amounting to BGN 261 500, representing 100% of the registered capital of the entity, was entered in the Commercial Registry and the Registry of Non-profit Organisations (CRRNPO) on 27.06.2024.

“Trace BG” EOOD (LTD) registered a new principal place of business (registered office) in Bucharest (Romania) on 18.06.2024. The principal activity involves building and construction of roads and highways, construction of residential buildings.

A certificate of registration was issued in respect of the subsidiary – “Trace Group Hold USA” on 06.09.2024. “Trace Group Hold USA” is domiciled and has its registered office at 850, New Burton Road, Delaware, Dover, USA. The entity’s capital amounts to USD 1 000, distributed among 100 shares at nominal value USD 10 each. Stoyan Barzakov is appointed as Manager of the entity. The principal activity involves design, construction, reconstruction, rehabilitation and overhaul of roads, road facilities, highway facilities, roads and streets (bridges, tunnels and others) and road infrastructure.

Joint ventures

The Group does not hold any participating interest in joint ventures at 31.12.2024.

Associates

At 31.12.2024, associates include the following entities (with principal activity disclosed hereafter too):

- Belchin 3 OOD (LTD) – 33,60% participating interest of Trace Properties EOOD (LTD);
Principal activity: Domestic and foreign trade, sales of goods and services, consulting activities, trade representation and mediation;

- VODEN PROEKT (TRANSL. WATER PROJECT) STARA ZAGORA, A COMPANY UNDER THE LAW ON OBLIGATIONS AND CONTRACTS, BULGARIA – 30% participating interest of Trace Group Hold PLC and 4% participating interest of Trace – Road Construction AD (JSC)
Principal activity: General construction of buildings and construction premises;

1.1. Ownership and management of the parent

The share capital is distributed among 24 200 000 non-cash, non-bearer shares at nominal value of BGN 1 each. The entity does not have an ultimate parent; instead, it has a majority shareholder (private individual).

The ownership at 31.12.2024 is distributed as follows:

	%
Nikolay Mihaylov	67,26%
Galini – N EOOD (LTD)	9,00%
Trace Group Hold (repurchased, treasury shares)	0,02%
Other individuals and legal entities	23,72%
	100,00%

The entity is managed under a two-tier management system, comprised of a Supervisory Board and a Managing Board, and an Audit Committee, appointed by the General Meeting of Shareholders.

Members of the Supervisory Board at 31.12.2024:

Nikolay Mihaylov	Chairman
Manol Denev	Member
Mariela Rounteva	Member

Members of the Managing Board at 31.12.2024:

Desislava Lyubenova	Chairman
Boyan Delchev	Member
Manol Kavarakov	Member

At 31.12.2024, the parent is managed and represented by the Executive Director – Eng. Boyan Delchev.

Members of the Audit Committee at 31.12.2024:

Hristo Savchev	Chairman
Hristina Nikolova	Member
Diana Deyanova – Rangelova	Member

1.2. Other information

Compiler of the annual consolidated financial statements: Boyan Hristov

Lawyers: Hristina Arihteva

Auditor: Kalin Apostolov, Registered Auditor (CPA)

Servicing banks: UniCredit Bulbank AD, United Bulgarian Bank AD, DSK EAD, Eurobank Bulgaria AD

1.3. Macroeconomic environment

The Group operates in an inflationary environment. The Management manages to maintain the Group's financial stability by indexing income and expenses according to the circumstances and within reasonable limits, reflecting the public measures, undertaken by the countries in which the Group operates. Direct effects of the altered macroeconomic environment include the increase of:

- cost of direct materials and of raw materials – pursuant to distributed key supply chains and increased prices;
- cost of heating and cost of electricity – subsequent to significant increase in their price levels;
- the discounting norm, employed by the Group to test its investments and other non-current assets for impairment.

The Group maintains a stable capital structure and leverage ratio.

1.4. War in Ukraine – impact and effects

The “Russia – Ukraine” military conflict and the related with it economic sanctions and other measures, undertaken by worldwide Governments, have a significant effect both on local economies, as well as on the global market place.

The Group has a registered office and place of business (branch) in Ukraine, but as of its establishment and to this day, the aforementioned entity has not engaged in any activities. Initial Management's estimates conclude that the “Russia – Ukraine” military conflict would not have a significant impact on the Group for the time being, insofar as the Group is not related and does not engage with individuals and enterprises, subject to the above referred sanctions. Nevertheless, due to the unpredictable dynamics of the circumstances and the potential comprehensiveness of the conflict, it is currently practically impossible to reliably assess and measure the potential long-term effect of the latter.

1.5. Climate-related matters

The Group regards environmental protection and efforts to slow down the pace of adverse climate changes as integral part of its corporate social responsibility policy; the Group operates, develops and expands its activity in compliance with the environmental protection guidelines. The Group plans for and implements a variety of measures: waste management and segregation, reducing, reusing, repurposing and recycling industrial and household waste; ensuring appropriate personnel training on environmental protection and pollution prevention. The Group is already investing, and plans to continue to actively invest, in renewable energy source, which are to be exploited for its own consumption needs.

The Group has not identified any significant climate-related risks that can have an adverse effect on its assets and liabilities at 31 December 2024. The Group monitors for any legislative amendments, resulting from climate-related matters, and has currently not identified any possible direct impact on its future cash flows, financial results and performance (financial position).

2. Accounting policies – significant information

2.1. Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ending 31 December 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union Committee. These are comprised of Financial Reporting Standards and Interpretations as developed by the IFRS Interpretations Committee (IFRIC), approved by the International Accounting Standards Board (IASB), and the International Accounting Standards and Interpretations of the Standing Interpretations Committee (SIC Interpretations), endorsed by the International Accounting Standards Committee (IASC), effective as of 01 January 2024.

IFRS, as adopted by the EU, is the generally acceptable name of the Conceptual Framework for General Purpose Financial Reporting – an accounting base, equivalent to the framework, introduced by the definition under § 1, item 8 of the Additional Provisions of the Accountancy Act, titled “International Accounting Standards” (IAS).

The accounting policies of the Group have been developed in compliance with the Accountancy Act and the International Financial Reporting Standards.

The presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards, requires Management to make best estimates, accruals and reasonable assumptions that have an effect on the reported values of assets and liabilities, income and expenses, and the disclosure of contingent receivables and payables at the date of the consolidated annual financial statements.

These estimates, accruals and assumptions are based on the information, available at the date of the consolidated financial statements, and therefore future actual results could differ. Items that involve a higher degree of subjective or complex judgement, and assumptions and accounting estimates that are material to the consolidated financial statements, are presented in *Note № 2.32*.

For the current financial reporting year, the Group has adopted all new and / or revised Standards and Interpretations, issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee, respectively, which have been approved for application in the European Union (EU) and that were relevant to its activity.

There have been no changes in the accounting policies of the Group since the adoption of these Standards and / or Interpretations, applicable for entities, domiciled within the Republic of Bulgaria, and for annual reporting periods beginning on or after 1 January 2024, except for some new, or expansion of already established disclosures, without this leading to other changes – in the classification or measurement of separate reporting items and transactions.

The new and / or revised Standards and Interpretations include:

Amendments to **IAS 1 Presentation of Financial Statements**, effective for annual periods beginning on or after 01.01.2024, adopted by the EC

The amendments clarify the criteria for classifying liabilities as current, or non-current. According to those, an entity shall classify a liability as current or non-current based on the rights that the entity has at the end of the reporting period to defer settlement, regardless of whether the entity intends to exercise its right to defer settlement of the liability or not (i.e. regardless of the likelihood of exercising that right). Classification is not affected by the entity's expectations or events that occur after the reporting date. The amendments clarify the definition of “settlement” for classifying liabilities – specifically, settlement refers to the transfer to counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively. Earlier application is permitted, if the entity also (at the same time) applies the amendments to IAS 1 Presentation of Financial Statements, non-current liabilities, subject by restrictive conditions.

Amendments to **IAS 1 Presentation of Financial Statements**, Non-current liabilities subject to Restrictive Conditions / non-current liabilities with covenants, effective for annual periods beginning on or after 01.01.2024, adopted by the EC

The amendments clarify that only restrictive conditions or indicators on loan agreements that the entity is required to comply with on or before the reporting date impact whether the entity has the right to defer settlement for at least twelve months and, respectively – only such should be accounted in the classification of liabilities as current or non-current. These arrangements affect whether the right exists at the end of the reporting period, even if compliance with any conditions / indicators is assessed at a later stage (for example: a restrictive covenant, based on the entity's financial position at year-end, but assessed after the end of the reporting period). Restrictive covenants that are assessed based on the entity's financial position after the end of the reporting period (for example, a condition based on the entity's financial position six months after the end of the reporting period) do not affect the current or non-current classification of a liability and the right to their deferral. Nonetheless, entities must disclose specific information about non-current liabilities subject to restrictive covenants that must be met within twelve months after the reporting period: the carrying amount of the liability; details about the covenants – nature and compliance deadlines; any facts and circumstances, indicating potential difficulty in meeting the covenants. The amendments are applied retrospectively. Earlier application is permitted, if the entity simultaneously applies the amendments to IAS 1 Presentation of Financial Statements, classification of liabilities as current and non-current.

Amendments to **IAS 7 Statement of Cash Flows** and **IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements**, effective for annual periods beginning on or after 01.01.2024, not adopted by the EC

The amendments aim to increase the transparency of the reporting of supplier finance arrangements and to allow users of financial statements to better assess the effects of those arrangements on the entity's liabilities, cash flows, and overall liquidity exposure by introducing additional specific disclosure requirements related to these type of arrangements. The amendments require entities to provide more detailed disclosures (add information) that enable users of financial statements to assess how supplier finance arrangements affect the entity's liabilities and cash flows, namely: a) terms and conditions of the arrangements; b) the carrying amounts, and the associated line items in the statement of financial position, of the financial liabilities that are part of the supplier finance arrangements; c) the carrying amounts, and the associated line items, of the financial liabilities in the statement of financial position, for which suppliers have already received payments from the finance providers (the financial institution); (d) the range of payment due dates for both the financial liabilities under the supplier finance arrangements and the comparable trade payables that are not part of those arrangements; e) the type and effect of non-cash changes in the carrying amount of financial liabilities that are part of supplier finance arrangements. IFRS 7 adds requirements to disclose an assessment of the entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. The amendments are applied retrospectively. There are exemptions to the comparative disclosure requirements – specifically

entities are exempt from disclosing comparative information for prior periods in the annual reporting period in which they initially apply the amendments and they are exempt from disclosing certain quantitative information as at the start date of that period (i.e. period of initial application). Earlier application is permitted.

Amendments to **IFRS 16 Leases** – Lease liability in a sale and leaseback, effective for annual periods beginning on or after 01.01.2024, adopted by the EC

The amendments aim to enhance the measurement requirements for sellers-lessees to measure the lease liability in a sale and leaseback transaction. The amendments require the seller-lessee to adjust and determine “lease payments” and “revised lease payments” after the lease commencement date (the date on which the underlying asset is provided) to ensure that any gain or loss recognised does not include amounts related to the right of use retained by the seller-lessee. The amendments do not refer to the recognition of gains and losses from partial or full lease terminations. The amendments are applied retrospectively and primarily affect sale-and-leaseback transactions whereby the leaseback (lease instalments) include variable lease payments that are not linked to an index or rate. Earlier adoption is permitted.

At the date of issue for approval of these consolidated financial statements, several new Standards and Interpretations have been published but are not yet effective for annual periods beginning on or after 01 January 2024, as well as amendments to existing Standards and Interpretations that have not been adopted for early application by the Group.

Amendments to **IAS 21 Effects of Changes in Exchange Rates**: Lack of Exchangeability, effective for annual periods beginning on or after 01.01.2025, not adopted by the EC

These amendments clarify and introduce requirements for entities to apply a consistent approach in assessing:

- a) whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to be used and the disclosures to provide, by introducing specific definitions for this purpose. One currency is exchangeable into another currency, if the entity can obtain the other currency within a reasonable timeframe that allows for a normal administrative delay, and through a market or exchange mechanisms that in which an exchange transaction would create enforceable rights and obligations. If the entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency;
- b) estimate the spot exchange rate at the measurement date when a currency is not exchangeable into another currency, indicating two mechanisms: 1) the first is the use of an observable exchange rate without further adjustments: with an observable rate for another purpose or the first exchange rate at which the exchange can be made; 2) the second is through the use of another estimation technique;
- c) information that the entity shall disclose when one currency is not exchangeable into another currency to enable users of its financial statements to understand how the currency not being exchangeable into other currency affects, or is expected to affect the entity’s financial performance, financial position and cash flows. The amendments are applied retrospectively. Earlier application is permitted.

Amendments to **IFRS 9 Financial Instruments** and **IFRS 7 Financial Instruments: Disclosure** – Contracts Referencing Nature-dependent Electricity, effective for annual periods beginning on or after 01.01.2026, not adopted by the EC

The amendments introduce additional disclosure requirements for contracts referencing nature-dependent electricity, namely: a) adding factors and requirements that an entity is required to consider when applying paragraph 2.4 of IFRS 9 to contracts to buy and take delivery of renewable electricity in order to clarify under what circumstances the purchase of electricity can qualify for the “own use exemption”; b) adding disclosure requirements for contracts referencing nature-dependent electricity as hedging instruments; and c) adding new

disclosure requirements to enable investors to understand the effect of these contracts on the financial performance and cash flows of entities, using such contracts.

Amendments to **IFRS 9 Financial Instruments** and **IFRS 7 Financial Instruments: Disclosures** – Classification and Measurement of Financial Instruments, effective for annual periods beginning on or after 01.01.2026, not adopted by the EC

The amendments relate to: a) clarifying the date of initial recognition or derecognition of financial assets and liabilities and introducing a new exception for certain financial liabilities settled through an electronic payment system; b) adding further guidance on assessing whether a financial asset’s contractual cash flows meet the “sole payment of principal and interest” (SPPI) criterion; c) updating the disclosures for equity instruments measured at fair value through other comprehensive income; and d) introducing new disclosure requirements for certain instruments with contractual terms that could change the timing or amount of contractual cash flows.

Annual Improvements, Part 11 in: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures, Guidance on the Implementation of IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IAS 7 Statement of Cash Flows, effective for annual periods beginning on or after 01.01.2026, no adopted by the EC

These improvements introduce partial amendments to the following standards: A) IFRS 1: in the requirements for hedge accounting for first-time adopters of Accounting Standards in order to unify the “hedge accounting” terminology and requirements under IFRS 1 and IFRS 9. The term “conditions” for hedge accounting in IFRS 1 has been replaced with “qualifying criteria”, and references are made to those paragraphs in IFRS 9 that refer to hedge accounting; B) IFRS 7: 1) in the disclosure requirements of gains or losses, arising from derecognition of financial assets. The amendment clarifies IFRS 7 by removing an obsolete reference to paragraph 27A, which was deleted from the standard upon the introduction of IFRS 13 Fair Value Measurement, and replaces the reference with the relevant paragraphs in IFRS 13. The terminology “material information that was not based on observable market data” is replaced with “significant adverse input data”; 2) Guidance on the introduction of IFRS 7: - a) the “Introduction” specifies that the guidance does not illustrate all the requirements in the cited paragraphs of IFRS 7; - b) addressing inconsistencies between paragraph HB14 of the guidance and paragraph 28 of IFRS 7, which arose upon the entry into force of IFRS 13 – clarify that the deferred difference between the fair value and the transaction price upon initial recognition of financial instruments should be disclosed, c) the credit risk disclosure – the wording is revised in order to enhance clarity and precision, enabling users of financial statements to understand easier and more accurately the text; C) IFRS 9: 1) derecognition of lease liabilities: the improvements add a reference to paragraph 3.3.3 of IFRS 9, aiming to resolve potential confusion for a lessee applying the derecognition requirements in the standard; - 2) transaction price: the term “transaction price” is deleted from paragraph 5.1.3 and Appendix A of IFRS 9, and in paragraph 5.1.3. the improvements refer to the definition in IFRS 15, which is the meaning that the specific paragraph requires; D) IFRS 10: determination of “de facto agent” – the improvements remove inconsistencies between paragraphs B73 and B74 of IFRS 10, aiming to eliminate potential confusion in the determination of whether persons act as a de facto agent; E) IAS 7: Cost Method – the improvements remove the definition of “cost method” from paragraph 37 of IAS 7 that is no longer defined in IFRS Accounting Standards.

IFRS 18 – Presentation and Disclosure in Financial Statements, effective for annual periods beginning on or after 01.01.2027, not adopted by the EC

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The requirements in IAS 1 that are unchanged have been transferred to IFRS 18 with insignificant changes in the wording or to IAS 8 Accounting Policies,

Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosures – also insignificant changes in the wording. The new standard introduces insignificant changes to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. IFRS 18 is focused primarily on better presentation of financial performance (results) and aims to improve financial reporting in the statement of profit or loss by: a) changing the structure of the statement of profit or loss by adding categories (operating, investing and financial) and subtotals (operating profit and profit before financial income and expenses and income taxes) to the statement of profit or loss, aiming to facilitate comparability and consistency in financial information; b) requiring disclosure of information about management-defined performance measures (profitability and efficiency indicators related to the statement of profit or loss) to the notes to the financial statements, aiming to increase transparency on their calculation and to gain insight into how the entity's management views its financial performance (results); c) adding new principles for grouping (aggregation and disaggregation) of information, specifying requirements for whether information should be presented as part of the components (elements) of the financial statements or in the notes to them. Providing principles for the required level of detail makes the disclosed information more effective. Although IFRS 18 will not affect the way in which entities calculate their financial performance (results), the standard will introduce changes in how they are presented and disclosed for all entities.

IFRS 19 –Subsidiaries without Public Accountability: Disclosure, effective for annual periods beginning on or after 01.01.2027, not adopted by the EC

IFRS 19 allows qualifying subsidiaries to apply reduced disclosure requirements when applying IFRS accounting standards in their financial statements. The reduced disclosure requirements introduced by IFRS are intended to strike a reasonable balance between the information needs of users of financial statements and the cost and effort, needed to prepare full disclosures under all IFRS accounting standards by qualifying subsidiaries. IFRS 19 is a voluntary standard for qualifying subsidiaries. A qualifying subsidiary is one that: does not have public accountability; and has an ultimate or intermediate parent that produces consolidated financial statements, available for public use that comply with the full disclosure requirements of all IFRS Accounting Standards.

IFRS 10 (amended) – Consolidated Financial Statements and IAS 28 (amended) – Investments in Associates and Joint Ventures – regarding sales or in-kind contribution of assets between an investor and its associates or joint ventures, with the effective date of the amendments being deferred; the effective date is to be determined by the IASB

These amendments are aimed at addressing the accounting for sales or contributions of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether (or not) the assets sold or the non-monetary assets contributed constitute collectively a “business” (as defined by IFRS 3). If the assets do not constitute a “business”, the investor recognises a gain or loss only to the extent of the other investor’s interests in the associate or joint venture. When the assets sold or non-monetary assets contributed constitute collectively a “business”, the investor will recognise the full gain or loss on the same or contribution. The amendments shall be applied prospectively. The IASB postponed indefinitely the initial application date of these amendments.

The Management is in the process of researching, analysing and assessing the potential effects of the aforementioned new standards, amendments to existing standards and interpretations on the financial statements and on the accounting policies of the Group.

2.2. Going concern

The financial statements of the Group for the year ended at 31 December 2024 have been prepared on a going concern basis.

The Management is monitoring, on a current basis, the possible business and financial risks that the Entity is, or may be, exposed to and is considering and / or taking appropriate actions according to their assessed significance, including such that arise in the implementation and financing of large-scale projects that the Entity is executing in Bulgaria and abroad. The Management believes that the identified potential risks have been adequately addressed, including and by ensuring the requisite funding (*refer to Note 3.9*).

The Group has reviewed its assessment of going concern, taking into account all factors and reviewing all available information about future developments, such as performance and financial forecasts for at least twelve months after the date of these financial statements. Pursuant to the conducted elasticity analysis and assessment of the going concern, and the results received thereto, the Group concluded that it is appropriate to prepare the financial statements on a “going concern” basis and despite the identified uncertainties and factors, there are no material such that could cast significant doubt on the Group’s ability to continue as a going concern in the year, following the financial reporting year of these financial statements.

As a result of the inherent limitations, the assumptions do not account wholly the potential future effects of the military conflict between Russia and Ukraine, nor do they account wholly the possible changes in the undertaken, or planned by global Government administrations, measures to tackle inflation processes and compensations, insofar as these circumstances are beyond the Management’s control. In this regard, the Group continuously monitors the development of those events and analyses the risks to its financial performance (financial results), economic status and cash flows, in order to take timely actions to eliminate and / or reduce the possible adverse effects, when deemed necessary.

2.3. Changes in the accounting policies

The accounting policies adopted are consistent with the accounting policies applied in the prior period, except for the effects of the newly effective Standards and the requirements that are applied prospectively, with which the Group has fully complied.

2.4. Functional currency and recognition of foreign exchange gains / (losses)

The accounting registers have been prepared in Bulgarian Lev(a) (BGN), in compliance with the requirements of the Bulgarian legislation.

The figures, disclosed in the financial statements, are in thousands of Bulgarian Leva (BGN’ 000), unless otherwise stated (explicitly).

The Bulgarian Lev (BGN) is the functional currency of the entities within the Group, domiciled in Bulgaria, and the reporting currency of the Group. The Bulgarian Lev is pegged to the Euro, under the Law on the Bulgarian National Bank (BNB), in a ratio BGN 1.95583: EUR 1.

Translations of foreign activities and foreign-based entities from their functional currency to the reporting currency are carried out in accordance with IAS 21 – Effects of Changes in Foreign Exchange Rates (*Note №2.21*).

2.5. Comparative information

In these consolidated financial statements, the Group presents comparative information for one prior financial year, or at the end of the prior reporting period. When necessary, comparative information is reclassified (and restated) to achieve comparability with any changes in the current year's presentation.

2.6. Consolidated financial statements

Parent

This is the entity, including a non-legal (unincorporated) entity such as a partnership, that controls one or more other entities in which it has invested. Ownership control means that an investor is exposed to, or has rights to, the variable return on its interest in the investee and has the power over the investee to affect the amount of that return.

Trace Group Hold PLC, Bulgaria, is the parent (*Note № 1*).

Subsidiary

A subsidiary is an entity, or another form of undertaking, that is controlled, directly or indirectly, by the parent.

Subsidiaries are consolidated from the date on which effective control is acquired by the Group and cease to be consolidated from the date that control is deemed to have ceased and is transferred outside the Group. The full consolidation method is applied for their consolidation.

The Group's subsidiaries are disclosed under *Note № 1*

Joint venture

A joint venture is such an entity, or another form of business arrangement, established under a contractual agreement between the parent (as an investor) and one or more other parties (entities), which undertake joint economic activity and over which the venturers (including the parent having such a status) exercise joint control. Joint control exists only when the strategic financial and operational decisions, relating to the joint venture, are contractually established to be adopted with the unanimous consent (consensus) of the venturers. The latter have rights to the net assets of the joint venture.

The joint venture is included in the consolidated financial statements of the Group by applying the equity method from the date on which joint control is acquired by the venturer (in particular – the parent) and cease to be consolidated under this method from the date when the joint venture is transformed into a subsidiary, or from the date that it is assumed that joint control is transferred from the venturer to third parties.

The joint ventures of the Group are disclosed in *Note № 1*.

Associates

Associates are entities over which the Group has significant influence, evidenced by the power to participate in the financial and operating decisions of the entity in which the Group has invested (investee), but without exercising control or joint control over such decisions. Typically, significant influence is associated with the direct or indirect ownership of between 20% and 50% of the voting shares. Investments in associates are accounted under the equity method and are initially recognised at acquisition cost.

The carrying amount in the Consolidated Statement of Financial Position is increased, or decreased, to recognise the investor's share in the subsequent (after the acquisition date) profit or loss of the associate. The Group's share in the profit or loss of the associate is recognised in the Consolidated Income Statement, in profit or loss. Distributions (of dividends) received from an associate reduce the carrying amount of the investment. The carrying amount of the investment is also adjusted and subsequent to changes in the Group's proportionate interest in the associate (investee) arising from changes in the investee's other comprehensive income. The Group's share of these changes is recognised in other comprehensive income.

Unrealised gains, resulting from transactions between the Group and its associates, are eliminated to the amount of the Group's interest in the associate. Unrealised losses are also eliminated, unless the economic transaction does not give evidence of impairment of the transferred assets. The accounting policies of associates are amended in accordance with the accounting policies, adopted by the Group, where deemed necessary.

The associates of the Group are disclosed in *Note № 1*.

Non-controlling interest

These are the shares of shareholders (partners) – third parties, other than those of the shareholders of the parent. Such are disclosed separately in the Consolidated Statement of Financial Position, the Consolidated Income Statement and the Consolidated Statement of Changes in Equity.

2.7. Consolidation principles

The consolidated financial statements include the financial statements of the parent, of the subsidiaries, of the joint ventures and of the associates, prepared at year-end, the latter being the date of the financial reporting period of the Group.

For consolidation purposes, the financial statements of the subsidiaries, joint ventures and associates have been prepared for the same reporting period as the one of the parent and using uniform accounting policies.

2.7.1. Consolidation of subsidiaries

The financial statements of the included subsidiaries are consolidated in the consolidated financial statements using the “full consolidation” method, line-by-line, applying uniform accounting policies for significant like transactions and other events. The investments of the parent are eliminated against the share in the equity of subsidiaries at the acquisition date. Intragroup transactions and accounts are fully eliminated, including unrealised intragroup profit or loss. The effect of deferred tax on these eliminating consolidation entries is also accounted for.

Shares of partners (third parties) in subsidiaries, other than those of the shareholders of the parent, are disclosed separately in the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income and the Statement of Changes in Equity as “non-controlling interest”. Non-controlling interest includes: (a) the amount of the share of third party shareholders (partners) at the first consolidation date at the fair value (found value) of all identifiable assets acquired, liabilities assumed and the contingent (crystallised) liabilities of each of the respective subsidiaries, determined (based on the share) under the proportionate method, and (b) the change in the amount of the share of those persons in the equity of each of the respective subsidiaries from their first consolidation and until the end of the current reporting period.

2.7.2. Acquisition of subsidiaries

The acquisition (purchase-sale) method is used when a subsidiary (entity) is being acquired by the Group in a business combination. The transferred consideration includes the fair value at the date of exchange of the assets provided, the liabilities incurred and assumed, and the equity instruments issued by the acquiring entity in exchange of gaining control over the acquired entity. This includes and the fair value of each asset and liability that arises as a result of an agreement for contingent consideration. The direct costs, associated with the acquisition, are recognised as current expenses in the period in which such have been incurred, except of the costs of issue of debt or equity instruments that are recognised as a component of equity.

All identifiable assets acquired, liabilities and contingent (crystallised) liabilities assumed in the business combination are initially measured at their fair value at the date of the exchange. Any excess of the sum of the transferred consideration (measured at fair value), the amount of the non-controlling interest in the acquiree and the fair value of the earliest held capital interest in the acquiree (if the acquisition is concluded in stages), over the identifiable assets acquired (including the intangible assets, recognised in the business combination), the liabilities and the contingent (crystallised) liabilities assumed is treated and recognised as goodwill. If the share of the acquiring entity in the fair value of the net identifiable assets acquired exceeds the acquisition cost of the business combination, the excess is immediately recognised in the Consolidated Income Statement of the Group, under gains / (losses) on the acquisition / (disposal) of subsidiaries. Any non-controlling interest in a business combination is recognised based on the method of “proportionate share in the net assets” of the acquiree.

2.7.3. Sale of subsidiaries

In sales of subsidiaries, or in other forms of loss of control over a subsidiary:

- The subsidiary’s assets and liabilities (including goodwill, if there is such) are written-off at their book value at the date on which control is lost;
- The non-controlling interest in this subsidiary is written-off in the Consolidated Statement of Financial Position, at book value, at the date when control is lost, including all components of other comprehensive income, relating to those;
- The consideration received from the transaction, event or circumstances that resulted in the loss of control, is recognised at fair value;
- All components of equity, representing unrealised gains or losses, are reclassified in “profit or loss for the period”, or are transferred directly in retain earnings, in accordance with the requirements of the respective IFRSs under the scope of which these components of equity do fall;
- Any gains or losses, attributable to the parent, are recognised in the Consolidated Statement of Comprehensive Income as “gain or loss on the disposal (sale) of a subsidiary”.
- The remaining shares held, forming investments in associates, joint ventures or other long-term equity investments are initially measured at fair value at the date of sale and are subsequently measured in accordance with the accounting policies, adopted by the Group.

2.7.4. Non-controlling transactions

The Group treats non-controlling transactions as transactions with parties, who own equity instruments of the Group. The effects of sales of the parent’s shares, without loss of control, to owners of non-controlling interests are not treated as components of the Group’s current profit or loss, but as modifications, and are recognised directly in equity, usually to the “retained earnings” reserve component. And vice versa – any difference between the amount paid in purchases of the parent, without acquiring control over additional shares of the interest of

owners of non-controlling interests, and the respectively acquired share of the book value of the net assets of the subsidiary is recognised too directly in the Consolidated Statement of Equity, usually under “retained earnings” reserve component. When the Group ceases to have control, joint control and significant influence, any remaining minority investment as a share of the respective entity’s capital is remeasured at fair value and the difference to carrying amount is recognised in the current year’s profit or loss, and respectively all amounts previously recognised in other components of comprehensive income are accounted for in the same way as in the case of direct disposal transactions of all components, related with the initial investment (subsidiary, joint venture or associate).

2.7.5. Consolidation of associates and joint ventures

The equity method is applied for the inclusion of associates and joint ventures in the consolidated financial statements. According to the equity method, the investment of the parent is initially recognised at acquisition cost (cost) and is subsequently remeasured to reflect changes in the investor’s share (in particular the parent’s share) of the net assets of associates and joint ventures after the acquisition. The Group’s investment in associates and joint ventures also includes goodwill, identified upon their acquisition and net of any recognised impairments.

The Group’s profit or loss after acquisition of associates and joint ventures (by the parent) for the respective reporting period represents its share of their net financial results (after tax) from their economic activity for that period, and this share is recognised and presented in a separate line in the Consolidated Statement of Comprehensive Income. Similarly, the Group’s share in modifications of other components of the comprehensive income of associates and joint ventures (entities) after acquisition is also recognised and presented as a modification in the other components of comprehensive income in the Consolidated Statement of Comprehensive Income, and respectively – in the Group’s consolidated reserves in the Statement of Changes in Equity. The Group recognises its share of losses of associates and joint ventures to the amount of its investment, including the internally granted to them loans, unless the Group has assumed certain obligations or payments on behalf of the associate or joint venture.

Internal accounts between the Group and the associates and joint ventures are not eliminated. Unrealised gains or losses on transactions between them are eliminated to the percentage of the Group’s interest in the associates and joint ventures, and in the event of losses such are also reviewed on whether there are any indications for impairment. The deferred tax effect in such consolidation procedures is also accounted for.

The held by the Group investments in associates and joint ventures, together with the included goodwill, are subject to impairment review at the date of each set of financial statements. Impairment is reflected in the Consolidated Income Statement, if conditions for impairment are evidenced and its amount is defined.

Investments in associates and joint ventures are derecognised when the rights deriving from them are transferred to others (upon the existence of legal grounds for such) and thus the significant or joint effect on the economic benefits of the investment is lost. Gains on their disposal are presented in the Consolidated Income Statement, under “Finance income from operations in financial instruments” (in profit or loss for the year).

2.8. Current and non-current assets and liabilities

2.8.1. Current and non-current assets

The Group classifies an asset as current, when it satisfies any of the following criteria:

- The Group expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- The Group holds the asset primarily for the purpose of trading;

- The Group expects to realise the asset within twelve months after the reporting period; or
- The asset is cash or cash equivalents (as defined under IFRS 7), unless the asset is restricted from being exchanged, or used to settle a liability, for at least twelve months after the reporting period.

An asset is classified as non-current, unless it satisfies the criteria for classifying it as current.

2.8.2. Current and non-current liabilities

A liability is classified as current when it satisfies any of the following criteria:

- The Group expects to settle the liability in its normal operating cycle;
- The Group holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve months after the reporting period; or
- The Group does not have unconditional rights to defer the settlements of the liability for at least twelve months after the reporting period.

A liability is classified as non-current, unless such satisfies the criteria to be classified as current.

A liability is classified as current when it is due to be settled within twelve months after the reporting period, even if the original term was for a period longer than twelve months and an agreement to refinance, or reschedule payments on a long-term basis, is concluded after the reporting period and before the financial statements are authorised for issue.

2.9. Property, plant and equipment

Property, plant and equipment of the Group include assets that satisfy the recognition criteria of IAS 16 and have an acquisition cost equal to, or higher than BGN 700.00. In compliance with the accounting policies adopted, assets that have an acquisition cost less than the above stated are recognised as current expense in the period of acquisition. On acquisition, each item of property, plant and equipment is measured at its acquisition cost, as determined in compliance with the requirements of IAS 16 (*Note № 1.1*).

In accordance with IAS 16, the Group has adopted the policy to recognise each item of Property, plant and equipment at acquisition cost less the accumulated depreciation and accumulated impairment losses, including and all revaluations of lease liabilities for the right-of-use assets.

Property, machinery, plant and equipment are initially measured at cost, with that comprising their purchase price, including all import duties and non-refundable purchase taxes, as well as all cost, directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

Subsequent costs, relating to an item of property, plant and equipment, are recognised as an increase in the carrying amount of the asset, if the recognition principle under IAS 16 has been applied and when it is probable that economic benefits, exceeding the initially estimated standard effectiveness of an existing asset, will flow to the entity.

Expenses for the day-to-day “repairs and maintenance” of property, plant and equipment are recognised in profit or loss, as incurred.

Property, plant and equipment, including right-of-use assets whose right of ownership is transferred or an option to do so is provided in the contract, are depreciated on the straight-line method, over their expected useful life, and their depreciable amount is systematically allocated over it (i.e., useful life). Accrued depreciation is

recognised as an expense and decreases the carrying amount of the assets. The average useful life, in years, of the main groups of non-current tangible assets is as follows:

Group	Years
Buildings	25 years – 50 years
Plant	10 years – 25 years
Machinery, production equipment and apparatus	10 years – 20 years
Transport vehicles, excluding cars	5 years – 15 years
Cars	5 years – 10 years
All other depreciable assets	3 years – 7 years

Right of use assets, whose right to use is terminated upon the contract’s expiration term, are depreciated at the shorter of the useful life of the assets and the respective contract’s term.

Depreciation begins when the property, plant and equipment are available for use, at the location and condition, necessary for it to be capable of operating in the manner intended by Management.

Depreciation of assets ceases at the earlier of:

- The date that the assets are classified as “held for sale” in accordance with IFRS 5; and
- The date that the assets are derecognised.

Depreciation does not cease when the asset becomes idle or is retired from active use.

The residual value and the useful life of assets are reviewed at each financial year-end, and if expectations differ from prior estimates, the changes are accounted for prospectively as a change in the accounting estimates, in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from the asset’s use or disposal.

When in the course of its ordinary activities, the Group routinely sells property, plant and equipment that it has held for rentals to others, it transfers these assets to inventories, at their carrying amount, when they cease to be leased / rented and become “held for sale”. IFRS 5 does not apply in these cases and in cases of assets that are held for sale in the ordinary course of activities. In accordance with IFRS 15 – Revenue from Contracts with Customers, proceeds from the sale of such assets are recognised as revenue when the customer gains control over them and the performance obligation is thereby satisfied.

Gains or losses, arising from derecognition of an item of property, plant and equipment are included in profit or loss when the item is derecognised, unless IFRS 16 requires otherwise on a sale and leaseback. Gains or losses, arising from derecognition of an item of property, plant or equipment, are determined as the difference of the net disposal proceeds, if any, and the carrying amount of the asset. The result (gain or loss) is presented at its net amount in the Income Statement, under “Other revenue”.

The capitalised costs of acquiring such assets, and the advance payments made in this respect, are recognised under “Property, plant and equipment”.

2.10. Investment property

In compliance with IAS 40, land and / or buildings, and / or parts of buildings, held mainly with the purpose to earn rentals or for capital appreciation, or both, are recognised as investment property (*Note №1.2*). A

property that is being constructed or developed for future use as an investment property is also recognised as investment property.

An investment property is recognised as an asset when, and only when it is probable that the future economic benefits that are associated with it will flow to the Group and the acquisition cost of the investment property can be reliably measured.

Transfers to, or from an investment property shall be made when, and only when, there is a change in use, evidenced by:

- Commencement of owner-occupation – for transfers from “investment property” to “owner-occupied property”;
- Commencement of development with a view to sale – for transfers from “investment property” to “inventories”;
- End of owner-occupation – for transfers from “owner-occupied property” to “investment property”;
- or
- Commencement of an operating lease to another party – for transfers from “inventories” to “investment property”;

In compliance with IAS 40, investment property is initially measured at cost, which includes and the transaction costs related to the acquisition.

After initial recognition, investment property is carried on the cost model – at acquisition cost less all accumulated depreciation and impairment losses –, in compliance with the requirements of IAS 16 for this model.

Investment property is depreciated on the straight-line method, over its estimated useful life, and the depreciable amount is systematically allocated over it (i.e., useful life). Accrued depreciation is recognised as an expense and decreases the carrying amount of investment property. The average useful life, in years, of investment property is:

Group	Years
Buildings	30 years – 50 years

Investment property is derecognised on retirement (disposal or by entering into a finance lease) or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. In accordance with IFRS 15 – Revenue from Contracts with Customers, proceeds from sales of such assets are recognised as revenue, when the customer gains control over those assets and the performance obligation is thereby satisfied.

Gains or losses arising from the retirement or disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gains or losses arising from the retirement or disposal of investment property are recognised in profit or loss for the period and are presented at their net amounts in the Income Statement, under “Other income”, unless IFRS 16 requires otherwise on a sale and leaseback.

2.11. Intangible assets

The Group recognises the identifiable non-monetary assets, without physical substance, as intangible assets, when they meet the definition of intangible assets and the recognition criteria under IAS 38.

An intangible asset is recognised if, and only if, it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost (i.e., acquisition cost) (*Note № 1.3*).

The cost of a separately acquired intangible asset is determined in conformance with IAS 38 and comprises its purchase price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any directly attributable cost of preparing the asset for its intended use.

In compliance with IAS 38, the acquisition cost of an internally generated intangible asset is the cost of that asset, comprised of the sum of expenditure incurred as of the date when the intangible asset first met the recognition criteria.

After initial recognition, intangible assets are carried at their acquisition cost less any accumulated amortisation and any accumulated impairment losses.

The Group assesses whether the useful life of an intangible asset is finite or indefinite and if finite – the length of, or the number of production or similar units, constituting that useful life.

An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Intangible assets with finite useful life are amortised, while those with indefinite useful life are not.

Intangible assets that are subject to amortisation are amortised on the straight-line method, over their estimated useful life, and the depreciable amount is systematically allocated over it (i.e., useful life). Accrued amortisation is recognised as expense and decreases the carrying amount of intangible assets. The average useful life, in years, of the main groups of non-current intangible assets is as follows:

Group	Years
Software, software products	2 years – 5 years
All other assets, subject to amortisation	3 years – 7 years
Assets with finite useful life	As per contract

Amortisation begins when the asset is available for use, i.e., when it is in the location and condition, necessary for it to be capable of operating in the manner intended by Management.

Amortisation cases at the earlier of:

- the date that the asset is classified as “held for sale” (or it is included in a disposal group that is classified as “held for sale”) in accordance with IFRS 5; and
- the date that the asset is derecognised.

Intangible assets are derecognised on disposal / sale, or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. In accordance with IFRS 15 – Revenue from Contracts with Customers, proceeds from the sale of such assets are recognised as revenue, when the customer obtains control over those assets and the performance obligation is thereby satisfied. IFRS 16 applies to disposals by entering into a finance lease or a sale and leaseback.

Gains or losses arising from the retirement or disposal of an intangible asset, are determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gains or losses arising from the retirement or disposal of an intangible asset are recognised in profit or loss for the period and are presented at

their net amounts in the Income Statement, under “Other income”, unless IFRS 16 requires otherwise on a sale and leaseback.

2.12. Impairment of non-current assets

In conformance with the requirements of IAS 36, an assessment is conducted at the end of each reporting period on whether there are any indications that the value of a non-current asset, classified as “Property, plant and equipment”, as “Investment property”, as “Intangible assets” or as “Investments in subsidiaries, associates and joint ventures” may be impaired. If any such indications exist, the recoverable amount of the asset is estimated and the impairment loss is determined.

The amount by which the carrying amount exceeds the recoverable amount is recognised as impairment loss. Recoverable amount is the higher of the net selling price and the value in use.

For the purpose of computing impairment, The Group’s assets are grouped into the smallest identifiable group of assets for which cash flows can be distinguished – a cash-generating unit.

2.13. Goodwill

Goodwill represents the excess of the acquisition cost (the consideration paid) over the fair value of the Group’s share of the net identifiable assets of the acquiree at the acquisition date (business combination). In the consolidated financial statements, goodwill is initially measured at acquisition cost (cost) and subsequently – at cost less accumulated impairment losses. Goodwill is not amortised.

Goodwill arising on the acquisition of a subsidiary is presented in the Consolidated Statement of Financial Position, in a separate line, and goodwill arising from the acquisition of joint ventures and associates (entities) is incorporated in the total cost of the investment and is included under “investments in joint ventures” or under “investments in associates”, respectively.

Goodwill on the acquisition of joint ventures and associates (entities) is tested as part of the total balance (value) of the investment. Separately recognised goodwill on the acquisition of subsidiaries (entities) is tested for impairment at least once per annum. Impairment losses on goodwill are not subsequently reversed. Gains or losses on sale (disposal) of a subsidiary (entity) by the Group also include the carrying amount of the goodwill, attributable to the company (entity) sold (disposed).

Any recognised goodwill is identified as being attributable to a cash-generating unit when a business combination is realised and that unit is applied in impairment tests. In determining cash-generating units, consideration is given to the units from which future economic benefits were expected on acquisition of the business combination and in respect of which the goodwill had arisen.

Impairment losses on goodwill are recognised in the Consolidated Statement of Comprehensive Income (in profit or loss for the year, under “impairment of assets”).

2.14. Inventories

Inventories are assets:

- Held for sale in the ordinary course of business (commodities, goods);
- In the process of production for such a sale (work in progress);
- Inventories, consumed in the production process or in the rendering of services (materials, raw materials).

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition (*Note № 1.7*).

The cost of purchase of inventories comprises the purchase price, import duties and other non-recoverable taxes, transport and others costs, directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Inventories are included in the cost of the rendered services to the extent that such are consumed in the provision of services. These costs comprise primarily labour and other costs, incurred in respect of the personnel, who is directly engaged in providing the service, including supervisory personnel, and the attributable overheads. Labour and other costs, relating to sales and to the general administrative personnel are not included, but rather are recognised as expenses in the period in which they are incurred.

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Impairment losses are recognised whenever the carrying amount of an item of inventories exceeds its recoverable value. Impairment losses are recognised in the Income Statement. The cost of consumption / derecognition is determined using the “average weighted” method.

Some inventories may be allocated to other asset accounts, for example inventories used as a component of self-constructed property, plant or equipment. Inventories, allocated to another asset, are recognised as an expense over the useful life of that asset.

The allocation of conditional fixed production overheads to the costs of conversion of the finished products, semi-finished products and work in progress is based on the normal capacity of the production facilities.

2.15. Assets held for sale

In compliance with IFRS 5, non-current assets are classified as assets held for sale, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Assets held for sale are carried at the lower of their carrying amount and their fair value less costs to sell.

Impairment loss is recognised for any initial or subsequent write-down of the assets held for sale.

In compliance with IAS 36 and IFRS 5, gains from any subsequent increase in fair value, less costs of sale of assets that are held for sale, are recognised to the cumulative impairment loss, accrued in respect of that asset.

2.16. Financial instruments

Financial instrument is any contract that gives rise to a financial asset of the Group and a financial liability, or an equity instrument, of another entity, or vice versa.

Financial asset is any asset that is: cash, an equity instrument of another entity, a contractual right to receive cash or other financial assets from another entity, or to exchange financial instruments with another entity under conditions that are potentially favourable to the Group, or a contract that will be settled in the Group's own equity instruments and is a non-derivative for which the Group is, or may be obliged, to receive a variable number of its own equity instruments, or a derivative that will, or may be, settled by the exchange of a fixed amount of cash, or another financial asset, for a fixed number of the Group's own equity instruments.

Financial liability is any liability that is: a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial instruments with another entity under conditions that are potentially unfavourable to the Group, or a contract that will be settled in the issuer's own equity instruments and is a non-derivative for which the Group is, or may be, obliged to obtain a variable number of the entity's equity instruments, or a derivative that will, or may be, settled other than by the exchange of a fixed amount of cash, or another financial assets, for a fixed amount of the entity's own equity instruments.

2.16.1. Financial assets

2.16.1.1. Recognition and classification of financial assets

The Group recognises a financial asset in its financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

The Group classifies financial assets in the following categories, depending on their subsequent measurement: “financial assets at amortised cost”, “financial assets at fair value through other comprehensive income” or “financial assets at fair value through profit or loss”, as appropriate in compliance with the contractual terms of the instruments and the business models established in the Group, in accordance with IFRS 9. Classification is in accordance with the financial assets' nature and purpose at acquisition date.

In case of ordinary purchases and sales, financial instruments are recognised and derecognised on a “transaction date” basis. The Group consistently applies the method to all transactions in financial assets under all categories. Two additional categories are defined for the purpose: “financial assets designated as measured at fair value through profit or loss” separately from those for which this method is mandatory, and “investments in equity instruments at fair value through other comprehensive income, carried by option”, separately from those that are compulsorily measured under this model.

2.16.1.2. Initial recognition

Except for trade receivables, at initial recognition all financial assets are measured at their fair value, plus the direct transaction costs, unless such are not measured at fair value through profit or loss, in which case they are initially recognised net of the transaction costs. Trade receivables that do not contain a significant financing component and for which the Group applies the practically expedient under IFRS 15 are initially measured at the transaction price in accordance with IFRS 15. For all other financial assets, acquired under market conditions, the Group also adopts the respective transaction price as the best evidence of their fair value upon initial recognition. When the two values differ, instruments with quoted prices or relevant observable data are measured at fair value and the excess / deficit to the transaction price is recognised in profit or loss; and all others are measured at fair value, adjusted to defer the difference, recognised to the extent of a change in a factor, which the market participants would take into account.

2.16.1.3. Subsequent measurement and presentation

For subsequent measurement and presentation purposes, financial assets are classified in one of the following three categories: “financial assets at amortised cost”, “financial assets at fair value through other comprehensive income” or “financial assets at fair value through profit or loss”.

i. Financial assets at amortised cost

The Group measures its financial assets at amortised cost when they are held within a business model, whose primary objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest on the outstanding principal amount.

Such financial assets include: cash and cash equivalents, trade receivables, loans receivable, receivables earned through cessions, trade receivables and other receivables whereby the Group has become a party to a contract or an arrangement and which should be settled in net cash.

Subsequent measurement is carried out using the “effective interest” method under which interest income is computed by applying the effective interest rate to the gross carrying amount of the instruments. The credit-adjusted effective interest rate is applied for purchased, or originated credit-impaired assets, while the effective interest rate is applied to the amortised cost of the asset, for assets that have subsequently become credit-impaired financial assets.

Interest is not accrued for trade and other receivables that are past due for up to 3 months. Financial assets under this category are subject to impairment review at each year-end (date of financial statements of the Group). Changes are reflected in profit or loss.

ii. Financial assets at fair value through other comprehensive income

The Group measures its financial assets at fair value through other comprehensive income, when these financial assets are held within a business model, whose objective is achieved both by collecting contractual cash flows that are solely payments of principal, and interest on the principal amount outstanding, and selling those financial assets.

The Group applies the exemptions under IFRS 9 for equity instruments that are not held for trading, but would otherwise be measured at fair value through profit or loss, making an irrecoverable election at initial recognition for particular investments in such instruments to be measured at fair value through other comprehensive income. Such financial assets are disclosed in the notes to the financial statements, separately from other instruments that are required to be measured by using this model.

Financial assets under this category include: equity instruments, representing minority shares that are not held for trading and for which the Group has made an irrecoverable election at initial recognition to be subsequently measured at fair value through other comprehensive income.

This category of instruments is subsequently measured at fair value and changes are recognised in other comprehensive income. Fair value is determined based on quoted prices in an active market, and in the absence of such a market – fair value is determined based on valuation techniques, typically by discounted cash flow analysis. In the absence of quoted prices for equity instruments, classified as measured at fair value through other comprehensive income, their acquisition cost is used to determine the fair value, when this is appropriate under IFRS 9; typically, when there is no available up-to-date information and / or a wide range of possible evaluations under certain circumstances are available.

Financial assets in this category, held for the purpose of both collecting contractual cash flows that are solely payments of principal, and interest on the principal amount outstanding, and the sales of those assets, are subject to impairment review at each year-end (at the date of each set of financial statements of the Group). Differences are recognised in profit or loss and impairment losses are presented under “other comprehensive income”, without reducing the value of the assets in the Statement of Financial Position.

iii. Financial assets at fair value through profit or loss

The Group measures all financial assets at fair value through profit or loss, with the exception of those financial assets measured at amortised cost or at fair value through other comprehensive income.

The Group may apply the exemptions under IFRS 9 and, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss, including contracts for delivery of non-financial assets, if in doing so it eliminates, or significantly reduces, the financial asset's measurement or recognition inconsistency that would otherwise arise from recognising results and changes on different bases. Such financial assets are disclosed in the notes to the financial statements, separately from the other instruments for which this measurement approach is mandatory.

Financial assets in this category include: equity and debt instruments of issuer companies, traded on an active market.

Financial assets in this category are presented at fair value in the Statement of Financial Position, and changes are recognised in profit or loss.

iv. Composition of the financial assets

The financial assets of the Group include:

- Cash and loans granted, receivables earned through cessions, trade and other receivables, classified as “financial assets at amortised cost”;

2.16.1.4. Impairment of financial instruments

The Group measures and recognises loss allowances for expected credit losses and credit impairments of financial assets at amortised cost, debt instruments at fair value through other comprehensive income, assets under contract with customers and financial guarantee contracts.

The Group recognises the amount of expected credit loss (ECL), or their reversal, as an impairment gain or loss. ECLs are the present value of the cash shortfalls for the expected duration of the instrument, which is the difference between all contractual cash flows that are due to an entity under a contract and all cash flows that the entity expects to receive, discounted at the original effective interest rate, its estimated value or the current interest rate, as appropriate, according to the contractual terms and the type of the instrument. Expected cash flows also include the cash flows that the entity expects to receive from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Impairment and loss allowances on financial instruments are recognised in three stages – in the first two stages as expected credit losses for losses that may result from default events, and in the third stage as a credit impairment (loss allowance), for which there is objective evidence of impairment as a result of potential or actual defaults of the instruments.

Expected credit losses for financial instruments for which there have not been a significant increase in credit risk since initial recognition, are recognised as loss allowance at an amount equal to 12-month expected credit losses (expected credit losses that may result from those default events on the financial instrument that are possible within 12 months after the reporting date). The expected credit losses of credit exposures, for which there has been a significant increase in credit risk since initial recognition, are recognised in respect of losses that result from all possible default events over the life of the financial instrument (full lifetime expected credit losses).

At each reporting date, the Group assesses whether the credit risk of financial instruments has changed significantly since initial recognition, considering all reasonable and supportable information that is available without undue cost or effort. In such an assessment, the Group reviews the internal credit rating of the borrower, the modification and / or restructuring on this or other instruments of the borrower, as well as objective external factors which, at the discretion of the Group, may have an individual or collective impact on receivables. Furthermore, the Group assesses whether there has been a significant increase in credit risk when the contractual payments are past due for more than 30 days.

The Group regards a financial instrument as a defaulted financial instrument when the contractual payments are more than 90 days past due. Nonetheless, in certain cases, a financial asset may be regarded as a defaulted financial asset, if internal or external information provides an indication that it is unlikely that the Group will receive the full amount of the outstanding considerations under the contract, before taking into account any credit enhancements held by it. Financial assets are derecognised when there is no reasonable expectation that the contractual cash flows shall be collected.

The Group applies a simplified approach, in accordance with IFRS 9, for trade receivables and contract assets that result from transactions that are within the scope of IFRS 15, which do not contain a significant financing component and for which the Group applies the practically expedient under IFRS 15, recognising loss allowance at an amount equal to lifetime ECLs of the instrument at each reporting date. For this purpose, a practically expedient under IFRS 9 has been applied and a provision matrix has been used to estimate the expected credit losses on trade receivables and assets under contracts with customers. Receivables are classified in arrears and are grouped by type and customer segments with different credit loss models.

The Group uses its historical credit loss experience on trade receivables and contract assets under contracts with customers as output data to estimate the expected credit losses. The historical data used is for periods of 3 to 5 years back, grouped by type and the respective customer segment models, and adjusted by forecasts of future economic conditions.

Trade receivables and contract assets under contracts with customers are not interest-bearing and are typically settled between 60 and 180 days, and between 180 to 360 days, respectively. The Group regards a trade receivable or a contract asset from a contract with a customer as defaulted when such are past due for more than 360 days and for more than 540 days, respectively. Nevertheless, in specific cases, a receivable or a contract asset from a contract with a customer may be regarded as defaulted, if internal or external information provides an indication that it is unlikely that the Group will receive the full amount of the outstanding contractual considerations. Additionally, the Group considers all reasonable and supportable information, available without undue cost or effort, thus eliminating the possibility of unreliable presentation of individual or collective credit risk.

With regards to bank deposits and current accounts – the Group defines ECLs as a basis for the official external ratings, published by financial institutions, similar to and in line with the general model for impairment of financial assets, against changes in the credit risk of the instruments.

Impairment gains (reversal) and losses, including provisions for expected credit losses and credit impairments, are recognised in profit or loss, and the adjustment for the impairment of debt instruments, accounted for under the FVOCI (Fair Value through Other Comprehensive Income), is presented in other comprehensive income and does not reduce the carrying amount of the instrument.

2.16.1.5. Derecognition, gains and losses

Financial assets are derecognised when the contractual rights to receive cash flows have expired, or have been transferred, and the Group has transferred substantially all risks and rewards of ownership, the latter being subject to evaluation.

If the Group retains the rights to receive cash flows from a financial asset, but the Group assumes an obligation to pay cash flows to end recipients without material delay, the financial asset is derecognised, provided that the Group has no obligation to pay amounts to the end recipients, unless it collects the equivalent amounts, and it cannot sell, or pledge, the original asset, except as a collateral in their favour under this obligation.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, the Group determines whether it has retained control of the financial asset. If the Group has not retained control, the Group derecognises the financial asset and recognises separately as assets or liabilities any rights and obligations, created or retained in the transfer. If the Group has retained control, the financial asset is recognised to the extent to which the Group has continuing involvement in it.

The result from the derecognition of a financial asset, representing the difference between the consideration received and its carrying amount at the date of derecognition, is recognised at its net amount, in profit or loss in the Income Statement, under “Finance income / cost”.

When financial assets, measured at fair value through other comprehensive income (to which this model is mandatory) are derecognised, the cumulative gains or losses, previously recognised in other comprehensive income, are reclassified to profit or loss. When assets, designated as measured at fair value through other comprehensive income are derecognised, the cumulative gains and losses on such are transferred to retained earnings, within equity.

The Group recognises dividends from financial assets in its financial statements, in profit or loss, when the Group’s right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.16.2. Financial liabilities

2.16.2.1. Recognition and classification

The Group recognises a financial liability in its financial statements when it becomes party to the contractual provisions of the financial instrument.

The Group classifies financial liabilities in the following categories in accordance with their subsequent measurement: “financial liabilities at amortised cost”, “financial guarantee contracts”, “financial liabilities at fair value through profit or loss”, “liabilities that arise when a transfer of a financial asset does not qualify for derecognition, or when the continuing involvement approach applies” and “commitments to provide loans at a below-market interest rate”.

2.16.2.2. Initial recognition

All financial liabilities are initially measured at their fair value, net of any direct transaction costs, unless such are not financial liabilities at fair value through profit or loss, in which case such are initially measured at fair value. At initial recognition, the Group regards the transaction price (quoted market prices) as best evidence of the fair value of all financial liabilities, acquired in market conditions. When there is a difference between the two amounts, instruments with quoted prices, or relevant observable data, are measured at fair value, and the difference to the transaction price is recognised in profit or loss; for all other cases – at fair value, adjusted to

differ the difference that is recognised to the extent of a change in a factor that market participants would take into account.

2.16.2.3. Subsequent measurement

For subsequent measurement and presentation purpose, financial liabilities are classified in one of the following five categories: “financial liabilities, subsequently measured at amortised cost”, “financial guarantee contracts”, “financial liabilities at fair value through profit or loss”, “liabilities that arise when a transfer of a financial asset does not qualify for derecognition, or when the continuing involvement approach applies” and “commitments to provide loans at a below-market interest rate”.

i. Financial liabilities at amortised cost

The Group measures financial liabilities at amortised cost when they do not necessarily fall within any of the other categories, provided for under IFRS 9, and when, at initial recognition, the Group does not apply the exception to irrevocably designate a financial liability as measured at fair value through profit and loss under the conditions of IFRS 9.

“Financial liabilities at amortised cost” include borrowings, trade payables and other payables under which the Group has become party to a contract, or a commitment, and which should be settled in net cash.

Financial liabilities at amortised cost are subsequently measured using the “effective interest rate” method. Amortised cost is computed by taking into account any discounts or premiums on acquisition, as well as any fees or costs that are an integral part of the effective interest rate.

ii. Financial guarantee contracts

The Group measures financial liabilities as financial guarantee contracts, when they satisfy the criteria to be measured as such, namely: when the Group has assumed an obligation to make payments on a given financial instrument only in the event of a default by the debtor, in accordance with the terms of the instrument that is guaranteed.

“Financial guarantee contracts” include: guarantee contracts, concluded with banks for loans granted to related parties, avalised promissory notes.

Financial guarantee contracts are subsequently measured at the higher of the amount of the loss allowance, determined in the same way as a financial asset at amortised cost in compliance with the “Impairment of financial instruments” note, and the amount initially recognised less, when appropriate, the cumulative amount of income, recognised in accordance with the principles of IFRS 15.

iii. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at initial recognition as financial liabilities at fair value through profit or loss. Financial liabilities are classified as “financial liabilities held for trading”, if they have been acquired principally for the purpose of repurchasing them in the near term. Financial liabilities designated at initial recognition as financial liabilities at fair value through profit or loss are determined as such at the date of the initial recognition, only if the criteria under IFRS 9 have been met.

iv. *Liabilities arising as a result of the derecognition of a financial asset that does not qualify for derecognition, or when the continuing involvement approach applies*

The Group recognises financial liabilities in this category, if a transfer of a financial asset does not qualify for derecognition, or when the Group neither transfers, nor it retains, substantially all the risks and rewards of ownership and the continued involvement approach is applied.

The Group measures financial liabilities in this category at the amount of the consideration received, if the financial asset is not derecognised, and at amortised cost, or fair value of the rights and obligations, depending on how a financial asset with continuing involvement is measured when the continuing involvement approach is applied.

v. *Commitments to provide loans at below-market interest rates*

The Group measures financial liabilities as commitments to provide loans at below-market interest rates when they satisfy the respective criteria – the Group to have assumed a commitment for such an instrument.

Commitments to provide loans at below-market interest rates are subsequently measured at the higher of the amount of the loss allowance, determined in the same way as a financial asset measured at amortised cost in accordance with the “Impairment of financial instruments” note and the amount initially recognised less, as appropriate, the cumulative amount of income, recognised in accordance with the principles of IFRS 15.

vi. *Composition of financial liabilities*

The financial liabilities of the Group include:

- Borrowings (loans obtained), trade and other payables at amortised cost; and

2.16.2.4. Derecognition, gains and losses

A financial liability is derecognised when the obligation is settled, or cancelled, or expires. When an existing financial liability is exchanged with a new financial liability from the same borrower, under substantially different terms, or when the terms, or when the terms of an existing liability are substantially modified, this exchange or modification is treated as an extinguishment of the original liability and a recognition of a new liability.

The difference between the carrying amount of a financial liability extinguished, or transferred to another party, and the consideration paid, including any non-cash assets transferred or liabilities assumed, are recognised in profit or loss.

2.17. Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand deposits, denominated in Bulgarian Leva (BGN) and foreign currency, respectively.

Cash equivalents are current, highly liquid investments that are readily convertible to specific cash amounts and contain insignificant risk of changes in their value.

The Group has adopted the policy to carry short-term deposits as cash and cash equivalents – namely, deposits with up to 3-months maturity. The accrued, yet not received at year-end, interest on those deposits are presented also as “cash and cash equivalents” in the Statement of Financial Position.

The Group accrues and recognises losses for expected credit losses and credit impairments of bank deposits and current accounts in accordance with the adopted policies and the models for impairment of financial instruments.

For presentation purposes of the Cash Flow Statement:

- Cash proceeds from customers and cash payments to suppliers are presented at their gross amounts, inclusive of VAT (20%);
- Lease payments (cash payments of principal and interest on the outstanding principal amount), related to lease liabilities and “right-of-use assets”, recognised in the Statement of Financial Position, are disclosed as “cash flows from financing activities”, and the payments of short-term lease principals and interest on the outstanding amount of such principals of leases and low-value leased assets, are disclosed as “cash flows from operating activities”;
- Payments of interest under loans obtained are included as “cash flows from financing activities”;
- VAT paid on the supply of non-current assets within Bulgaria is included under “purchases of non-current assets”, in the “cash flows from investing activities”;
- permanently restricted cash for over 3 months are not treated as cash and cash equivalents;

Additionally, a reconciliation of the cash balances in the Statement of Financial Position and the cash balances in the Statement of Cash Flows is disclosed in the notes to the Financial Statements (*Note № 1.12*).

2.18. Equity and reserves

The Group’s equity is comprised of share capital, share premium, translation reserves, general and other reserves, and financial result.

2.18.1. Share capital

The share capital of the Group comprises:

- Registered capital – presented at nominal value in accordance with the court’s decision for the registration of Trace Group Hold PLC, distributed among 24 200 000 shares at nominal value of BGN 1 each; and
- Repurchased (treasury) shares – presented at their acquisition cost.

If the Group repurchases its own equity instruments, those instruments (treasury shares) are deducted from equity. Neither profit, nor loss on the purchase, sale, issue or cancellation of the equity instruments of Trace Group Hold PLC is recognised. The consideration paid, or received, is recognised directly in equity capital.

When issuing or acquiring its own equity instruments, the Group incurs various expenses. Typically, such expenses include registration and other statutory fees, legal charges, accounting and other professional consulting charges and other similar. In a capital transaction, the transaction costs are accounted as a reduction in equity (net of any preferences associated with income tax) to the extent to which such are additional costs, directly related to the capital transaction, which would otherwise have been avoided. The cost of a capital transaction, which was terminated without completion, are recognised as an expense.

2.18.2. Share premium

Share premium was formed on the initial public offering of the shares of the Group in 2007 as a difference between the issuing value and the nominal value, less costs to repurchased treasury shares in subsequent periods.

2.18.3. Translation reserves

The Group has established and registered branches in the Republic of Serbia, the Czech Republic, North Macedonia, Ukraine, Greece and Romania, and their financial position and operating results are presented in the financial statements by translating those from functional to presentation currency. The local currency of the branches is adopted to be their functional currency to the extent to which it coincides with the currency of the main economic environment in which the respective branch operates, generating cash flows from operating activities with a significant degree of autonomy.

Foreign exchange gains and losses arise from the translation of income and expense, using the average exchange rates for the period, and that of assets and liabilities – at the closing exchange rate for the period, as well as from the translation of the opening balances of net assets at a rate, different from the prior closing rate.

2.18.4. General and other reserves

General reserves are formed by profit distributions, in accordance with the requirements of the Commercial Act of the Republic of Bulgaria and the Articles of Incorporation of Trace Group Hold PLC. Other reserves are formed pursuant a decision of the General Meeting of Shareholders.

2.18.5. Financial performance

The financial performance includes the retained earnings and accumulated (in prior years) losses that are decreased / increased to reflect adjustments of errors, changes in the accounting policies or transitions to new accounting standards, when this is explicitly permitted, as well as the profit or loss for the period.

2.19. Earnings per share

Basic earnings per share are computed by dividing the net profit or loss for the period by the weighted average number of ordinary shares, held within the period.

The weighted average number of shares is the number of ordinary shares held at the beginning of the period, adjusted by the number of repurchased ordinary shares and the newly issued shares within the period, multiplied by the average time factor. This factor reflects the number of days for which those shares were held, compared with the total number of days within the period.

Diluted earnings per share are not calculated as no potential dilutive shares have been issued.

2.20. Employee benefits

The labour and social insurance relations with (i.e. commitments of the entity with regards to) the workers and employees of the Group follow on the provisions of the Labour Code (LC) and the social insurance legislation effective in Bulgaria (for entities domiciled in the Republic of Bulgaria), the Labour Code and the Collective Labour Agreement effective in Serbia (for entities domiciled in the Republic of Serbia), as well as the provisions of the applicable statutory requirements in respect of labour and social insurance relations in the respective countries in which the Group recruits personnel.

A fundamental obligation of the employer is to pay the statutory social insurance contributions due with regards to the hired personnel, namely contributions to the pension, health and unemployment funds.

The amounts due for social insurance contributions are established by the Law. Contributions are proportionately allocated between the employer and the insured employee. This proportion changes on an annual basis and is determined under the Social Insurance Code (SIC).

Other than the compulsory state social insurance, options for additional voluntary pension and health insurance to a voluntary fund are statutory established.

There is no established and functioning private voluntary insurance fund within the Group.

The insurance and pension schemes (plans), applied by the Group in its capacity of an employer, are based on the Bulgarian legislation and the local legislation, effective in the respective countries in which it recruits personnel, and are firmly pre-determined. By their very nature, these contributions are “defined benefit plans”. Under these plans, the employer pays monthly defined contributions to government funds and to the universal and occupational pension funds.

The same applies and for payables to the “Health Insurance” Fund. The Group does not have an established and functioning private insurance fund.

2.20.1. Short-term employee benefits

Short-term employee benefits, in the form of salaries and wages, bonuses and social contributions, and benefits, payable within 12 months after the end of the period in which labour related to these benefits was provided or the requirements for their receipt were satisfied, are recognised as an expense in the Income Statement for the respective period and as a current payable at their non-discounted value. The social and health insurance contributions, payable by the Group, are recognised both as a current expense and as a liability, at non-discounted amount, together with and in the period in which the respective income, with which they relate, was earned.

At the date of each set of consolidated financial statements, the Group assesses and recognises the cost of accumulated compensated absences (leave benefits), expected to be paid as a result of the accumulated unused right to leave. The assessment includes estimates of the remuneration costs and of the statutory social insurance and health contributions expenses, due to by the employer in respect of those amounts.

i. Bonus schemes

The amounts due to the personnel, including to the key Management, are defined in compliance with the remuneration policy, adopted by the Group. Such remuneration costs are usually current expenses / payables and are recognised in the Income Statement (in profit or loss), under “Employee benefits”, and in the Statement of Financial Position, under “Employee benefit payables”.

2.20.2. Long-term employee benefits

ii. Defined benefit plans

In compliance with the Labour Code, employers – entities, domiciled in the Republic of Bulgaria – are obliged to pay compensations to the retired personnel upon their retirement (retirement benefit obligations). The amount of such retirement benefit obligations depends on the length of the personnel’s employment in the respective entity and may vary between 2 and 6 gross monthly salaries at their amount at the date on which the labour relations are terminated. In compliance with the Labour Code, effective in the Republic of Serbia, employers – entities, domiciled in the Republic of Serbia – are obliged to pay retirement benefits to the personnel

upon their retirement. The amount of these retirement benefit obligations should not be less than two average salaries, computed at the time when such are paid.

By their nature and characteristics, such schemes represent “plans with defined revenue” (defined revenue plans).

Calculations of the amount of such obligations require the appointment of qualified actuaries in order to determine their present value at the date of the financial statements. Such obligations are presented in the Consolidated Statement of Financial Position at their present value and respectively – any changes in their values are presented in the Consolidated Income Statement as: (a) current and past labour costs, interest expense and the effects of redundancies and set-offs are recognised immediately, in the period in which such are incurred, and are presented in the current period’s profit or loss, under “Employee benefits – salaries and wages, and social insurance contribution costs”; and (b) the effects of subsequent estimates of payables that are essentially actuarial gains and losses, are recognised immediately, in the period in which such are incurred, and are presented in the other components of comprehensive income, under “actuarial gains and losses”. Actuarial gains and losses arise from changes in actuarial assumptions and from past experience.

At the date of each set of annual consolidated financial statements, the entities within the Group appoint certified actuaries, who issue a report of their calculations on the non-current payables to the personnel – non-current retirement benefits.

The present value of the defined benefit payable is computed by discounting the future cash flows that are expected to be paid within the maturity of that payable and using the interest rates of non-current government securities with similar maturity, quoted in the respective country in which that entity operates.

iii. Share-based payments

Share-based payments to hired personnel and other parties, who provide similar services, are computed at the fair value of the equity instruments at the date on which such are provided.

iv. Termination benefits

In accordance with the provisions of the local Labour Code and social insurance legislation, effective in the countries where the entities within the Group operate, employers are obliged to pay certain types of benefits upon termination of labour agreements before retirement.

The Group recognises payables to the personnel, due for termination benefits before retirement, when a bidding commitment, based on an announced plan, including a restructuring plan, is evidenced in order to irrevocably terminate labour agreements with the respective employees, or when r voluntary termination letters are formally issued.

2.21. Effects of changes in foreign exchange rates

2.21.1. Foreign currency transactions

Foreign currency transactions are initially recorded in the functional currency, by applying to the foreign currency amount the spot exchange rate between the Bulgarian Lev (BGN) and the respective foreign currency as issued by the Bulgarian National Bank (BNB) at the transaction date.

Foreign exchange gains and losses, arising in the settlement of cash items or in translation of the Group’s cash items at exchange rates, different from those at which they were translated upon their initial recognition within

the period, or in prior financial statements, are recognised as profit or loss for the period in which such have been incurred, with some exceptions, stated under IAS 21, of foreign exchange gains or losses, arising in respect of cash items that by their nature represent part of the net investment in a reporting economic unit, denominated in a foreign currency.

A foreign exchange gain (or loss) occurs when monetary items arise from a foreign currency transaction and there is a change in the exchange rate between the transaction date and the date of settlement. When the transaction is settled within the same accounting period as that in which it occurred, the foreign exchange gain / (loss) is recognised, wholly, in that period. However, when the transaction is settled in a subsequent accounting period, the foreign exchange gain / (loss), recognised in each intermediate period until the date of settlement, is determined by the change in the exchange rates during each period.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss shall be recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised as profit or loss.

When other IFRSs require some gains and losses to be recognised directly in equity and when such an asset is measured in a foreign currency, IAS 21 requires the revalued amount to be translated using the exchange rate at the date when the value is determined, resulting in a foreign exchange gain (or loss) that is also recognised in “other comprehensive income”.

The Group revalues foreign currency items currently, during the reporting period, and at year-end.

The functional currency of the entities in Serbia is the Serbian Dinar, in Ukraine – the Ukrainian Hryvnia; in the Czech Republic – the Czech Koruna; in Romania – the Romanian Leu, in Greece – the Euro, in North Macedonia – the Macedonian Denar.

2.21.2. Translation of foreign operations

In the translation of foreign operations, the functional currency of the foreign operation is identified, accepting such to be the currency of the main economic environment in which the foreign entity operates and generates operating cash flows from its activities with a significant degree of autonomy.

For the purposes of each set of consolidated financial statements, the reporting currency of the subsidiaries, domiciled abroad, is translated from the functional currency of the respective foreign subsidiary to the presentation currency (BGN), adopted in the consolidated financial statements, and:

- a) all assets and liabilities are translated into the Group’s currency at the closing exchange rate of the local currency to the presentation currency at year-end (i.e. at the date of the financial statements), or at the date on which the entity is sold / disposed;
- b) all income and expense items are translated into the Group’s currency at the average exchange rate of the local currency to the presentation currency for the financial reporting period;
- c) all foreign exchange gains and losses, arising from translations, are recognised and presented as a separate component of equity in the Consolidated Statement of Financial Position – “Translation reserves from translation of foreign activities into the presentation currency”, and
- d) foreign exchange gains and losses, arising from translation of the net investments in the foreign-based entities (domiciled outside Bulgaria), together with the loans and other currency instruments, adopted as hedge of these investments, are presented directly in equity.

When a foreign activity (foreign-based entity) is disposed (sold), the cumulative amount, obtained / incurred on the disposal (sale), of the foreign exchange gains and losses that have been reported directly as a separate equity component are recognised as part of the profit or loss in the Consolidated Statement of Comprehensive Income.

Goodwill and adjustments to fair value, arising in the acquisition of a foreign-based entity (domiciled outside Bulgaria), are treated in the same way as are the assets and liabilities of that entity, and are translated in the presentation currency at the closing exchange rate.

Translation gains and losses are recognised as a component of other comprehensive income in the Statement of Comprehensive Income and under “Translation reserve”.

2.22. Revenue, other income, finance income

The Group considers and presents considerations received from customers and from other transactions in three groups: as “income from ordinary activities” (“revenue from contracts with customers”), as “other income” earned from activities other than the principal activity, net of the related costs, and as “finance income” arising from financial instruments and investments, net of the transaction costs, when this is required by the applicable accounting basis.

The Group accounts for a contract with a customer when and only when: the parties to the contract have approved the contract, the payment terms and the parties’ rights relating to the goods or services to be transferred are identified, the contract has commercial substance, and it is probable that the Group will collect the consideration which it expects to be entitled to.

2.22.1. Revenue from contracts with customers

The Group recognises considerations as “revenue from contracts with customers”, only if the counterparty to the contract is a customer – i.e., a party that has concluded a contract with the Group to obtain goods or services that are outputs of its ordinary activities in exchange for consideration.

The ordinary activities of the Group are related to: construction, repairs, reconstruction and maintenance of infrastructure and other projects and sites of general purpose; sales of output and goods including: construction materials, machinery and equipment, fuel and oil; as well as services including: project and site management, commissions, transport, mechanisation, design, geodesy, laboratory analysis and others related to construction.

The Group is a principal in its revenue arrangements as it typically controls the goods or services before transferring them to the customer, including and particularly for construction contracts as it has the discretion in establishing prices, it is exposed to credit risk and bears the ultimate responsibility.

2.22.1.1. Identifying a contract

v. Construction contracts

Construction services for building and construction, repairs, maintenance and reconstruction of infrastructure, and other projects and sites, are rendered in respect of assets that are not owned by the Group, it does not have control over them and they cannot be alternatively used by it. Goods and services under such contracts are sold together, typically constituting a single promise to the customer, and respectively a single performance obligation, which are not fulfilled at once and continue for more than one reporting period. Some contracts for repairs and maintenance are framework agreements; the goods and services are transferred in series and are part of one or more performance obligations that are satisfied over time.

vi. Sales of output, goods or services

Sales of output, goods or services are performed separately, and some of those output, goods or services do not replace, modify or adapt other output, goods or services. The Group transfers control and customers can benefit from the goods or services received by using, consuming or selling them. Goods or services, provided under certain framework supply contracts – consulting, mechanical services, project and site management, and transport – are transferred in series and control over them is transferred over time, while customers receive and consume the benefits provided by the Group’s activities simultaneously.

2.22.1.2. Identifying performance obligations

i. Construction contracts

Construction contracts specify the goods and services promised to the customer and the Group uses this as a basis to identify and evaluate the performance obligation under the contract. Assets are created and / or enhanced in the fulfilment of these contracts and as a result of the activities, and such (assets) are controlled by the customer as they are created or enhanced. In this regard, the Group identifies performance obligations satisfied over time, under these contracts with customers, and thereby recognises the revenue, which it believes it is entitled to for already satisfied obligations over time.

ii. Sales of output goods or services

Separate performance obligations, which are distinct from others, are identified in sales in which the output, goods or services are received by customers and are used, consumed or sold by them. Such are satisfied at a point in time and revenue is recognised to the amount to which the Group estimates it will be entitled to. In sales of goods or services under framework agreements, control over them is transferred over time as they are part of one or more performance obligations satisfied over time. Obligations satisfied over time are accounted for in the same way as are construction contracts.

2.22.1.3. Transaction price – determination and allocation

i. Construction contracts

Transaction price is the amount of the consideration, which the Group expects to be entitled to in exchange for the transferred goods or services that are typically part of a single performance obligation. Consideration under construction contracts is fixed, but may change as a result of price changes and / or modifications in the contract’s scope.

A contract modification is accounted for as a separate contract when its scope and price are expanded with new goods or services that can be consumed separately by the customer. Typically, the scope of the contract may be expanded with goods or services that are not distinct and therefore form part of a single and / or the same performance obligation, with the cumulative effect on the transaction price and on the measurement of the progress towards complete satisfaction of the performance obligation being recognised currently, at the date of the contract modification.

ii. Sales of output, goods or services

Transaction price for sales of output, goods or services is the amount of the consideration that the Group expects to be entitled to in exchange for those output, goods or services. Goods and services are sold separately and / or in series and may, thereby, form a separate performance obligation or are part of a performance obligation. Contracts may be modified in terms of price and / or scope and, respectively – in terms of the performance obligation. Consideration from sales of output, goods or services is agreed upon, and typically does not contain elements of variable consideration.

Contract modifications that affect their price and scope are accounted for as a separate contract, adding new goods or services from which customers can benefit directly, and if goods or services are exchanged – the existing contract is regarded as terminated. Price changes that do not affect the scope of the contracts are allocated to performance obligations that are unsatisfied or are partially unsatisfied. When the scope and / or price of contracts for the supply of goods or services that are not distinct and which are part of an unsatisfied, or partially satisfied, performance obligation is modified, the cumulative effect on the transaction price and the measurement of progress towards complete satisfaction is recognised currently, at the date of the modification.

2.22.1.4. Recognising revenue

i. Construction contracts

The Group recognises contract revenue, earned under construction contracts on the basis of the performance obligation satisfied over time, only if the Group can reasonably measure the progress towards complete satisfaction of the performance obligation. Progress towards completion satisfaction is remeasured at the end of each reporting period.

A single method of measuring progress for each performance obligation satisfied over time is applied consistently to similar performance obligations and in similar circumstances. Output methods, based on direct estimates of the goods or services transferred and (which estimates are) conducted by research of the performance completed at the respective reporting dates and / or achieved stages, are typically applied, as and when appropriate in compliance with the respective accounting framework, to measure the progress of contracts for repairs and reconstruction. The Group believes that the output methods, used to measure the progress under these contracts, are appropriate, insofar as estimated and reliable up-to-date information on the value and amount of the goods and services transferred to customers is available. Output methods, through direct estimates of the performed activities and / or delivered units at the respective reporting dates, are applied for framework agreements for repairs and maintenance, as and when appropriate, given the specific type of the contract in question and the applicable accounting framework. The Group believes that such provide reliable information, insofar as the obligations under tasks, including specific parameters that are subject to identification and reliable measurement, are satisfied.

The Group recognises revenue for a performance obligation satisfied over time only to the extent of the costs incurred, if the Group cannot reasonably measure its progress towards complete satisfaction but the Group expects to recover the costs incurred, and when the costs incurred are not proportionate to the Group's progress in satisfying the performance obligation with a view to a faithful depiction of the performance.

If the Group has a right to consideration from a customer in an amount that corresponds directly to the value to the customer of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has a right to invoice.

ii. Sales of output, goods or services

Revenue from sales of output, goods or services is recognised in accordance with the performance obligations satisfied at a point in time or over time. Revenue for performance obligations satisfied over time is recognised only if the Group can reasonably measure its progress towards complete satisfaction of the performance obligation. Progress towards completion satisfaction is remeasured at the end of each reporting period.

Output methods are used to measure the progress of outputs and goods, while for the measurement of the progress of services – methods accounting for and resources, these being: direct estimates of the outputs, goods or services transferred, based on the produced and delivered units, or the devoted time; and estimated costs with the respective adjustments of costs that do not contribute to the progress towards complete satisfaction of the performance obligation or which are not proportionate to it. The Group believes that the methods used are appropriate, insofar as the Group controls the outputs and goods before transferring them to customers, which ensures reliable information and does not require any additional resources. With regards to services – the Group does not invest resources, while in the same time it eliminates limitations on reflecting the cumulative effects to be recognised, as and when necessary.

The Group recognises revenue for a performance obligation satisfied over time only to the extent of the costs incurred, when it cannot reasonably measure its progress towards complete satisfaction, but the Group expects to recover the costs incurred in satisfying the performance obligation, and when the costs incurred are not proportionate to the progress with a view of a faithful depiction of the performance.

If the Group has a right to consideration from a customer in an amount that corresponds directly to the value to the customer of the Group’s performance completed to date, the Group recognises revenue in the amount to which the Group has a right to invoice.

2.22.1.5. Contract costs

The Group recognises non-current assets for the incremental costs of obtaining a contract with a customer, only if it is possible that the Group will subsequently recover those costs. Such costs may be commissions, bonuses or other similar services that would not have been incurred had the contract not been obtained. Such assets are recognised under “non-current assets” and are disclosed separately in the explanatory notes to the financial statements. The Group applies the practical expedient, provided for in IFRS 15, and it does not recognise assets from the incremental costs of obtaining a contract, if the expected amortisation period of the asset that would otherwise have to be recognised is one year or less.

The Group recognises assets from the costs incurred in fulfilling a contract, if they do not fall within the scope of another Standard and can be directly attributed to a contract, they enhance the resources used in satisfying performance obligations and are expected to be recovered.

2.22.1.6. Contract balances

The Group recognises and presents any unconditional rights to considerations as contract receivables from contracts with customers. If the customer pays consideration, or the Group has a right to an amount of consideration that is unconditional before the goods and services are transferred, the amounts are presented as contract liabilities from contracts with customers. When the Group fulfils its obligation and transfers goods and services to customers before the latter pay, the amounts, other than the unconditional receivables, are presented as contract assets under contracts with customers. Contract assets under contracts with customers and contract liabilities from contracts with customers are presented in the Statement of Financial Position under

“receivables” and / or “payables”, respectively. Contract assets and contract liabilities arising / incurred under a contract with a customer are presented in the Statement of Financial Position, at their net amount.

Unconditional receivables, contract assets under contract with customers and contract liabilities from contracts with customers are presented together in the Statement of Financial Position, under “Trade receivables” and “Trade payables”, and are disclosed separately in the notes to the financial statements. According to IFRS 9, contract assets under contracts with customers are subject to impairment review, in compliance with note “Impairment of financial instruments”.

The typical time of payment under contracts with customers in terms of satisfying performance obligations and the dependencies therein, differ substantially under construction contracts and under contracts for sales of output, goods or services. Under construction contracts, the Group satisfies the performance obligations over time, typically in more than one period, recognising revenue at the end of each period by reference to the contract’s progress towards complete satisfaction, and customer approval is usually not necessary at this stage. However, given that the projects and sites, and the related to such performance, are subject to specific legislative provisions, certain official actions – including acceptance and / or approval by the customer and / or a third party – are provided and required upon completion of the contract’s activities and it is on that basis that part of the contract receivables from contracts with customers become unconditional and are paid subsequently. It is possible to unambiguously determine that the goods or services under the contract have been transferred, and respectively recognise revenue from the already satisfied obligations, insofar an asset that is controlled by the customer is enhanced through construction. As a result of these circumstances, there is a discrepancy between the time when revenue from construction contracts is recognised, thereby recognising and the unconditional receivables and contract assets from contracts with customers, and the time of the payment receipt, with the ordinary payment term varying between 60 – 180 days and 180 – 360 days, respectively. Typically, sales of output, goods or services are not subject to specific regulations, with control over most of them being transferred to the customer immediately and / or consumed by the customer when such are delivered, thereby satisfying the performance obligations. Customer acceptance and approval is required for some sales of goods and services, under which the performance obligation is satisfied over time, with this approval and acceptance being either in stages or upon completion of the contract. The time of payment of such supplies vary, but are within the ordinary business practice.

Typically, payments under construction contracts, which are most significant to the financial statements and to the Group as a whole, are defined in terms of timing and amounts (and in individual cases – according to the type and size of the project or site) and in terms of the assignor and the source of financing such, and consist of an advance payment in the amount of 10% – 20%, interim payments of 60% – 80% and a final payment. When the entity is a subcontractor, the direct or ultimate assignors are public entities / organisations and the main contracts and conditions vary, it is possible different conditions to be applicable to similar projects and sites, or vice versa, resulting in varying amounts and time of payments too. Pursuant to the legislative requirements, performance bonds are typically issued for construction contracts. Such performance bonds are in fact amounts, part of the unconditional receivables of the Group, retained by the assignor for a certain period – typically between 12 and 24 months. The Group believes that there is no significant component of funding for the retained amounts insofar as they are established by the Law and provide customer protection, as defined under IFRS 15, but also since in most cases the direct or ultimate party under these contracts are state authorities that cannot engage in funding, in the context of the content of the transactions, but and in principle.

The Group adjusts the promised amount of the consideration, paid by customers before the goods or services are transferred to them, to reflect the effect of the existence of a significant component of funding, when such exists and when the period between the payment and the transfer is expected to be more than one year. The adjustment is recognised as interest expense in the Income Statement, under “Finance costs”.

Advance payments are mainly stipulated under construction contracts. The Group believes that there is no significant component of financing under such contracts, insofar as the contracts with customers do not contain such clauses and the price is fixed, and there are no discrepancies between the promised consideration and the selling price in cash. Furthermore, performance obligations are satisfied over time and the advance payments are agreed and deducted, typically within one year, and such represent 10% - 20% of the transaction price, and do not exceed the value of the goods or services transferred for a given period, which makes the potential effect of a financing component insignificant to the contracts. In some cases, the contract deadlines (especially the deadlines of construction contracts) are extended for reasons beyond the Group's control, and payments are received in respect of some of these prolonged contacts under the original expectations that the goods or services will be transferred within one year. In these cases, adjustments are made prospectively, when the new term is expected to be in more than one year.

The Group discloses both the aggregate amount of the transaction price, allocated to the performance obligations that are unsatisfied, or are partially satisfied, at the end of the reporting period and which are part of a contract with an originally expected term of one year, or less, disclosing also the expected time of recognising the revenue accrued thereon. This, typically, refers only to construction contracts, since in sales of output, goods or services, the consideration to which the Group is entitled at a specific date corresponds to the value of the goods or services transferred, for which it has a right to invoice.

2.22.2. Other income

Net revenue (net positive results) and gross revenue, other than the revenue realised from the Group's ordinary activity, and / or incidental, are recognised as “other income”. “Other income” comprises also operating lease income in accordance with the accounting policies and IFRS 16 Leases, as well as income from sales of materials and gains on disposals of non-current assets, net of their carrying amount, whereby revenue is recognised in accordance with IFRS 15 – i.e., when the customer obtains control over them and the performance obligation is thereby satisfied. Expenses are recognised when revenue is recognised, in accordance with the applicable accounting policies and the relevant standards. “Other income” further comprises the derecognised and non-payable liabilities, including financial liabilities and others that are terminated or have expired, as well as differences and from write-offs related to provisions, recognised in accordance with IAS 37, and surpluses of assets and inventories, others.

2.22.3. Finance income

Interest income on all financial instruments of the Group, recognised using the effective interest rate method, and the effects under contracts with customers that include significant components of financing are recognised as “finance income”. “Finance income” includes and interest on leases, net gains from transactions in financial instruments and investments, as well as translation gains and foreign exchange gains in accordance with IAS 21, and other income associated with financial instruments.

2.23. Expenses

The Group's expenses are recognised as they incur and based on the matching principle and the accrual basis of accounting, but only to the extent that the latter does not result in the recognition of reportable items of assets or liabilities that do not meet the criteria of IFRS and the respective framework.

Deferred expenses are deferred for recognition as current expense in the period in which the contracts, to which they relate, shall be executed. Deferred expenses refer mainly to prepaid subscriptions, insurance and other similar, and are presented in the Statement of Financial Position, under “Other assets and receivables”.

2.23.1. Operating expenses

The Group accounts for the operating expenses by nature, on a current basis, and then allocates those by function, in order to form the amount of expenses per fields and activities.

Expenses are recognised when a decrease in future economic benefits, related to a decrease in an asset or an increase of a liability, has arisen and when such can be reliably measured.

Expenses for the current period are recognised when the respective revenue is accrued.

When economic benefits are expected to arise over several accounting periods and the association of costs with income can only be broadly or indirectly determined, expenses are recognised on the basis of systematic and rational allocation procedures.

Expenses are recognised in the Income Statement immediately when such produce no future economic benefits or when, and to the extent that, the future economic benefits do not qualify, or cease to qualify, for recognition as assets in the Balance Sheet.

Expenses are recognised using the accruals principle of accounting. They are measured at fair value of the payment, or of the payable, respectively the transaction price, when this is permitted.

2.23.2. Finance costs

Interest expenses on all financial instruments of the Group, recognised using the effective interest rate method, and the effects under contracts with customers that include significant components of financing are recognised as “finance costs”. “Finance costs” include and interest on leases, net losses from transactions in financial instruments and investments, as well as translation losses and foreign exchange losses in accordance with IAS 21, and other costs associated with financial instruments, including bank fees and commissions.

2.23.3. Capitalisation of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an eligible (qualifying) asset are capitalised as part of the cost of that asset (asset’s value). An eligible (qualifying) asset is an asset that necessarily requires at least 12 months to become available in the condition intended for its use or sale. The amount of borrowing costs that can be capitalised in the cost of an eligible (qualifying) asset is determined by a capitalisation coefficient (rate). The capitalisation coefficient (rate) is the weighted average of borrowing costs, applied to the entity’s loans that are outstanding during the period, excluding loans, concluded with the specific purpose of acquiring an eligible (qualifying) asset.

Capitalisation of borrowing costs as part of the value of an eligible (qualifying) asset begins when the following conditions are met: the costs of the asset have been incurred, borrowing costs have been incurred and activities, necessary to prepare the assets for its intended use or sale, are in place.

Borrowing costs are also reduced by any investment income from temporary investment of any funds from these loans.

2.24. Profit or loss for the period

The Group recognises all elements of income and expenses during the period in profit or loss, unless otherwise required or permitted under the applicable IFRSs.

Some IFRSs define circumstances, under which the Group recognises specific items outside profit or loss in the current period. Other IFRSs require or permit components of other comprehensive income, which meet the definition of the Income and Expense Framework, to be excluded from profit or loss.

2.25. Corporate income tax

Tax expense (income) comprises the current tax expenses (income) and the deferred tax expenses (income).

2.25.1. Current tax

Current tax is the amount of income tax payable (recoverable) in respect of the taxable profit (loss) for the period.

Income tax for the current tax period and prior tax periods are recognised as a liability to the extent to which such are not paid. If the amount already paid in respect of income taxes for the current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

The tax benefit relating to a tax loss that can be carried forward to cover current tax of subsequent periods is recognised as an asset that will reduce the current tax in those subsequent periods.

Current tax expense is recognised by including it in the “expenses” group for the period, reducing the accounting profit or increasing the accounting loss.

Current tax liabilities (assets) for the current tax period and prior tax periods are measured at the amount, expected to be paid to (recovered by) the tax authorities, using the tax rates (and applying the tax laws) that are enacting at the end of the reporting period (balance sheet date).

Current income tax, payable by the entities of the Group that are domiciled in the Republic of Bulgaria, is determined in accordance with the requirements of the Bulgarian tax legislation – the Corporate Income Tax Act. The tax rate, applicable in Bulgaria for the reporting 2024, is 10% (2023: 10%).

Subsidiaries, associates, joint ventures and branches, domiciled abroad, are subject to the requirements of the tax legislations, enacting in the respective countries in which they operate, and the following tax rates are applied:

Country	Tax rate
	2024
Serbia	15%
Ukraine	18%
Czech Republic	19%
North Macedonia	10%
Romania	16%
Greece	22%

2.25.2. Deferred tax assets and deferred tax liabilities

Deferred tax assets are the amounts of income tax, recoverable in future periods, in respect of:

- deductible temporary differences;
- the carry-forward of unrealised tax losses;
- the carry-forward of unrealised tax credits.

Temporary differences are the differences between the carrying amount of an asset or a liability and its tax base.

Temporary differences may be either:

- Taxable temporary differences – temporary differences that will result in amounts that shall increase the taxable profit (tax loss) of future periods, when the carrying amount of the asset or liability is recovered or settled; or
- Deductible temporary differences – temporary difference that will result in amounts that shall decrease the taxable profit (tax loss) of future periods, when the carrying amount of the asset or liability is recovered or settled.

When tax loss is used to recover current tax of a prior period, the entity recognises the tax benefit as an asset in the period in which the tax loss occurs because it is probable that benefits will flow to the entity and these benefits can be measured reliably.

Deferred tax assets are recognised for all deductible temporary tax differences to the extent that it is probable that taxable profits will be available against which the deferred tax assets can be utilised. Deferred tax assets are recognised for the carry-forward of unrealised tax losses and unutilised tax credits to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits may be utilised.

The entity reassesses the unrecognised deferred tax assets at the end of each reporting period. The Group recognises the unrecognised, in the prior period, deferred tax assets to the extent to which it has become probable that sufficient taxable profits will be realised to allow the deferred tax assets to be utilised.

Deferred tax liabilities are the amounts of income tax payable in future periods, in respect of taxable temporary differences.

Deferred tax liabilities are recognised for all temporary taxable differences, except to the extent that the deferred tax liability arises from:

- Goodwill for which amortisation has not been recognised for tax purposes; and
- The initial recognition of an asset, or a liability, in a transaction which:
 - Is not a business combination;
 - At the time of the transaction, affects neither the accounting profit, nor the taxable profit (tax loss).

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to such (types of) transactions and in the period when the assets are expected to be realised, or the liabilities are expected to be settled (paid), based on tax laws that are enacting, or are reasonably expected to enact, and the tax rates, applicable in the country in whose jurisdiction the respective deferred tax asset or liability is expected to be realised.

Deferred tax assets of an entity within the Group are presented net of the deferred tax liabilities of that same entity, when it (the entity) is tax liable for such under the respective jurisdiction, and if and only if, the entity has a legal right to pay or receive net payments for current tax liabilities or income tax receivables.

Current and deferred tax are recognised as income or expense and are included in the net profit or loss for the period, except to the extent that tax arises from:

- A transaction or event that is recognised in the same or in a different period directly in equity, if it is presented there, as and when it is appropriate; or
- A business combination representing an acquisition.

2.26. Government grants

Government grants are various forms of funding (grants) from the State (local and central authorities and institutions) and / or intergovernmental agreements and organisations.

Government grants (municipal, state and international, including the utilisation of European Funds and Programs) are initially recognised as deferred income (funding) when there is reasonable assurance that such will be received by the entity and that the entity has complied, and complies, with the terms and conditions (and requirements) of the grant.

Government grants intended to compensate expenses incurred are recognised in the current profit or loss, on a systematic basis, over the same period in which the expenses (that the grants are intended to compensate) are recognised.

Government grants intended to compensate investment costs incurred for the acquisition of assets are recognised in the current profit or loss, on a systematic basis, over the asset's useful life, proportionate to the amount of the recognised depreciation costs.

2.27. Provisions, contingent assets and contingent liabilities

2.27.1. Provisions

Provisions are liabilities of uncertain timing and amount. In accordance with the requirements under IAS 37, provisions are recognised when there are present obligations, legal or constructive, as a result of past events. Legal and constructive obligations derive from a contract or legislation, or an established pattern of past practice, adopted policies or statements within the Group that create valid expectations in third parties.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events; it is probable that an outflow of resources, embodying economic benefits, will be required to settle the obligation; and the amount of the obligation may be estimated reliably. If these conditions are not met, no provision shall be recognised. Current liabilities include obligations under onerous contracts, whereby the costs of fulfilling the contract obligations exceed the expected economic benefits to be received under it.

Provisions are recognised at the Management's best estimate of the expenditure required to settle the present obligation.

The recognised provisions are reviewed and are adjusted to reflect the current best estimate.

2.27.2. Contingent assets and contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events that cannot be wholly controlled by the entity; or a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources, embodying economic benefits, will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events that cannot be fully controlled by the entity.

Contingent assets and contingent liabilities are not recognised, but are disclosed as appropriate.

2.28. Leases

At the inception of each contract, the Group assesses whether the contract is, or contains elements of a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset, or a group of assets, for a period of time in exchange for consideration. The Group reviews these assessments in case of contract (lease) modifications.

The Group determines the term of the lease, taking into account the irrevocable term of the contract, as well as the periods covered by options to extend the lease, or options to terminate the lease, when there is reasonably certainty that such options will be exercised, together with all economic incentives in this regard. The lease term, and thereby the certainty of exercising the options, are reviewed when significant events occur that may influence the decisions to do so.

2.28.1. The Group as a lessee

The Group uses foreign-owned assets under contracts, containing leases, in accordance with the terms of IFRS 16. Right-of-use assets include mainly machinery and equipment, and transport vehicles, as well as real estate. Lease agreements are concluded with unrelated parties – lessors and lessor-manufacturers or traders –, as well as with related parties.

At the commencement of the lease, right-of-use assets are initially measured at acquisition cost, which comprises: the initially measured amount of the lease liability; any lease payments made at or before the commencement date; any initial direct costs; as well as any estimates of the costs to be incurred in dismantling and removing the assets, if such are stipulated.

At the commencement of the lease, the lease liability is initially measured and such reflects the present value of the lease payments that are not paid at that date, which include: fixed payments under the lease; variable lease payments that depend on an index or a rate; residual value guarantees; the exercise price of purchase options; penalties for terminating the lease.

If the transfer of the ownership right is not agreed, the Group depreciates the right-of-use assets on a straight-line basis for the shorter of their useful life and the lease term. In all other cases, the adopted by the Group useful life for the respective groups of assets apply (*refer to note 2.9*).

At the commencement of the lease, the Group recognises lease liabilities, measured at the present value of the lease payments that are not paid at that date. Such include:

- Fixed payments less the lease incentives payables;
- Variable lease payments that depend on an index or a rate;
- The exercise price of a purchase option, if it is reasonably certain that the Group shall exercise that option;
- Payments of penalties for terminating the lease;
- Residual value guarantees.

Lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or by using the Group’s incremental borrowing rate, that being the interest rate that would be applicable in borrowing funds over a similar term, with similar security and in a similar economic environment.

Lease payments include, in a certain ratio, the finance cost (interest) and the deductible part of the lease liability (principal). Finance costs are accrued in the Income Statement, on a periodic basis over the lease term, so as to achieve a constant interest rate for the remaining balance (outstanding principal amount) of the lease liability.

Right-of-use assets are subsequently measured at acquisition cost, less any accumulated depreciation and any accumulated impairment losses, in the same way as the Group’s own assets, and adjusted for any remeasurement of the lease liability.

After the commencement date, the lease liability is remeasured to reflect changes in the lease as a result of a change in the scope and / or the term and / or the changes in lease payments, including changes in indices, rates or market levels, adjusting, respectively, the values of the right-of-use assets. Differences that arise when the carrying amount of the right-of-use asset is zero, as well as the interest expense on the lease liability and the variable payments that are not included in its measurement, are recognised in profit or loss for that period. When the increase in the scope of the lease is commensurate with the stand-alone price of the lease, the change is accounted for as a separate lease.

The leasing activities of the Group, as a lessee, include lease agreements for the use of transport vehicles, machinery and equipment, and real estate. Typically, a purchase option is provided only in some of the lease agreements for lease of transport vehicles, mainly cars, and the lease payments are fixed, with no variable lease payments being provided. Options to extend leases do not involve additional costs or incentives for the entity, and all circumstances are considered in the measurement of the lease liabilities. Lease agreements, whereby the Group is a lessee, do not contain residual value guarantees and termination options are typically not exercised and cover up to three lease payments, and are immaterial, and therefore such are not taken into account in measuring the lease liability.

The Group presents right-of-use assets within the same line items in the Statement of Financial Position as those within which are presented assets that are owned by it and discloses additional detailed information in this regard in the notes to the financial statements. Depreciation costs of right-of-use assets are presented in the Income Statement, under the “Depreciation and amortisation costs”.

The Group applies the exemptions, provided in IFRS 16, on short-term lease and leases of low-value assets, and recognises the related with those lease payments as an expense on a straight-line basis over the lease’s term. Short-term leases include the use of transport vehicles, machinery and equipment, and real estate that are leased for specific activities in the execution of a particular contract, or part of it, for construction and reconstruction, or repairs and maintenance of infrastructure projects and sites, whose planned term is up to one year. Leases of low-value assets include agreements for the use of office fixtures and fittings (furniture), consumables and computer equipment. Expenses under such lease agreements are presented in the Income Statement, under “cost of external services”, and detailed information on the main assets (per type of asset) is disclosed in the notes to the financial statements.

2.28.2. The Group as a lessor

The Group has adopted the practise to lease its own assets and subleases right-of-use assets. A lease is classified as finance lease, if the lease transfers substantially all the risks and rewards incidental to the ownership of the assets owned. A lease is classified as operating lease, if the risks and rewards incidental to the ownership of the assets owned are retained.

At the commencement date, the leased assets held under finance lease are recognised as a receivable at an amount equal to the net investment in the lease, which comprises: fixed payments; variable lease payments that depend on an index or a rate; residual value guarantees; the exercise price of purchase options; and payments of penalties.

The derecognition and impairment requirements in IFRS 9 for the net investment in the lease are subsequently applied for finance leases, and the estimated unguaranteed residual values, used in computing the gross investment in the lease, are regularly reviewed. If there has been a reduction in the estimated unguaranteed residual value, the income allocation over the lease term is revised and any reduction in respect of the amounts already accrued is recognised immediately.

Modifications to finance leases are accounted for as a separate lease, if both the scope of the lease is extended (adding the right-to-use on a fixed asset) and the consideration increases proportionately.

The Group's own assets, leased under operating leases, are recognised according to their type and the accounting policies, adopted by the Group in this regard. Payments are recognised on a straight-line basis, over the lease's term.

Modifications to operating leases are accounted for as new lease agreements as of the effective date of the modification.

The Group leases, under operating leases, mainly real estate, buildings, machinery and equipment, and transport vehicles.

The following are disclosed in the notes to the financial statements with regards to finance leases: gains on the disposal of the asset, the written-off book value and the net result, as well as the income, realised from variable payments and the realised finance income. Income from variable payments is presented in the Income Statement, under “Other income”, and the realised finance income – under “Finance income”.

Operating lease income is presented in the Income Statement, under “Other income”. Own assets, leased under operating leases, are disclosed in the notes to the financial statements, separately from the assets used by the entity.

2.29. Segment reporting

The Group identifies its reportable segments and reports separately, in its consolidated financial statements, information on each segment in accordance with the organisational and reporting structure of the Group. For current monitoring of activities and assessment of performance purposes, as well as view to allocate the Group's resources, operating segments are components of the entity that are regularly assessed by the chief operating decision-makers (Management), using financial and operational data that is specifically tailored for the respective segment. Financial segment information in the publicly available financial statements is disclosed on the same basis as the one used to disclose such for internal purposes, thus allowing investors to see the Group from the Management's perspective.

The Group operates in a single business sector. The main services performed and the output produced by all entities are related with and are part of the different stages of the principal activity. The materials obtained and goods produced form a significant share of the input materials used in building and construction works. Also, the risks and rewards, associated with the principal activity of the Group cannot be distinguished due to the similarity in the nature of the activities performed, the characteristics of the environment and the customers of the entities, as well as due to the same resources used in these processes, including equipment, subcontractors and personnel. Thus, the Group has approved to account for its activities, by distinguishing activities solely on a geographical basis.

The operating segments of the Group are monitored currently and managed separately, with each operating segment being a separate geographical area, serving different markets and different types of customers, thus bearing different business risks and rewards depending on where it is located. The later are defined in several zones, depending on their nature and ability to generate cash flows:

- ✓ Bulgaria;
- ✓ Serbia;
- ✓ Czech Republic;
- ✓ Ukraine;
- ✓ Greece;
- ✓ Romania, and
- ✓ North Macedonia;

2.30. Fair value measurement

For financial reporting purposes, some of the Group’s assets and liabilities are measured and presented, and / or only disclosed at fair value. Such are the long-term investments in equity instruments, classified as “financial assets at fair value through other comprehensive income”.

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between independent market participants at the measurement date (i.e., an exit price). Fair value is the exit price and it is based on the assumption that the transaction to sell the asset, or transfer the liability, takes place either in the principal market for this asset or liability, or in the absence of a principal market – in the most advantageous market for the asset or liability. Both the principal market and the most advantageous market are such markets to which the Group must have access.

Fair value is measured using assumptions and estimates that the potential market participants would use when pricing the respective asset or liability, assuming that market participants act in their best economic interest.

Fair value measurement of non-financial assets is always based on the assumption of what would be the highest and best use of a given asset for the market participants. In some cases, the transaction price is used as a measurement basis of equity instruments, designated as measured at fair value through other comprehensive income, when this is appropriate in accordance with IFRS 9.

Different measurement techniques that are appropriate to the specifics of the relevant conditions, projects and sites, and for which the Group has sufficient input data, are applied in order to make the most of the publicly available, observable information, thereby minimising the use of obscure information.

The Group allows the use of the three approaches adopted namely: the market, revenue and cost approach.

Fair value of all assets and liabilities, measured and / or disclosed in the financial statements at fair value, is categorised under the following 3 level fair value hierarchy, namely:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 – Valuation techniques that use inputs, other than directly quoted market prices, but which are directly or indirectly available for observation, including and when the quoted prices are subject to significant adjustments; and

Level 3 – Valuation techniques, under which the lowest level of input data used is significantly unobservable.

The Group applies mainly fair value Level 2 and Level 3.

The Group assesses whether a transfer along the levels of hierarchy of the fair value of an asset or a liability, measured at fair value on repetitive basis, is necessary depending on the input data, available and used at that date.

2.31. Accounting assumptions and accounting estimates, errors

2.31.1. Accounting assumptions and accounting estimates

As a result of the uncertainties, inherent in business activities, many items in the financial statements cannot be measured with precision but can only be estimated. Estimations involve judgments based on the latest available, reliable information, with such referring to all items in the financial statements, except of share capital and cash in hand, denominated in the functional currency.

The use of reasonable estimates is an essential part in the preparation of financial statements and does not undermine their reliability. Application of the International Financial Reporting Standards requires Management to apply certain accounting assumptions and accounting estimates in the preparation of the financial statements and in the valuation of some assets, liabilities, revenues and expenses. All these are conducted on the Management's best estimate at the end of the reporting period. Actual results could differ from those presented in the financial statements.

An estimate may need revision, if changes occur in the circumstances on which the estimate was based, or as a result of new information, or more experience gained. Revision of an estimate does not relate to prior periods and is not correction of an error.

Any change in the measurement basis applied is treated as a change in the accounting policy, and not as a change in the accounting estimates.

When it is difficult to distinguish a change in the accounting policy from a change in the accounting estimates, the change is treated as a change in the accounting estimates.

The effect of a change in an accounting estimate is recognised prospectively, by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods if the change affects both.

A change in the accounting estimates shall be recognised to the extent to which it gives rise to changes in the assets and liabilities, or relates to an item of equity, by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

2.31.2. Errors

Prior period errors are omissions from, and / or misstatements in, the financial statements of the Group for one or more prior periods, arising from a failure to use, or from the misuse of, reliable information that:

- Was available when the financial statements for those periods were authorised for issue; and
- Could have been obtained and taken into account in the preparation and presentation of the financial statements had reasonable efforts been put.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Errors, within the meaning of IAS 8, can arise in the recognition, measurement, presentation or disclosure of elements of the financial statements. Potential current period errors, discovered in that same period, are

corrected before the financial statements are authorised for issue. However, errors are sometimes not discovered until a subsequent period and these prior period errors are then corrected.

The Group corrects material prior period errors retrospectively in the first set of financial statements, authorised for issue after such errors are discovered, by:

- Restating the comparative amounts for the prior presented period(s) in which the error occurred; or
- If the error occurred before the earliest prior presented period(s) – restating the opening balances of assets, liabilities and equity for the earliest prior period presented .

A prior period error is corrected by a retrospective restatement, except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

2.32. Management’s judgements and key estimates, carrying a high level of uncertainty

The Management has made several accounting assumptions and accounting estimates in determining the amounts of some of the assets, liabilities, revenue and expense in the current consolidated financial statements. All these have been performed based on the best estimate and information, available to the Management. Actual results could differ from those presented in these consolidated financial statements.

2.32.1. Impairment of property, plant, machinery and equipment, impairment of intangible assets and impairment of investment property

The Group reviews for impairment non-current tangible assets and non-current intangible assets, and investment property at each financial year-end. Such reviews account for factors related with: any plans for the use the respective assets, their physical state and suitability for use, the impact of any statutory requirements, the negative impact of changes in the economic environment and other factors. Pursuant to such a review, the Management assess whether there are indications for impairments and when such are evident, the Group recognises impairment losses in the Statement of Comprehensive Income (in profit or loss for the year).

In accordance with the requirements of IAS 36, an assessment is performed at year-end on whether there are any indications that the value of an item of Property, plant and equipment, or of Intangible assets, or of Investment property may be impaired. If any such indications exit, the recoverable amount of the asset is estimated and impairment loss is determined.

Pursuant to the conducted review and assessment at the end of the current reporting period, the Group’s Management has concluded that the accrued impairment amounts to BGN 2 487 thousand (31.12.2023: none).

2.32.2. Impairment of investments in associates and joint ventures

Joint ventures are those entities over which the Group and the other parties exercise joint control and have rights over the entity’s net assets. Associates are those entities over which the Group has significant influence and contingently holds between 20% and 50% of their capital, but which are neither subsidiaries, nor joint ventures.

Such investments are valued at cost less any impairment losses. At the date of each set of financial statements, the Management conducts an analysis and assesses whether there are indications for impairment of its investments and what is the amount of the potential impairment loss. The Management regards the following as indications for impairment of investments in other entities: a negative value of net assets, a significant excess

of payables over receivables, significant limitations in activity. When the Management assesses investments, the Management follows an individual approach for each investment and the respective indicators. The Management has approved that a review of the conducted assessment is required upon the establishment of more than one such indicator.

Based on the review and assessment, conducted by the Group's Management, it was assessed that there have been no indications for impairment of investments at year-end.

2.32.3. Impairment of inventories

The entities within the Group review the available inventories – materials, output, goods – in order to establish whether there are such whose net realisable value is lower than their carrying value. Reviews for impairment of advance payments are also conducted on this basis, insofar as the Group is expected to acquire a non-monetary asset in exchange of those.

No indications for impairment of inventories in the current reporting period have been established in such a review as at 31.12.2024 (31.12.2023: none) (*Note № № 2.2.5*).

2.32.4. Inventories. Normal production capacity

The normal production capacity of each of the manufacturing entities is determined based on the judgements of the respective entity's Management (pursuant to conducted analysis) in respect of the optimal load of their production capacities and the return of investments in those, at a product structure that has been approved as normal.

2.32.5. Impairment of financial assets

The Group measures and recognises loss allowances for expected credit losses and credit impairments on financial assets at amortised cost, debt instruments at fair value through other comprehensive income, contract assets from contracts with customers and financial guarantee contracts.

The Management of the Group makes a number of important judgements in the measurement of the above, such as: (a) defying the criterial for identifying and assessing a significant increase in the credit risk; (b) selecting appropriate models and assumptions for measuring expected credit losses; (c) forming groups of similar financial assets (portfolios) for the purpose of measuring expected credit losses; (d) establishing and assessing the correlation between historical default rates and the behaviour of certain macro-indicators in order to reflect the effects of future forecasts on them in the measurement of expected credit losses; (e) specific assumptions and judgments for certain receivables, including from related parties.

The Group holds: financial assets measured at amortised cost, including trade receivables and loans granted; contract assets from contracts with customers and financial guarantee contracts.

The simplified approach, in accordance with IFRS 9, and a provisions matrix are applied in the measurement of the expected credit losses for trade receivables. Receivables are accounted for collectively against the probability of default events and the resulting potential losses, computed based on the Group's historical data for a 5-year period. Objective external information and the accrued credit impairment are taken into account for receivables for which there is sufficient information (*Note № 1.9*).

Loans granted are reviewed individually in terms of the expected credit losses. When evaluating credit risk, the Group uses an internal credit rating methodology, which in the context of the “low credit rating” definition is based on and consistent with the globally understood definition of low credit risk. Public information, adjusted for the circumstances, is used in determining the potential losses, and credit impairment is recognised for receivables for which there is sufficient information.

Financial guarantee contracts are accounted for in the same way as are the loans granted, taking into account the effect of the guarantee issued with regards to the person for which it is issued.

The Group applies the general “three-step” impairment approach, defined in IFRS 9, to calculate the expected credit losses on cash and cash equivalents at banks. A model based on published bank ratings, set by internationally recognised rating firms, is applied for the purpose.

2.32.6. Revenue from contracts with customers

The Group recognises revenue from construction contracts on the basis of the performance obligation satisfied over time, only if the Group can reasonably measure its progress towards complete satisfaction of the performance obligation. Progress towards complete satisfaction is remeasured at the end of the reporting period using inputs, in particular estimates of the expected and actually incurred costs that the Management considers appropriate. Nevertheless, changes may incur in future in so far as it is possible that facts and circumstances that were not known or were not under the Management’s control have not been taken into account, as well as due to the fact that upon completion, these contracts are subject to formal approval and / or acceptance by the customer and / or third party – a state body (*Note №2.22.1*).

Contracts for the supply of output, goods or services, effective for the reporting period and at the end of it, refer to individual supplies, or supplies in series, with satisfied performance obligations, or partially satisfied performance obligations, under which the Group is entitled to a consideration equal to the value of the transferred goods to which the Group has a right to invoice. The Management does not believe that any changes in the recognised revenue, balances and receivables under these contracts are likely to occur in future.

The promised consideration under construction contracts and other supply contracts, effective and not completed during the period, are at fixed prices, for which no modifications are envisaged.

2.32.7. Provisions

The Group recognises the following types of provisions:

- Provisions for construction contracts, relating to assumed guarantees to eliminate possible defaults by the assignor and for other related costs, incurred under concluded construction contracts;
- Provisions for litigation and lawsuit obligations;
- Provisions for land reclamation in the extraction of underground natural resources and the exploitation of mineral raw materials after completion of the activities;
- Provisions for other contractual commitments.

The amount of the recognised provisions is the best estimate of the costs, necessary to settle the current liability at the date of the consolidated financial statements.

Provisions are restated at each consolidation year-end (date of the consolidated financial statements) based on the current best estimate of the settlement of the liability. Changes in estimates may result from changes in the

amounts or the timing of cash outflows, or from changes in the interest rates (discounting factors). (Notes № 1.17 u 1.24).

2.32.7.1. Provisions for construction contracts

In accordance with the concluded contracts for building and construction works, the Group has assumed a commitment to remove, at its own cost, possible defaults on behalf of the assignor within time frames, defined under the respective contracts. Upon completion of each construction project and / or site in respect of which the Group has assumed such a commitment, provisions for construction contracts are estimated based on prior experience with similar projects and / or sites by internal specialists, who have the requisite qualifications and experience. When determining provisions for construction contracts, the Management is required to assess the costs to remove possible defaults, on behalf of the assignor, at the date of the Consolidated Statement of Financial Position. The best estimate of the requisite provision for construction contracts with regard to the provided guarantees to remove possible defaults and other related costs, amounts to BGN 28 923 thousand at 31.12.2024 (31.12.2023: BGN 5 048 thousand).

2.32.7.2. Provisions for land reclamation

The Group, via two of its subsidiaries – Trace BG EOOD (LTD) and Trace Yambol AD (JSC) –, has concluded concessions contracts for extraction of underground natural resources on the territory of Bulgaria. After the completion of the concession contracts, the Group has the obligation to perform, at its own cost, technological and biological reclamation of the affected plots. The value of the technological and biological reclamation is determined at each year-end, based on the reclamation amounts, defined under the concession contracts, which should be transferred by the entities to special escrow accounts.

Pursuant to an approval obtained from the Mining and Energy Ministry of the Republic of Serbia, the Group, through its subsidiary Trace Serbia, exploits mineral raw materials from its own land in Serbia and has an obligation to refine and re-cultivate the land after the completion of the mining activities. The value of technological and biological reclamation is determined at each year-end on the basis of an approved technical design for site reclamation.

The measurement of provisions for land reclamation in the extraction of underground natural resources and the exploitation of mineral raw materials after completion of the activities requires the Management to make an assessment of the costs of reclamation and post-exploitation care of the land at the date of the Consolidated Statement of Financial Position. The best estimate of the necessary provisions for land reclamation amounts to BGN 670 thousand at 31.12.2024 (31.12.2023: BGN 637 thousand).

2.32.7.3. Provisions for obligations under litigations and lawsuits

The Group is a party in litigations and legal proceedings for which provisions have been recognised or contingent liabilities have been disclosed.

Due to the inherent uncertainty on the end result of these legal claims and proceedings, and the complexity of the aforementioned, the Management, with the support of internal legal experts and hired external lawyers, is required to make significant assumptions and employ judgement when assessing the potential effects of litigations and legal proceedings (i.e., whether the obligation should be recognised or a contingent liability should

be disclosed, or whether the potential outflow of resources can be measured reliably). The outcome of these litigations and legal proceedings is uncertain and the actual resources, required to settle the obligations may differ from the amounts recognised.

Provisions for litigation claims filed against the Group, in the amount of BGN 552 thousand, are accrued at 31.12.2024 (31.12.2023: BGN 739 thousand).

2.32.8. Useful life and residual value of property, plant and equipment

The financial reporting of property, plant and equipment includes the use of estimates of their expected useful life and residual values, which are based on judgements of the Group's Management. Information on the useful life of assets is disclosed under *Notes №2.9, 2.10 u 2.11*.

No significant changes in the defined useful life and residual values of property, plant and equipment, and of investment property, have been made in 2024.

2.32.9. Actuarial valuations

Calculations of certified actuaries have been employed in determining the present value of the long-term retirement benefits obligations. These calculations are based on assumptions regarding the mortality, the pace of employees' turnover, the future wages and salaries, and a discounting factor. These assumptions are regarded by the Management as reasonable and appropriate for the Group (*Note №1.17.1*).

2.32.10. Deferred tax assets

The assessment of whether future taxable income will be available against which to utilise deferred tax assets is based on the last approved estimated budget, adjusted for significant non-taxable income and expense, and specific limitations on the transfer of unused tax credits or losses. Deferred tax assets are recognised wholly, if a reliable estimate of taxable income implies the probable use of a deferred tax asset, particularly in cases when the asset can be used without time restrictions. The Management decides, on a case-by-case basis, whether to recognise deferred tax assets that are subject to certain legal or economic constraints or uncertainties depending on the specific facts and circumstances, associated with them.

Based on this approach, the Management has decided to recognise a deferred tax asset for the tax loss that is to be carried forward, in the amount of BGN 63 thousand at 31.12.2024 (31.12.2023: BGN 38 thousand), insofar as the conducted estimates and forecasts provide reasonable certainty that the Group will be able to generate sufficient taxable profits over the next five years against which the tax loss, incurred in prior periods, to be utilised.

2.32.11. Impairment of goodwill

The Group's Management has conducted the necessary procedures for performing the mandatory impairment test of the goodwill in the acquisition of a subsidiary, recognised in the Annual Consolidated Statement of Financial Position. For this purpose, it is assumed that the entity appears as a “cash-generating unit”.

Calculations are computed by the Management. The Management performs a detailed review of whether events and facts have occurred, indicating changes in the assumptions and judgments.

Financial budgets, developed by the Management of the respective entity and of the Group as a whole, covering a three-to-five-year period, and other medium-term and long-term plans and intentions for the development and restructuring of the activities within the Group, are used as a basis for the estimated cash flows (before taxes). The recoverable amount of each cash-generating unit is determined on a “value in use” basis.

The key assumptions, used in the calculations are specifically determined for the entity that carries the goodwill, which is treated as a separate cash-generating unit, and are in accordance with its specific activities, business environment and risks.

The tests and judgments of the Group’s Management for the impairment of the recognised goodwill are made in the light of its estimates and intentions regarding the future economic benefits that the Group expects to obtain from the subsidiary, including and through the use of its commercial and industrial experience and the revenue generated, and expected to be generated by it in future, securing positions on the Bulgarian and foreign markets (development and maintenance), expectations for future sales and restructuring of the activity and others.

2.32.12. Leases

Determining whether a contract is a lease or whether it contains lease elements

When identifying and classifying a lease, or a lease element in a contract, the Group determines whether the contract contains an identifiable asset and whether by virtue of it the right to control the use of that asset is transferred for the term of the respective contract.

In order to determine whether by virtue of a contract control over the use of a given asset is transferred, the Group determines whether the following rights are present over the entire term of use:

- The right to practically obtain all economic rewards of the use of that asset;
- The right to determine and manage the use and exploitation of the identified base asset.

With regards to the recognised leases – the Management has concluded that the Group is entitled, within the scope of its right-of-use as defined in the contract, to take the respective decisions over how and for what purpose can the assets be used, and it is in a position to determine the working time and the persons, who have access to the assets (*Note №1.14*).

Determining the term of leases with options to renew the agreement or terminate it – whereby the Group is a lessee

The Group defines the lease term as the non-cancellable period of the lease, together with

- a) the periods covered by an option to extend the lease, if it is reasonably certain that the Group shall exercise this option, and
- b) the periods covered by an option to terminate the lease, if it is reasonably certain that the Group shall not exercise this option.

The Group makes judgments in assessing whether there is reasonably certainty that it will exercise the option to extend or terminate the lease, considering and all facts and circumstances that create economic incentives to exercise the option to extend or not to exercise the option to terminate the lease.

After the commencement date of the lease, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within its control and affects whether there is

reasonable certainty that the Group will exercise an option not previously included in its determination of the lease term, or not exercise an option previously included in its determination of the lease term.

Determining an incremental borrowing rate on leases, whereby the Group is a lessee

If the Group is a lessee and cannot readily determine (from the contracts) the interest rate, necessary to discount the lease liabilities, the Group uses the incremental borrowing rate that it would pay had it borrowed funds necessary to obtain an asset of a similar value to the right-of-use asset, over a similar term, with a similar security and in a similar economic environment. For contracts for which the Group does not have similar financing, it seeks observable data that is publicly available, such as market levels of loans and banking statistics.

Based on the analysis of the interest rates of borrowed funds with similar characteristics, the Management has assumed (on such a basis) that the incremental borrowing rate is 3%.

- For operating leases of movable property – based on the interest rates (%) under the finance leases, concluded by the Group
- For operating leases of real estate – based on the interest rate (%) under the investment loan agreements, concluded by the Group

Review of indicators for impairment of “right-of-use” assets

The Group’s Management reviews for impairment “right-of-use” assets at each financial reporting year-end. The carrying value of the assets is written down to their recoverable value, if there are indicators that the estimated recoverable amount is lower than their carrying amount.

2.32.13. Events after the reporting period

Events after the reporting period are those events, both favourable and unfavourable, occurring after the end of the reporting period and before the date on which the consolidated financial statements are authorised for issue.

Two types of events are distinguished:

- Events that evident conditions, existing at the end of the reporting period (adjusting events); and
- Events that evident conditions, which occurred after the end of the reporting period (non-adjusting events).

The Group adjusts the amounts, recognised in the consolidated financial statements, to reflect adjusting events after the reporting period and updates the disclosures.

The Group does not adjust the amounts, recognised in the consolidated financial statements, to reflect non-adjusting events after the reporting period. When the non-adjusting events after the reporting period are so significant that their non-disclosure would affect the ability of the users of the consolidated financial statements to make economic decisions, the Group discloses the following information for each significant category of non-adjusting events:

- the nature of the event; and
- an estimate of its financial effect or statement that such an estimate cannot be made.

II. Additional explanatory notes to the items in the financial statements

1. Statement of Financial Position

1.1. Property, plant and equipment

	Land	Buildings	Plant	Machinery and equipment	Transport vehicles	Other assets	Capitalised costs	Total
Book value								
Balance at 31.12.2022	18 529	14 838	6 818	64 016	26 390	5 879	9 850	146 320
Additions	-	351	54	6 097	2 742	1 147	4 472	14 863
Disposals	-	(24)	(38)	(4 801)	(1 190)	(80)	(19)	(6 152)
Effects of foreign currency translations	4	4	1	1	(4)	1	-	7
Balance at 31.12.2023	18 533	15 169	6 835	65 313	27 938	6 947	14 303	155 038
Additions	-	305	518	5 446	3 906	803	8 054	19 032
Disposals	(4 682)	(357)	(349)	(2 525)	(3 345)	(109)	(1 003)	(12 370)
Impairment, recognised in profit / loss	-	-	-	-	-	-	(326)	(326)
Effects of foreign currency translations	3	3	1	-	-	-	-	7
Balance at 31.12.2024	13 854	15 120	7 005	68 234	28 499	7 641	21 028	161 381
Depreciation								
Balance at 31.12.2022	-	3 851	5 127	41 151	21 733	4 191	-	76 053
Additions	-	550	426	2 857	1 385	522	-	5 740
Disposals	-	-	(38)	(1 024)	(1 138)	(80)	-	(2 280)
Effects of foreign currency translations	-	(7)	7	(7)	(5)	8	-	(4)
Balance at 31.12.2023	-	4 394	5 522	42 977	21 975	4 641	-	79 509
Additions	-	327	407	2 912	1 621	523	-	5 790
Disposals	-	(60)	(327)	(910)	(2 056)	(103)	-	(3 456)
Effects of foreign currency translations	-	(2)	-	15	-	8	-	21
Balance at 31.12.2024	-	4 659	5 602	44 994	21 540	5 069	-	81 864
Net book value								
Net book value at 31.12.2023	18 533	10 775	1 313	22 336	5 963	2 306	14 303	75 529
Net book value at 31.12.2024	13 854	10 461	1 403	23 240	6 959	2 572	21 028	79 517

- The presented values of property, plant and equipment at 31.12.2024 and 31.12.2023 include land and buildings, owned by the subsidiary “Trace Serbia” AD (JSC), for which the entity holds title documents. In accordance with the Act on Legalisation of the Sites of the Republic of Serbia, dated 2015, these real estate are subject to legitimation / legalisation. Pursuant to this Act, sites that have been built without a use permit are granted such a permit after completion of the procedure for obtaining one. This use permit is submitted to the Real Estate Cadastre. Pursuant to the Land Conversion Act, effective as of July 2015, and the official instructions of the State Administration, provided in the beginning of 2016, the entity has submitted requests for conversion of the owned by it land. According to these procedures, “Trace Serbia” AD (JSC) has legalised part of its sites in the period 2015-2019 and has filled applications for the remaining sites. These applications

are currently being processed. The buildings / lands that are yet subject to legalisation and / or conversion amount to BGN 1 179 thousand at 31.12.2024 (31.12.2023: BGN 1 208 thousand).

- Leased / Right-of-use assets are disclosed in *Note № 1.14 Leases*
- The presented values of non-current tangible assets at 31.12.2024 include fully depreciated buildings, plant, machinery and equipment, transport vehicles and other assets, used in the course of the Group’s activities, with book values: BGN 101 thousand, BGN 3 095 thousand, BGN 8 286 thousand, BGN 5 528 thousand and BGN 3 462 thousand, respectively.
- The presented values of non-current tangible assets at 31.12.2024 include land, buildings, plant, machinery and equipment, transport vehicles, others and cost to acquire non-current tangible assets with book values: BGN 2 376 thousand, BGN 3 753 thousand, BGN 443 thousand, BGN 8 294 thousand, BGN 1 067 thousand, BGN 0 thousand and BGN 18 648 thousand, respectively, that have mortgages and / or pledges in favour of commercial banks under loan agreements and issued bank guarantees, and other payables.
- The capitalised costs, amounting to BGN 21 028 thousand, at year-end include:
 - BGN 481 thousand – costs of non-commissioned properties;
 - BGN 17 075 thousand – costs incurred for the construction of the office part of the Atana building;
 - BGN 3 226 thousand – acquisition costs of a beating machine;
 - BGN 246 thousand – other;

1.2. Investment property

	Land	Buildings	Capitalised costs	Total
<i>Book value</i>				
Balance at 31.12.2022	4 687	2 687	2 001	9 375
Additions	-	1 664	835	2 499
Disposals	-	-	-	-
Effects of foreign currency translations	-	-	-	-
Balance at 31.12.2023	4 687	4 351	2 836	11 874
Additions	3 177	27	1 709	4 913
Disposals	(185)	(175)	-	(360)
Impairment, recognised in profit / loss	(1 985)	-	(176)	(2 161)
Effects of foreign currency translations	-	-	-	-
Balance at 31.12.2024	5 694	4 203	4 369	14 266
<i>Depreciation</i>				
Balance at 31.12.2022	-	893	-	893
Additions	-	287	-	287
Disposals	-	-	-	-
Effects of foreign currency translations	-	(1)	-	(1)
Balance at 31.12.2023	-	1 179	-	1 179
Additions	-	328	-	328

Disposals	-	(57)	-	(57)
Effects of foreign currency translations	-	-	-	-
Balance at 31.12.2024	-	1 450	-	1 450
<i>Net book value</i>				
Net book value at 31.12.2023	4 687	3 172	2 836	10 695
Net book value at 31.12.2024	5 694	2 753	4 369	12 816

- Investment property refers to agricultural land, landed properties, buildings and the adjoining them land, specifically detached parts of buildings for independent use, intended for long-term rental to related entities and to third parties.
- The presented values of investment property at 31.12.2024 include fully depreciated buildings with carrying amounts of BGN 5 thousand, which are used in the course of the activities of the Group.
- The presented values of investment property at 31.12.2024 include land and buildings with carrying amounts of BGN 6 082 thousand and BGN 6 783 thousand, respectively, which have mortgages and / or pledges in favour of commercial banks under loan agreements and issued bank guarantees, and other payables.

1.3. Intangible assets

	Rights	Software	Other assets	Total
<i>Book value</i>				
Balance at 31.12.2022	2 145	654	96	2 895
Additions	-	261	24	285
Disposals	-	(2)	-	(2)
Effects of foreign currency translations	-	-	-	-
Balance at 31.12.2023	2 145	913	120	3 178
Additions	-	8	-	8
Disposals	(1)	(5)	-	(6)
Effects of foreign currency translations	-	-	-	-
Balance at 31.12.2024	2 144	916	120	3 180
<i>Amortisation</i>				
Balance at 31.12.2022	1 219	469	74	1 762
Additions	77	123	7	207
Disposals	-	(2)	-	(2)
Effects of foreign currency translations	2	(2)	-	-
Balance at 31.12.2023	1 298	588	81	1 967
Additions	76	143	8	227
Disposals	-	(5)	-	(5)
Effects of foreign currency translations	-	-	-	-
Balance at 31.12.2024	1 374	726	89	2 189
<i>Net book value</i>				

Net book value at 31.12.2023	847	325	39	1 211
Net book value at 31.12.2024	770	190	31	991

- The presented values of non-current intangible assets at 31.12.2024 include: fully amortised rights, software and other assets with carrying amounts of: BGN 570 thousand, BGN 195 thousand and BGN 12 thousand, respectively, that are exploited in the course of the activities of the Group.

1.4. Investments, carried under the equity method

Investments, carried under the equity method	31.12.2024	31.12.2023
Investments in associates	3	3
Total	3	3

1.4.1. Investments in associates

Investments	31.12.2024		31.12.2023	
	Volume	Amount	Volume	Amount
Voden Proekt (transl. Water Project) Stara Zagora – a Company under the Law on Obligations and Contracts	34%	1	34%	1
Belchin 3 OOD (LTD)	33,60%	2	33,60%	2
Total		3		3

- The Group measures investments in associates under the equity method.
- The establishment of the entity “Belchin 3” OOD (LTD) was entered in the Commercial Register on 25.07.2022. The Group holds 33,60% of the capital, amounting to BGN 2 thousand.

Modifications in investments in associates are presented hereafter:

Indicators	Voden Proekt (Transl. Water Project) Stara Zagora – a Company under the Law on Obligations and Contracts	Belchin 3 OOD (LTD)
Carrying amount at the beginning of the period	1	2
Subscribed capital contributions and share payments	-	-
Share in the current period's profit / (loss)	-	-
Less accumulated losses	-	-
Derecognition of the investment	-	-
Carrying amount at year-end	1	2

Summarised financial information on associates as at 31.12.2024

Indicators	Voden Proekt (Transl. Water Project) Stara Zagora – a Company under the Law on Obligations and Contracts	Belchin 3 OOD (LTD)
Current assets	-	5
Non-current assets	-	-
Current liabilities	-	-
Revenue	-	-
Profit / (loss) from continuing operations	-	-
Total comprehensive income	-	-

Summarised financial information on associates as at 31.12.2023

Indicators	Voden Proekt (Transl. Water Project) Stara Zagora – a Company under the Law on Obligations and Contracts	Belchin 3 OOD (LTD)
Current assets	-	5
Non-current assets	-	-
Current liabilities	-	-
Revenue	-	-
Profit / (loss) from continuing operations	-	-
Total comprehensive income	-	-

1.5. Non-current trade receivables

Type	31.12.2024	31.12.2023
Contract receivables from contracts with customers (net)	21 561	13 937
Contract receivables from contracts with customers	21 702	14 057
Impairment of contract receivables from contracts with customers	(141)	(120)
Receivables of advances (net)	83	-
Receivables of advances	83	-
Other trade receivables (net)	61	252
Other trade receivables	61	252
Total	21 705	14 189

- Retention bonds under construction contracts that are expected to be realised in more than 12 months after the end of the reporting period are presented as non-current trade receivables.
- Retention bonds under construction contracts, amounting to BGN 12 197 thousand (2023: BGN 7 717 thousand), are included under the presented “contract receivables from contracts with customers” at year-end.
- Modifications in the impairment loss related to contract receivables from contracts with customers is disclosed in detail in *Note № 1.9*.

1.6. Other non-current receivables and assets

Type	31.12.2024	31.12.2023
Other non-current receivables and assets (net)	5 453	6 234
Guarantees issued and deposits placed	32	190
Prepaid expenses	5 421	6 044
Total	5 453	6 234

- Non-current guarantees issued are cash collaterals on performance bonds, issued by banks for projects and sites with validity until 2036.
- The non-current portion of bank guarantees relating to construction contracts is presented under “prepaid expenses”.

1.7. Deferred tax assets

Temporary difference	31 December 2023		Modifications in deferred tax in 2024				31 December 2024	
	Temporary difference	Deferred tax	increase		decrease		Temporary difference	Deferred tax
			Temporary difference	Deferred tax	Temporary difference	Deferred tax		
Amortisation	3 365	315	2 104	210	(1 520)	(155)	3 950	370
Impairment	5 248	655	3 345	333	(4 619)	(461)	3 974	527
Leave benefits	1 193	118	999	99	(703)	(70)	1 489	147
Low capitalisation	14	1					14	1
Loss	369	38	265	26	(3)	(1)	631	63
Personal income	669	68	2 947	295	(525)	(51)	3 091	312
Provisions	6 938	690	39 131	3 913	(2 643)	(263)	43 426	4 340
Long-term employee benefits	304	42	176	18	(72)	(6)	408	54
Intra-group profits	2 158	233	505	81	-	-	2 663	314
Right-of-use assets	175	17			(45)	(4)	130	13
Expired payables	314	31	151	15	(150)	(15)	315	31
Total assets:	20 747	2 208	49 623	4 990	(10 280)	(1 026)	60 091	6 172

- When recognising deferred tax assets, the Group takes into consideration the probability of future reversals of the separate modifications and it's (i.e., the Group's) ability to generate sufficient tax profits.
- A deferred tax asset, amounting to BGN 21 thousand (31.12.2023: BGN 10 thousand) and relating to a taxable loss that was realised in the current year by the Group in Bulgaria, has not been recognised within the period.

1.8. Inventories

Type	31.12.2024	31.12.2023
Materials (net), including:	62 121	31 229
Direct materials	58 621	28 069
Spare parts	1 132	1 102
Fuel, oil and lubricants	1 322	1 118
Ancillary materials	87	24
Materials at custody	801	757
Other materials	167	186
Overheads	18	-
Impairment of materials	(27)	(27)
Output (net)	11 362	10 553
Output	11 362	10 553
Goods (net)	644	587
Goods	644	587
Work in progress (net)	19 804	10 697
Work in progress	19 804	10 697
Total	93 931	53 066

- Output and Work in progress include the amounts with regards to the construction of three sites, in Bulgaria and in Serbia. At 31.12.2-24, such amount to BGN 10 099 thousand (2023: BGN 9 911 thousand), BGN 3 548 thousand and BGN 16 256 thousand (2023: BGN 10 457 thousand).

1.9. Current trade receivables

Type	31.12.2024	31.12.2023
Receivables from related parties outside the Group (net)	1 796	689
Contract receivables from contracts with customers	1 745	477
Impairment of contract receivables from contracts with customers	(154)	(157)
Contract assets from contracts with customers	-	236
Operating lease receivables	188	134
Impairment of operating lease receivables	(10)	(1)
Other trade receivables	27	-
Contract receivables from contracts with customers (net)	129 265	54 091
Contract receivables from contracts with customers	131 472	58 226
Impairment of contract receivables from contracts with customers	(2 207)	(4 135)
Contract assets from contracts with customers (net)	232 807	82 782
Contract assets from contracts with customers	232 807	82 782
Advance payment receivables (net)	20 291	28 910
Advance payment receivables	21 185	29 828
Impairment of advance payment receivables	(894)	(918)
Operating lease receivables (net)	445	80
Operating lease receivables	504	138
Impairment of operating lease receivables	(59)	(58)
Other trade receivables (net)	1 607	3 994
Other trade receivables	1 835	4 222
Impairment of other trade receivables	(228)	(228)
Total	386 211	170 546

- Retention bonds under construction contracts, amounting to BGN 62 thousand and BGN 4 548 thousand, respectively, are included under the contract receivables from contracts with customers – related parties and contract receivables from contracts with customers disclosed at year-end (2023: BGN 0 thousand and BGN 1 766 thousand).
- A special pledge on a set of contract receivables, arising from contracts concluded by and between the Group and third parties, has been pledged by the Group in connection with bank guarantee contracts and bank loans provided.
- Contract assets from contracts with customers include the right to consideration for a satisfied performance obligation completed to date (measured progress towards complete satisfaction). Such have been incurred for rendered and / or partially rendered services that have not yet been approved by the customer at year-end and thus for which the entities within the Group do not have unconditional rights for payment. Contract assets from contracts with customers and their modifications are disclosed in detail in *Note № 3.1 Construction contracts*
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The aging structure of trade receivables, excluding advance payments, is as follows:

	Amount	Relative share
Up to 60 days	128 030	35%
61 days – 120 days	215 769	59%
121 days – 180 days	2 591	1%
181 days – 360 days	15 091	4%
Over 360 days	7 097	2%
Impairment	(2 658)	-
Total	365 920	100%

▪ A significant portion of the overdue receivables arise from authorising officers. The Group’s policy is to accrue, invoice and collect additional default interest on some of the overdue receivables, by which to fully compensate the delay in payments and incurred costs / losses. Such default interest is accrued, invoiced and collected both under special agreements, concluded with the respective debtor, as well as pursuant to legal proceedings (i.e., lawsuits).

▪ In 2024, the Group has applied the simplified approach of IFRS 9 for measuring the expected credit losses on trade receivables, recognising thus the expected credit losses for the entire term of the instrument for all trade receivables (*Note №2.16.1.4*). By using this basis, the loss allowance at 31 December 2024 is determined as follows:

Modifications of loss allowance

Type	31.12.2023	Modifications in 2024			31.12.2024
		increase	decrease	transfer/ others	
Impairment of contract receivables from contracts with customers	(4 412)	(460)	170	2 200	(2 502)
Impairment of advance payment receivables	(918)	(55)	1	78	(885)
Impairment of operating lease receivables	(59)	(10)	-	-	(69)
Impairment of other trade receivables	(228)	-	-	-	(228)
Impairment of other receivables and assets	(154)	-	-	19	(154)
Impairment of litigation receivables	(712)	(64)	-	-	(776)
Impairment of financial assets and leases	(660)	(21)	-	-	(681)
Impairment of cash and cash equivalents	(25)	(3)	21	1	(25)
Impairment of non-current tangible assets and investment property	(350)	(2 487)	-	-	(2 837)
Impairment of inventories	(27)	-	-	-	(27)
Total	(7 545)	(3 100)	192	2 298	(8 155)

1.10. Other current receivables and assets

Type	31.12.2024	31.12.2023
Receivables from related parties outside the Group (net)	-	-
Other receivables	72	72
Impairment of other receivables and assets	(72)	(72)
Litigation receivables (net)	1 036	1 115
Litigation receivables	1 812	1 827
Impairment of litigation receivables	(776)	(712)
Social insurance receivables	9	5
Social insurance	9	5
Other current receivables	8 889	6 894
Guarantees issued and deposits placed	4 423	1 944
Advance payments	4 249	4 787
Other receivables	280	245
Impairment of other receivables	(63)	(82)
Recoverable taxes	10 251	5 218
Value Added Tax	9 618	4 392
Corporate Income Tax	616	797
Other taxes	17	29
Total	20 185	13 232

- Advance payments include insurance of projects and sites, with validity until 2029, and performance bonds, issued by banks for projects and sites with validity until 2036.
- Modifications in the allowance for impairment of contract receivables under contracts with customers is disclosed in detail in *Note № 1.9*.

1.11. Current financial assets

Current financial assets	31.12.2024	31.12.2023
Financial assets at amortised cost	172	169
Total	172	169

1.11.1. Financial assets at amortised cost

Type	31.12.2024	31.12.2023
Loans	172	169
Total	172	169

1.11.1.1. Loans – current

Type	31.12.2024	31.12.2023
Loan receivables from related parties outside the Group (net)	-	-
Interest receivables, accrued under loans from related parties outside the Group	12	12
Impairment of loan receivables from related parties outside the Group	(12)	(12)
Loan receivables from unrelated parties (net)	172	169
Loan receivables from unrelated parties	711	709
Interest receivables, accrued under loans from unrelated parties	130	108
Impairment of loan receivables from unrelated parties	(669)	(648)
Total	172	169

Loans to unrelated parties have been provided under the following terms and conditions:

Borrower	Contracted loan amount	Interest rate %	Maturity	Securities / Guarantees
Todorov AD	BGN 100 thousand	20%	31.12.2016	Promissory note
FC Vereya – NGO	BGN 17 thousand	10%	31.12.2020	None
FC Vereya – NGO	BGN 10 thousand	6,5%	30.06.2017	Promissory note
FK Dinamo, Vranja	BGN 25 thousand	10,3%	08.10.2016	Promissory note
Smart Build Digital EOOD (LTD)	BGN 600 thousand	4,5%	30.09.2023	Promissory note
Private individual	BGN 153 thousand	2,5%	12.12.2023	Securities

- Overdue loans have been impaired as indicated in the table hereafter

Balances of loans to unrelated parties at 31.12.2024

Borrower	Current portion at amortised cost	
	Principal	Interest
Todorov AD	81	-
Todorov AD – impairment	(81)	-
FC Vereya NGO	7	-
FC Vereya NGO	17	7
FC Vereya NGO – impairment	(24)	(7)
FK Dinamo Vranja	18	15
FK Dinamo Vranja – impairment	(18)	(11)
Smart Build Digital EOOD (LTD)	444	84
Smart Build Digital EOOD (LTD) – impairment	(444)	(84)
Private individual	144	24
Total	144	28

- In a prior period, the Group has provided a loan to a private individual and has acquired as a pledge under that loan bearer securities at face value of EUR 100 thousand and at acquisition price of EUR 78 thousand, with a fixed interest rate of 2,5% per annum. The payment of principal (amounting to BGN 152 thousand) of the securities was set to be in 2023, and the payment of interest (amounting to BGN 10 thousand) – currently within each year. The seller has the option to repurchase the securities by deferred payment.
- Modifications in the allowance for the impairment of contract receivables from contracts with customers is disclosed in detail in *Note № 1.9*.

1.12. Cash and cash equivalents

Type	31.12.2024	31.12.2023
Cash in hand	40	47
Denominated in Bulgarian Lev (BGN)	27	34
Denominated in foreign currencies	13	13
Cash at bank (in current accounts)	6 287	50 359
Denominated in Bulgarian Lev (BGN)	2 533	34 895
Denominated in foreign currencies	3 754	15 464
Cash equivalents	29	35
Receivables from employees	29	35
Restricted cash	2 935	3 301
Current deposits	113	113
Impairment of cash	(6)	(25)
Total	9 398	53 830

▪ Pursuant to the conducted analysis and the applied methods to measure the estimated credit losses on cash and cash equivalents, the Management has determined that it is necessary to impair the cash and cash equivalents, amounting to BGN 6 thousand at the end of the reporting period (2023: BGN 25 thousand).

▪ Restricted cash include BGN 420 thousands of cash, restricted under concessions, BGN 165 thousand – cash restricted under other payables and obligations and BGN 2 350 thousand – restricted under current accounts as additional collateral on issued bank guarantees / counter-guarantees, with validity until the bank’s discharge from its commitments.

Cash reconciliation between cash as presented in the Statement of Financial Position and cash as presented in the Statement of Cash Flows

Type	31.12.2024	31.12.2023
Cash and cash equivalents in the Consolidated Statement of Financial Position	9 398	53 830
Impairment of cash	6	25
Restricted cash	2 935	3 301
Cash and cash equivalents in the Consolidated Statement of Cash Flows	6 463	50 529

1.13. Equity

1.13.1. Share capital

Type of shares	31.12.2024			31.12.2023		
	Number of shares	Value	Nominal	Number of shares	Value	Nominal
<i>Ordinary</i>						
Repurchased and paid	24 200 000	24 200 000	1	24 200 000	24 200 000	1
Repurchased (treasury) shares	(3 739)	(11 077)	2,96	(6 279)	(21 084)	3,36
Total:	24 196 261	24 188 923		24 193 721	24 178 916	

Shareholder	31.12.2024				31.12.2023			
	Number of shares	Value	Paid	% share	Number of shares	Value	Paid	% share
Galini-N EOOD (LTD)	2 178 000	2 178 000	2 178 000	9.00%	2 178 000	2 178 000	2 178 000	9.00%
Nikolay Mihaylov	16 276 755	16 276 755	16 276 755	67.26%	16 276 755	16 276 755	16 276 755	67.26%
Desislava Lyubenova	1 202 056	1 202 056	1 202 056	4.97%	1 202 056	1 202 056	1 202 056	4.97%
Other shareholders	4 539 450	4 539 450	4 539 450	18.75%	4 536 910	4 536 910	4 536 910	18.74%
Trace Group Hold PLC – treasury shares at cost	3 739	3 739	3 739	0.02%	6 279	6 279	6 279	0.03%
Total	24 200 000	24 200 000	24 200 000	X	24 200 000	24 200 000	24 200 000	X
Trace Group Hold PLC – treasury shares at cost	(3 739)	(11 077)	(11 077)		(6 279)	(21 084)	(21 084)	
Total:	24 196 261	24 188 923	24 188 923	100%	24 193 721	24 178 916	24 178 916	100%

▪ At the end of the current period, “Trace Group Hold” PLC and its subsidiaries hold 3 739 repurchased shares (treasury shares), amounting to BGN 11 thousand.

1.13.2. Share premium

Share premium, amounting to BGN 21 739 thousand at year-end, is formed from the capital, issued by the Parent in 2007 (BGN 21 763 thousand) and from the issue and repurchase of treasury shares as of their incurrence and until 31.12.2024 (BGN 24 thousand).

1.13.3. Translation reserve

Translation reserve from the translation of foreign operations into the presentation currency, amounting to BGN 445 thousand loss, is formed from foreign exchange losses arising in the translation of the financial statements of the foreign-based entities from their functional currency to the presentation currency of the Group.

1.13.4. Reserves

	General reserves	Other reserves	Total reserves
Reserves at 31.12.2022	2 420	79 416	81 836
Increased by:	-	2 579	2 579
Profit distribution	-	2 579	2 579
Reserves at 31.12.2023	2 420	81 995	84 415
Increased by:	-	9 590	9 590
Profit distribution	-	9 590	9 590
Reserves at 31.12.2024	2 420	91 585	94 005

▪ Statutory reserves, amounting to BGN 2 420 thousand (31.12.2023: BGN 2 420 thousand), are formed from profit distribution of the parent and include in full the amounts for the “General reserves” Fund.

▪ Other reserves, amounting BGN 91 585 thousand (31.12.2023: BGN 81 995 thousand), are formed from profit distribution and other changes in the entities within the Group, and include in full the amounts for the “General Reserves” Fund.

1.13.5. Financial performance

Financial performance (results)	Value
Profit at 31.12.2022	6 205
Increased by:	16 358
Profit for the financial reporting 2023	16 113
Others	245
Decreased by:	(6 450)
Allocation of profits to reserves	(2 579)
Dividend distribution	(3 871)
Profit at 31.12.2023	16 113
Increased by:	32 869
Profit for the financial reporting 2024	32 869
Decreased by:	(15 639)
Allocation of profits to reserves	(9 590)
Dividend distribution	(6 049)
Others	(474)
Profit at 31.12.2024	32 869
Loss at 31.12.2022	(196)
Increased by:	(189)
Others	(189)
Loss at 31.12.2023	(385)
Decreased by:	240
Others	240
Loss at 31.12.2024	(145)
Financial result at 31.12.2022	6 009
Financial result at 31.12.2023	15 728
Financial result at 31.12.2024	32 724

▪ “Retained earnings / Accumulated losses” reserve includes profits and losses, realised by the entities within the Group in the current reporting period, and the accumulated gains / losses that have arisen from actuarial valuations, including part of the other comprehensive income, realised within the year.

▪ The undistributed profit at 31.12.2024 amounts to BGN 32 724 thousand (31.12.2023: BGN 15 728 thousand) and it includes and the recognised accumulated actuarial loss of BGN (145) thousand, recognised in the subsequent valuations of the defined retirement benefit plans pursuant to the amendment to IAS 19 – Retirement Benefits and Other Employee Benefits.

Net earnings per share	31.12.2024	31.12.2023
Weighted average number of shares	24 194 765	24 193 721
Net profit / (loss) for the year, referring to the owners of the equity capital of the parent (BGN' 000)	32 845	16 079
Net earnings per share (Bulgarian Lev)	1,36	0,66

1.14. Leases

The Group has leased buildings, transport vehicles and other assets.

The lease agreements are typically concluded for the disclosed hereafter terms, distributed on an “identifiable asset class” basis, as follows:

Group	Years
Buildings	4 years – 10 years
Transport vehicles	1 year – 5 years
Other assets	3 years – 5 years

The Group has also concluded leases whereby it is a lessor. The leases are concluded as operating leases of land, buildings, plant, machinery and equipment, transport vehicles and other assets, owned by the Group or leased, if such an option is agreed (i.e., option for sublease).

1.14.1. The Group as a lessee

Right-of-use assets (operating lease and finance lease) are included in Property, plant and equipment at 31.12.2024, as follows:

	Land	Buildings	Plant	Machinery and equipment	Transport vehicles	Other assets	Capitalised cost	Total
Book value								
Balance at 31.12.2022	-	1 268	-	3 072	2 395	-	-	6 735
Additions	-	351	-	1 831	1 333	-	-	3 515
Disposals	-	-	-	(943)	(719)	-	-	(1 662)
Effect of foreign currency translations	-	-	-	-	-	-	-	-
Balance at 31.12.2023	-	1 619	-	3 960	3 009	-	-	8 588
Additions	-	305	-	3 434	3 145	-	326	7 210
Disposals	-	(176)	-	(997)	(830)	-	(326)	(2 329)
Effect of foreign currency translations	-	-	-	-	8	-	-	8
Balance at 31.12.2024	-	1 748	-	6 397	5 332	-	-	13 477
Depreciation								
Balance at 31.12.2022	-	1 014	-	423	1 221	-	-	2 658
Additions	-	351	-	406	318	-	-	1 075
Disposals	-	-	-	(346)	(674)	-	-	(1 020)
Effect of foreign currency translations	-	-	-	-	-	-	-	-
Balance at 31.12.2023	-	1 365	-	483	865	-	-	2 713
Additions	-	142	-	387	654	-	-	1 183
Disposals	-	(7)	-	(229)	(440)	-	-	(676)
Effect of foreign currency translations	-	4	-	-	2	-	-	6
Balance at 31.12.2024	-	1 504	-	641	1 081	-	-	3 226
Net book value								
Net book value at 31.12.2023	-	254	-	3 477	2 144	-	-	5 875

Net book value at 31.12.2024	-	244	-	5 756	4 251	-	-	10 251
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1.14.2. Right-of-use assets

Right-of-use assets (operating lease) are included in the Property, plant and equipment as at 31.12.2024, as follows:

	Land	Buildings	Plant	Machinery and equipment	Transport vehicles	Other assets	Capitalised costs	Total
<i>Book value</i>								
Balance at 31.12.2023	-	1 443	-	-	351	-	-	1 794
Balance at 31.12.2024	-	1 748	-	-	194	-	-	1 942
<i>Depreciation</i>								
Balance at 31.12.2023	-	1 362	-	-	171	-	-	1 533
Balance at 31.12.2024	-	1 504	-	-	52	-	-	1 556
<i>Net book value</i>								
Net book value at 31.12.2023	-	81	-	-	180	-	-	261
Net book value at 31.12.2024	-	244	-	-	142	-	-	386

1.14.3. Lease payables

Minimum lease payments under lease payables with purchase options (finance and operating leases) are payable as follows:

Future minimum lease payments at 31.12.2024							
	Up to 1 year	1 year – 2 years	2 years – 3 years	3 years – 4 years	4 years – 5 years	Over 5 years	Total
Undiscounted lease payments	2 567	2 617	2 333	1 276	314	-	9 107
Unrealised finance income	(185)	(173)	(117)	(32)	(3)	-	(510)
Net present value	2 382	2 444	2 216	1 244	311	-	8 597

Future minimum lease payments at 31.12.2023							
	Up to 1 year	1 year – 2 years	2 years – 3 years	3 years – 4 years	4 years – 5 years	Over 5 years	Total
Undiscounted lease payments	1 691	1 382	1 318	1 101	757	-	6 249
Unrealised finance income	(117)	(98)	73	(65)	(10)	-	(363)
Net present value	1 574	1 284	1 245	1 036	747	-	5 886

The payable, within the next 12 months, lease payments are disclosed in the Statement of Financial Position as “current financial liabilities”.

1.14.4. Amounts, included in the Income Statement

The Income Statement includes the following amounts, related with leases:

Type of expense	31.12.2024	31.12.2023
Depreciation costs of “right-of-use assets”	1 183	1 075
Interest and fees on lease payables	328	142
Short-term lease expenses	4 594	1 503
Expenses, related with leases of low-value assets	62	6
Total	6 167	2 726

1.14.5. Other information

The Group has concluded rent agreements that do not fall within the scope of the new IFRS 16 and are as follows:

	31.12.2024	31.12.2023
Short-term leases	1 050	1 050
Leases of low-value assets	20	20
Total	1 070	1 070

The considerations, payable under these agreements, shall be presented in the Income Statement as “rentals”, currently, over the years.

The total cash outflow for leases amounts to BGN 2 986 thousand in 2024 (2023: BGN 1 547 thousand).

1.14.6. The Group as a lessor

Operating lease

The Group has leased non-current tangible assets to related parties and to third parties, as follows:

	Land	Buildings	Plant	Machinery and equipment	Transport vehicles	Other assets	Capitalised costs	Total
Book value								
Balance at 31.12.2023	472	470	15	1 598	512	-	-	3 067
Balance at 31.12.2024	567	470	15	1 920	597	-	-	3 569
Depreciation								
Balance at 31.12.2023	-	180	14	1 075	413	-	-	1 682
Balance at 31.12.2024	-	190	14	1 513	524	-	-	2 241
Net book value								
Net book value at 31.12.2023	472	290	1	523	99	-	-	1 385
Net book value at 31.12.2024	567	280	1	407	73	-	-	1 328

The operating lease amounts, included in the Income Statement, are as follows:

Type of expense	31.12.2024	31.12.2023
Revenue from fixed lease payments under operating leases	1 099	1 017
<i>Including revenue from leases of „right-of-use“ assets (as per IFRS 16)</i>	-	-

1.15. Non-current financial liabilities

Non-current financial liabilities	31.12.2024	31.12.2023
Lease payables	6 424	4 455
Financial liabilities at amortised cost	8 250	8 596
Total	14 674	13 051

1.15.1. Lease payables – non-current

Type	31.12.2024	31.12.2023
Lease payables to related parties outside the Group	209	143
Lease payables to unrelated parties	6 215	4 312
Total	6 424	4 455

▪ Future minimum lease payments, payable within 1 year, those due to between 1 and 5 years, and those payables, due in more than 5 years, are disclosed in detail in *Note № 1.14*.

1.15.2. Financial liabilities at amortised cost – non-current

Type	31.12.2024	31.12.2023
Loan payables	8 250	8 596
Total	8 250	8 596

1.15.2.1. Loans – non-current

Type	31.12.2024	31.12.2023
Loan payables to financial institutions	8 250	8 596
Total	8 250	8 596

▪ The terms of the loans, obtained from financial institutions, are disclosed in detail in *Note № 1.20.2.1*

1.16. Non-current trade payables

Type	31.12.2024	31.12.2023
Supply payables	10 318	5 031
Other trade payables	-	1 936
Total	10 318	6 967

▪ Retention bonds from subcontractors under construction contracts, amounting to BGN 3 286 thousand (2023: BGN 4 167 thousand) are presented as non-current supply payables to related and unrelated parties.

1.17. Non-current provisions

Type	31.12.2024	31.12.2023
Provisions for long-term employee benefits	1 362	855
Provisions for obligations under construction contracts	17 264	912
Provisions for reclamation obligations	250	248
Total	18 876	2 015

- Provisions for obligations under construction contracts are disclosed in detail in *Note № 1.24*.

1.17.1. Provisions for long-term employee benefits

Long-term employee benefit payables include the present value of the payable, due by the entities within the Group that are mainly operating in Bulgaria and Serbia, for the payment of retirement benefits at the date of the Statement of Financial Position. In accordance with the Labour Code, enacting in Bulgaria, each employee is entitled to a retirement benefit of two gross salaries, and if he / she has worked with the same employer for the last 10 years of his / her service, the retirement benefit shall amount to six gross salaries as at the retirement date.

The entities within the Group have performed an actuary valuation in determining the amounts of these payables, appointing for this purpose a certified actuary.

Modifications in the present value of the employee benefit payables is as follows:

Type	31.12.2024	31.12.2023
Present value of the payables at the beginning of the period	855	869
Payable, recognised in the Balance Sheet at the beginning of the period	855	869
Interest expense	17	15
Current service cost	124	79
Other modifications	9	3
Payments, conducted within the period	(43)	(27)
Actuarial profit, recognised within the period	400	(84)
Present value of the payable at year-end	1 362	855
Unrecognised actuarial profit / loss at year-end	-	-
Payable, recognised in the Balance Sheet at year-end	1 362	855

The core assumptions, employed in determining the retirement benefit payables are specified hereafter:

- A rate, based on the annual interest rate in the amount of 3,93 % (2023: 4,03%), is used to determine the discounting factor. The assumption is based on information from the European Central Bank on Long-term Interest Rate for Convergence Purposes – 10-year maturity, denominated in Bulgarian Leva;
- The assumption for the future level of salaries and wages is based on the expected inflation of salaries and wages within the entity and amounts to 5% annual increase compared to the prior reporting period (2023: 5%);
- Mortality – based on the mortality and average life expectancy of the population (per sex and residential location) table, issued by the NSI, in Bulgaria for the period 2021 – 2023 (2023: 2020-2022);
- Early retirement due to illness / disability – the assumption that mortality and disability develop on the same pattern over time, that they have similar nature and are interrelated is made in determining the probability of disability. The stated hereabove mortality table, with an adjustment of 50% in the mortality probability, is used to determine disability obligations.

▪ Personnel turnover rate – based on the provided information on the personnel turnover and the historic data of the entity, the used in prior assessments probability of personnel leaving the Group (resigning) or forthcoming redundancy with a normal distribution of NORMDIST (t; 10; 4; 1) has been reviewed and has been retained, where t- is time to retirement (in years);

The elasticity analysis of the main actuarial assumptions is based on reasonably possible changes in these assumptions at the end of the reporting period, assuming that the others remain unchanged.

The table below presents an elasticity analysis to the significant assumptions at 31.12.2024, computed based on a method that extrapolates the effect on retirement benefit payable in a reasonable change in the main assumptions at the end of the reporting period in Bulgaria at Group level.

Significant assumption	Change	Effect	% effect
Discounting rate	0,50%	-15	-3,33%
Discounting rate	-0,50%	16	3,53%
Personnel turnover, annually	-1	59	15,70%
Personnel turnover, annually	1	-57	-3,76%
Remuneration	1,00%	25	4,72%
Remuneration	-1,00%	-25	-4,72%
Change in the mortality probability	-10,00%	-22	3,23%
Change in the mortality probability	10,00%	19	-2,59%

The expected payments for retirement benefit payables are stated hereafter:

Term	Payable	Payment	Number
1	156	156	17
2	77	104	6
3	104	152	13
4	57	118	11
5	72	183	16
50	284	14 291	415

1.18. Deferred tax liabilities

Temporary difference	31 December 2023		Modifications of deferred tax in 2024				31 December 2024	
	Temporary difference	Deferred tax	increase		decrease		Temporary difference	Deferred tax
			Temporary difference	Deferred tax	Temporary difference	Deferred tax		
Amortisation	9 301	880	2 491	248	(2 278)	(228)	9 514	900
Intra-group profits	256	26	-	-	-	-	256	26
Withholding tax	1 266	128	1 971	145	(1 035)	(103)	2 202	170
Total liabilities:	10 823	1 034	4 462	393	(3 313)	(331)	11 972	1 096

1.19. Other non-current payables and liabilities

Type	31.12.2024	31.12.2023
Deposit and guarantee payables	60	275
Concession payables	426	524

Other payables and liabilities	-	20
Total	486	819

- Performance bond payables, issued by banks for projects and sites with validity until 2036, are carried as “other non-current payables”.

1.20. Current financial liabilities

Type	31.12.2024	31.12.2023
Lease payables	2 522	1 615
Financial liabilities at amortised cost	77 595	3 379
Total	80 117	4 994

1.20.1. Lease payables – current

Type	31.12.2024	31.12.2023
Lease payables to related parties outside the Group	140	41
Lease payables to unrelated parties	2 382	1 574
Total	2 522	1 615

1.20.2. Financial liabilities at amortised cost

Type	31.12.2024	31.12.2023
Loan payables, due under loans obtained	77 595	3 379
Total	77 595	3 379

1.20.2.1. Loans – current

Type	31.12.2024	31.12.2023
Loan payables to related parties outside the Group	3 800	-
Interest payables on loans from related parties outside the Group	53	-
Loan payables to financial institutions	73 526	3 281
Interest payables on loans from financial institutions	122	18
Loan payables to unrelated parties	94	80
Total	77 595	3 379

Loans from unrelated parties and financial institutions have been obtained under the following terms and conditions

Bank / Creditor	Contracted loan amount	Interest rate %	Maturity	Collaterals / Guarantees
UniCredit Bulbank AD	BGN 20 000 thousand	PIR+2.05%	02.11.2025	Mortgages, pledged non-current tangible assets, pledged receivables, pledged accounts
UBB AD	EUR 8 000 thousand	1m.CIR+2.5% for BGN /1m. Euribor+2.5% for EUR	30.10.2025	Mortgages, pledged receivables, pledged accounts
UBB AD	BGN 11 000 thousand	1y.RIR+1.7%	15.06.2030	Mortgage of real estate, pledge of accounts

DSK Bank AD	BGN 5 000 thousand	1m.Euribor+2.869% for BGN	25.06.2025	Mortgage, pledge of receivables, pledge of accounts
DSK Bank AD	EUR 15 000 thousand	ADI+3.9%	31.12.2025	Mortgages, pledged non-current tangible assets, pledged receivables, pledged accounts
DSK Bank AD	EUR 8 000 thousand	ADI+3.9%	31.12.2025	Mortgages, pledged non-current tangible assets, pledged receivables, pledged accounts
Eurobank Bulgaria AD	EUR 5 000 thousand	1m.Euribor+1.5%	30.11.2025	Mortgages, pledged non-current tangible assets, pledged receivables, pledged accounts
Intesa Bank, Serbia	EUR 500 thousand	3m.Euribor+2.4%	23.05.2025	Promissory note, corporate guarantee
UniCredit Bank, Serbia	EUR 500 thousand	3m.Euribor+2.4%	17.01.2026	Mortgage, pledge
Bulstroy Montazhi EOOD (LTD)	BGN 90 thousand	3%	Up to 30 days post advance	None

Balances of loans obtained at 31.12.2024, excluding related parties

Bank / Creditor	Current portion at amortised cost		Non-current portion at amortised cost	
	Principal	Interest	Principal	Interest
UBB AD	13 922	-	-	-
UBB AD	1 833	8	8 250	-
DSK Bank AD	36 297	108	-	-
DSK Bank AD	356	-	-	-
Eurobank Bulgaria AD	978	2	-	-
Intesa Bank, Serbia	810	4	-	-
UniCredit Bank, Serbia	733	-	-	-
UniCredit Bulbank AD	18 596	-	-	-
Bulstroy Montazhi EOOD (LTD)	94	-	-	-
Others	1	-	-	-
Total	73 620	122	8 250	-

- The Group renegotiates, annually, the initially contracted terms and conditions, including maturity dates, under some Credit Line Agreements. Extended credit lines are presented as non-current or current bank loans as of the date of renegotiation.
- Bank loan agreements contain clauses with requirements for maintaining certain financial ratios. The Group's Management, in communication with the respective creditor – bank, monitors the implementation of these financial ratios on a current basis.
- The Group has concluded several multi-purpose overdraft credit lines to finance its activities and manage its liquidity risk, namely:
 - Credit line 1, with a maximum credit amount (overdraft), or bank guarantee amount, of up to BGN 20 000 thousand at an interest rate of 1 m.PIR+2.05% and maturity 02.11.2025 (guarantees 02.05.2031). BGN 18 596 thousand have been utilised under it at 31.12.2024. The contract is secured by mortgages on real estate, pledged non-current tangible assets and receivables. A conditional bank credit has been agreed under the same credit line in connection with a credit commitment in the form of guarantees (counter-guarantees) letters of credit with a maximum amount of up to BGN 78 000 thousand. Commitments under the credit line and against cash

amount to BGN 35 875 thousand at 31.12.2024. Their maturity is dated 02.05.2031. The commitment is disclosed in detail in *Note № 3.6*.

▪ Credit line 2, with a maximum credit amount (overdraft), or bank guarantee amount, up to BGN 15 645 thousand at an interest rate of 1 m.CIR+2,5% for BGN / 1 m.Euribor+2.5 for EUR and maturity 30.10.2025. BGN 13 922 thousand have been utilised under it at 31.12.2024. The contract is secured by a mortgage on real estate, pledge of receivables. A conditional bank credit has been agreed under the same credit line in connection with a credit commitment in the form of guarantees with a maximum amount of up to BGN 29 337 thousand. Commitments under the credit line amount to BGN 3 508 thousand at 31.12.2024. Their maturity is dated 30.09.2024. The commitment is disclosed in detail in *Note № 3.6*.

▪ Credit line 3, with a maximum credit amount (overdraft) up to BGN 978 thousand (EUR 500 thousand) at an interest rate of 3m. Euribor+3.25% and maturity 23.05.2025. BGN 978 thousand (EUR 500 thousand) have been utilised under it at 31.12.2024. The contract is secured by a promissory note and a corporate guarantee. A conditional bank credit has been agreed under the same credit line in connection with a credit commitment in the form of guarantees (counter-guarantees) letters of credit with a maximum amount of up to BGN 5 867 thousand (EUR 3 000 thousand). Commitments under the credit line amount to BGN 1 814 thousand (EUR 927 thousand) at 31.12.2024. Their maturity is dated 15.12.2026. The commitment is disclosed in detail in *Note № 3.6*.

▪ Credit line 4, with a maximum credit amount (overdraft) up to BGN 978 thousand (EUR 500 thousand) at an interest rate of 3m. Euribor+3.2% and maturity 17.01.2026. BGN 733 thousand (EUR 375 thousand) have been utilised under it at 31.12.2024. The contract is secured by a promissory note and a corporate guarantee. A conditional bank credit has been agreed under the same credit line in connection with a credit commitment in the form of guarantees (counter-guarantees) letters of credit with a maximum amount of up to BGN 11 735 thousand (EUR 6 000 thousand). Commitments under the credit line amount to BGN 5 026 thousand (EUR 2 570 thousand) at 31.12.2024. Their maturity is dated 05.04.2028. The commitment is disclosed in detail in *Note № 3.6*.

Modifications in liabilities, arising from financing activities

The table hereafter presents the modification in liabilities from financing activities, illustrating both the monetary and non-monetary changes thereon. Liabilities, arising from financing activities, are those liabilities the cash flows for which are, or the future cash flows for which shall be, classified in the Statement of Cash Flows of the Group as “cash flows from financing activities”.

Liabilities, arising from financing activities	31.12.2023	Cash flows from financing activities		Modifications of non-monetary nature – non-cash			31.12.2024
		Proceeds	Payments	Interest accrued	New	Other changes	
Long-term bank loans	8 596	-	-	-	-	(346)	8 250
Short-term bank loans	3 299	131 185	(64 496)	2 732	-	928	73 648
Lease liabilities	6 070	-	(2 807)	335	5 200	148	8 946
Long-term trade loans	-	-	-	-	-	-	-
Short-term trade loans	80	3 844	(29)	53	-	(1)	3 947
Total liabilities from financing activities:	18 045	135 029	(67 332)	3 120	5 200	729	94 791

▪ Other changes under leases, of non-monetary nature, include reclassification, newly concluded lease agreements, set-offs with receivables, as well as liabilities written off due to full or partial termination of leases.

1.21. Current trade payables

Type	31.12.2024	31.12.2023
Payables to related parties outside the Group	5 367	3 591
Supply payables	5 367	3 591
Supply payables	201 329	108 007
Contract liabilities from contracts with customers	95 596	93 589
Advances received payables	771	799
Other trade payables	148	303
Total	303 211	206 289

- Retention bonds under construction contracts, amounting to BGN 97 thousand and BGN 8 851 thousand, respectively, (2023: BGN 100 thousand and BGN 5 656 thousand) are included in the presented “payables to related parties” and “supply payables” at year-end.
- Proceeds from customers and / or the Group’s unconditional right to receive consideration before satisfying its performance obligations under the contract are presented as “contract liabilities from contracts with customers”. Contract liabilities from contracts with customers are recognised as revenue when (or as) the Group satisfies its performance obligations. Contract liabilities from contracts with customers are disclosed in detail in *Note 3.1. Construction contracts*.

1.22. Tax payables

Type	31.12.2024	31.12.2023
Value Added Tax	859	5 208
Value Added Tax – interest	192	-
Corporate tax	9 456	2 167
Personal Income Tax	234	138
Withholding tax	2	-
Tax on expenses	21	31
Other taxes	2 088	83
Total	12 852	7 627

Until the date of authorisation of these consolidated financial statements for issue, the entities within the Group have been a subject to the following tax audits and tax reviews:

Entity	Complete tax audit	VAT audit	Audit of compliance with the social insurance legislation
Trace Group Hold PLC	31.12.2018	31.12.2018	None
Trace BG EOOD (LTD)	31.12.2011	None	31.12.2011
Trace Yambol AD (JSC)	31.12.2014	31.12.2014	31.12.2014
Infra Commerce EOOD (LTD)	31.12.2019	30.06.2022	None
Asphalt Commerce EOOD (LTD)	None	None	None
USM AD (JSC) – in liquidation	09.04.2024	15.10.2024	02.08.2024
Trace Mechanization EAD (JSC)	None	None	None
Trace Properties EOOD (LTD)	None	None	None
Trace Rent EOOD (LTD)	None	None	None
Trace Serbia (Serbia)	31.12.2017	31.10.2022	31.10.2022
Trace Build (Serbia)	None	None	None

- Tax audits on entities, domiciled in Bulgaria, are performed for a period of five years back as of the end of the year in which the tax return for the respective liability is submitted. The tax audit confirms the tax liability

of the respective entity – taxable person, except for the cases that are explicitly provided for in the law. Tax audits in Serbia are conducted with reviews covering a period of ten years back.

1.23. Employee benefit payables

Type	31.12.2024	31.12.2023
Employee benefit payables	4 224	3 133
Including payables of unused compensated leaves (leave benefits)	1 246	990
Social insurance payables	1 034	849
Including payables of unused compensated leaves (leave benefits)	232	224
Payables to the key Management personnel – remunerations	2 010	271
Payables to the key Management personnel – social insurance	4	4
Payables under non-labour relations – remunerations	18	30
Total	7 290	4 287

1.24. Current provisions

Type	31.12.2024	31.12.2023
Provisions for legal obligations, including:	12 663	5 311
Provisions for obligations under litigations and lawsuits	552	739
Provisions for obligations under construction contracts	11 659	4 136
Provisions for reclamation obligations	420	389
Provisions for other obligations	32	47
Total	12 663	5 311

Modifications in each provision (type) in the current period, is illustrated in the table hereafter:

Type of provisions	31.12.2023	Provisions, recognised within the period	Provisions, utilised within the period	Provisions, recovered / derecognised within the period	Other changes, including foreign exchange	31.12.2024
Provisions for other payables	50	-	(6)	(3)	(2)	39
Provisions for obligations under construction contracts	5 045	25 180	(62)	(1 232)	(15)	28 916
Provisions for obligations under litigations and lawsuits	739	550	-	-	(737)	552
Provisions for reclamation obligations	637	31	-	-	2	670
Total:	6 471	25 761	(68)	(1 235)	(752)	30 177

Provisions are presented in the Statement of Financial Position as follows:

Type	31.12.2024	31.12.2023
Non-current provisions	17 514	1 160
Current provisions	12 663	5 311
Total	30 177	6 471

▪ The provisions, accrued under construction contracts, relate to assumed commitments (warranties) and expected costs to replace possible defaults. The accrued provisions for reclamation relate to assumed obligations

for reclamation of land in the extraction of underground natural resources and exploitation of mineral raw materials after completion of the activities.

1.25. Other current payables and liabilities

Type	31.12.2024	31.12.2023
Payables to related parties outside the Group	2 021	2 132
Deposit and guarantee payables	275	250
Including guarantees of the SB, MB, BoD	178	154
Dividend payables	1 746	1 882
Deposit and guarantee payables	261	591
Concession payables	90	135
Dividend payables	123	141
Insurance payables	360	267
Other payables and liabilities	118	120
Total	2 973	3 386

▪ Bank guarantee payables, insurance payables and other costs under construction contracts, completed in the current and prior reporting periods, are included in the “other payables”.

2. Income Statement

2.1. Revenue

2.1.1. Revenue from contracts with customers

Type of revenue	2024	2023
Revenue from construction contracts, including:	617 085	367 162
Revenue, recognised within the period	617 085	367 162
Revenue from sales of output (production), including:	30 103	24 924
Sales of asphalt mixtures	17 664	12 549
Sales of inert materials	6 517	3 351
Sales of work-in-progress (construction)	5 922	9 024
Revenue from sales of goods, including:	14 145	3 476
Sales of materials, used in railway construction	8 789	-
Sales of materials, used in road construction	2 392	1 109
Sales of fuel and oil	1 062	640
Sales of materials, used in reinforced concrete structures	286	253
Sales of inert materials	41	177
Sales of materials, used in winter maintenance	-	50
Other goods	1 575	1 247
Revenue from sales (rendering) of services, including:	52	873
Commissions	139	-
Mechanical services	110	299
Project and site management	74	350
Laboratory services	58	62
Transport services	50	51

Consulting services	-	13
Other services	111	98
Total	661 875	396 435

2.1.2. Other operating income / (loss)

Type of income	2024	2023
Reversed provisions	1 296	125
Operating lease income from leases of own assets	1 099	1 017
Income from provisioned leave benefits and compensations	107	50
Writs and compensations awarded	104	1 070
Impairment of receivables written-off / unutilised provisions	82	-
Reversed impairment of receivables	65	48
Insurance claims received	54	28
Payables written off	27	638
Reversed impairment of non-current tangible assets and others	20	5
Surplus inventories	13	22
Penalties	5	58
Other income (net)	362	269
Revenue from sales of materials	264	50
Revenue from sales of materials	1 716	560
Carrying amount of materials sold	(1 452)	(510)
Gains / (losses) on disposal of non-current assets	1 153	1 167
Gains / (losses) on disposal of non-current assets	1 892	1 319
Carrying amount of assets disposed	(739)	(152)
Grants, including:	135	24
Revenue grants	135	24
Total	4 786	4 571

▪ Government grants are included under “Grants”. The Group has benefited from various schemes, provided by Government institutions in order to compensate the electricity consumption of non-household end-users. The aforementioned compensation amounts to BGN 106 thousand (2023: BGN 24 thousand).

2.1.3. Finance income

Type of income	2024	2023
Interest income, including interest income accrued:	246	324
Under trade loans	20	36
Under trade receivables	226	4
Others	-	284
Foreign exchange gains	475	661
Other finance income	4	3
Total	725	988

2.2. Expenses

2.2.1. Cost of materials

Type of expense	2024	2023
Direct materials	196 140	103 508
Fuel and lubricants	11 215	7 232
Spare parts and consumables	1 883	1 063
Electricity	1 372	1 433
Natural gas	1 196	889
Ancillary materials	914	653
Waste	322	281
Instruments and consumables	240	184
Marketing materials	196	62
Tires	143	82
Uniforms, protective equipment and medications	139	149
Stationery and cleaning materials	108	99
Water	72	44
Other overheads	70	48
Materials for repairs of non-current tangible assets	50	97
Heating	40	53
Office equipment consumables	29	39
Road signage	6	103
Other materials	447	295
Total	214 582	116 314

2.2.2. Cost of external services

Type of expense	2024	2023
Subcontractors under building and construction works	235 015	156 943
Mechanical services	32 294	22 774
Transport services	8 520	5 610
Short-term leases / Rentals	5 884	1 948
Design	5 118	4 999
Taxes and fees	4 549	1 148
Security	4 225	3 432
Consulting and other contracts	3 344	2 223
Insurance	3 030	2 496
Blasting works	2 241	1 064
Contract services	2 150	1 778
Laboratory tests	1 844	1 652
Repairs and servicing of assets	1 705	1 118
Geodetic services	1 175	1 290
Storage fee	1 030	481
Legal services and fees	647	450
Advertising, ads	594	352
Concession fees	314	285
Telecommunication and communication services	294	271

Subscriptions	251	206
Audit	217	165
Custom services	171	184
Trainings, seminars	120	64
Court costs and fees, PJE	119	416
Accreditations, ISO, licenses	97	127
Membership fee	82	75
Other external services	1 419	922
Total	316 449	212 473

- The amounts due for services provided by registered auditors (CPAs), accrued in the Group within the year, are as follows:
 - The cost of statutory audits of the separate and consolidated annual financial statements amounts to BGN 54 thousand for the year.
 - The cost of statutory audit of the annual financial statements of the entities within the Group amounts to BGN 116 thousand for the year.
 - Other services in the amount of BGN 41 thousand.

2.2.3. Depreciation and amortisation

Type of expense	2024	2023
Depreciation and amortisation of own assets	5 162	5 159
Non-current tangible assets for (used in) the principal activity	4 267	4 220
Non-current intangible assets for (used in) the principal activity	138	119
Non-current tangible assets for (used in) the administration	340	445
Non-current intangible assets for (used in) the administration	89	88
Investment property	328	287
Depreciation and amortisation of right-of-use assets	1 183	1 075
Non-current tangible assets for (used in) the principal activity	1 120	693
Non-current tangible assets for (used in) the administration	63	382
Total	6 345	6 234

2.2.4. Employee benefits (salaries and wages, and social insurance contributions)

Expenses, incurred for:	2024	2023
Salaries and wages, including salaries and wages of:	41 380	30 926
Production personnel	28 357	22 289
Administrative personnel	13 023	8 637
Social insurance contributions, including contributions paid in respect of:	5 486	4 386
Production personnel	4 554	3 604
Administrative personnel	932	782
Including employee benefits in respect of the key Management personnel	4 414	4 066
Total	46 866	35 312

2.2.5. Impairment losses

Type of expense	2024	2023
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Loss on impairment of cash	2	21
Loss on impairment of non-current assets and investment property	2 487	-
Loss on impairment of receivables	588	1 417
Loss on impairment of financial assets	23	265
Total	3 100	1 703

2.2.6. Other costs

Type of expense	2024	2023
Provisions under construction contracts	19 775	2 893
Provisions under litigation proceedings and lawsuits	5 964	-
Donations	1 501	2 044
Receivables written off	1 340	313
Business trips	800	679
Penalties and fines	769	652
Labour medicine	404	394
Entertainment expenses	384	313
Social costs, provided in kind	313	274
Provisions for other payables	202	33
Cost of deficits and retirement	132	445
Expenses with no supporting documentation	75	50
Vouchers under Art. 209 of CITA	65	68
Interest expense and fees under litigation proceedings and lawsuits	12	109
Interest expense on trade payables	2	4
Other costs	101	157
Total	31 839	8 428

▪ The donations to the “Trace for People” Foundation, conducted within the reporting period, amount to BGN 1 480 thousand.

2.2.7. Allowances

Type of expense	2024	2023
Carrying amount of assets disposed (net)	13 473	3 420
Carrying amount of assets disposed	13 473	3 420
Modifications in the output inventories (net)	(2 107)	2 378
Modifications in the output inventories	(2 107)	2 378
Capitalised costs of assets	(8 478)	(7 528)
Total	2 888	(1 730)

2.2.8. Finance costs

Type of expense	2024	2023
Interest expense, including interest expense incurred:	3 081	876
Under trade loans	53	28
Under loans from financial institutions	2 610	689
Under leases	328	142
Under trade payables	19	5

Others	71	12
Expenses, related to bank guarantees	1 144	1 066
Foreign exchange losses	1 053	1 287
Other finance costs	860	500
Total	6 138	3 729

2.2.9. Tax expenses

Type of expenses	2024	2023
Corporate income tax	10 240	3 725
Others	(3 906)	(273)
Total	6 334	3 452

Detailed modifications in corporate income tax expense are presented in the table here below:

Consolidated Income Statement (profit and loss for the year)	2024	2023
Taxable profit / (loss) for the year of the entities within the Group	81 188	24 381
Taxable profit / (loss) for the year	81 188	24 381
Current corporate income tax expense for the year – 10%,15%,16%,19%,22%	(10 161)	(3 562)
<i>Deferred income tax</i>	<i>3 827</i>	<i>110</i>
Occurrence and reversal of temporary differences	3 895	751
Prior period's tax expense and other modifications	(68)	(641)
Total corporate income tax expense, recognised in the Consolidated Income Statement	(6 334)	(3 452)

Reconciliation of the corporate income tax expense, determined based on the consolidated accounting result (profit / loss)	2024 r.	2023 r.
<i>Accounting profit for the year</i>	<i>45 133</i>	<i>25 282</i>
Current corporate income tax expense for the year – 10%,15%,16%,19%,22%	(9 602)	(2 672)
<i>From amounts, unrecognised in the submitted tax statements</i>	<i>3 268</i>	<i>(780)</i>
Associated with increases	(588)	(699)
Associated with decreases	777	1 130
Prior period's tax expense, taxable losses and other modifications	3 079	(1 211)
Amounts, in respect of which no deferred tax assets and written-off tax have been recognised	-	-
Total corporate income tax expense, recognised in the Consolidated Income Statement	(6 334)	(3 452)

2.3. Statement of Comprehensive Income

Components	2024	2023
Profit / Loss	32 845	16 079

Other comprehensive income	60	358
Items that are not subject to subsequent reclassification in profit or loss, including:	(234)	56
Actuarial gains / (losses)	(234)	56
Items that are subject to subsequent reclassification in profit or loss, including:	294	302
Translation of foreign operations	294	302
Other comprehensive income	32 905	16 437

3. Other disclosure notes

3.1. Construction contracts

The cumulative revenue under construction contracts for 2024 and the allocation – over time – of the remaining price under significant, incomplete construction contracts as at 31.12.2024, is as follows:

Contracts in progress	Revenue, recognised under the contract (cumulative)	Cumulative revenue catch-up during the period	Transaction price, allocated to the remaining performance obligation	Expected periods of recognition of the remaining transaction price			Changes in the expected (time) terms to satisfy the performance obligation	
				Up to 1 year	1 year – 2 years	Over 2 years	Initial term	Updated term
Contract 1	68 571	-	29 075	29 075	-	-	2024	2025
Contract 2	56 910	-	41 026	41 026	-	-	2024	2025
Contract 3	21 537	-	73 436	20 000	25 000	28 436	2027	2027
Contract 4	17 119	-	101 614	25 254	25 254	51 107	2027	2027
Contract 5	68 193	-	24 818	24 818	-	-	2023	2023
Contract 6	48 926	-	276 304	130 711	98 033	47 559	2026	2026
Contract 7	10 428	-	153	153	-	-	2023	2023
Contract 8	9 790	-	1 945	1 945	-	-	2024	2024
Contract 9	15 282	-	5 006	5 006	-	-	2023	2025
Contract 10	426 682	-	75 282	75 282	-	-	2024	2025
Total construction contracts	743 438	-	628 659	353 270	148 287	127 102	-	-

Contract assets and contract liabilities under contracts with customers are recognised in accordance with IFRS 15 Revenue from Contracts with Customers.

Contract assets from contracts with customers	2024	2023
Opening balance (in the beginning of the period)	71 668	22 139
Income, accrued within the period; not invoiced	246 891	83 598
Invoiced income	(70 721)	(22 955)
Reclassification	(15 037)	-
Other modifications	6	-
Closing balance (at the end of the period)	232 807	71 668

Contract liabilities under contracts with customers	2024	2023
Opening balance (in the beginning of the period)	(93 798)	(33 105)
Advance payments received, invoiced	(54 967)	(100 121)
Income, accrued within the period; invoiced within the period	53 117	39 428
Reclassification	-	-
Other modifications	52	(209)
Closing balance (at the end of the period)	(95 596)	(93 589)

3.2. Related parties and related party transactions

The Group discloses the following related parties:

Owner of the capital of Trace Group Hold PLC, exercising control, is Nikolay Ganchev Mihaylov – 67.26%

Associates

Belchin 3 OOD (LTD) *as of 25.07.2022.*

Voden Proekt (transl. Water Project) Stara Zagora – a Company under the Law on Obligations and Contracts

Joint ventures

None

Other related parties:

Entities, related through the principal shareholder

Galini – N EOOD (LTD), Galini EOOD (LTD), South solar park EOOD (LTD), Inzhproekt OOD (LTD) *until 18.05.2023*, ET (SP) Dikol-2 G.Mihaylov, New Alliance OOD (LTD)

Entities, related through the key Management

SBAL Grabnachen Centar AD (transl. Specialised Hospital for Active Treatment “Hospital-Spinal Centre” JSC) *until 29.01.2024*, Novita AD (JSC), Bordoni EOOD (LTD), Evilard-Bulgaria EOOD (LTD), Sintermetali EOOD (LTD) – in liquidation, Aero Plaza AD (JSC), Diginalitics OOD (LTD), Road Design AD (JSC), Lepitsa land OOD (LTD), Krameks AD (JSC), Treskaved OOD (LTD), Himik AD (JSC), MC po Biofizika Nova Kletka (transl. Medical Centre New Cell Biophysics) – NOVOUS OOD (LTD) *as of 26.09/2024*, Divel PST OOD (LTD)

Entities in which the Group has joint or significant control

Voden Proekt (transl. Water Project) Stara Zagora – a Company under the Law on Obligations and Contracts, Expo Tech Park – a Company under the Law on Obligations and Contracts, Zebra Trace – a Company under the Law on Obligations and Contracts, Irinopolis – a Company under the Law on Obligations and Contracts, PIM-T – a Company under the Law on Obligations and Contracts, GCF SK-13 Trace Railinfra Consortium, Obedinenie Evropeyski Zheleznitsi (transl. European Railway Alliance) – a Company under the Law on Obligations and Contracts, Gorna banya – a Company under the Law on Obligations and Contracts, Traffic Management Sofia – a Company under the Law on Obligations and Contracts, Sredets 2018 – a Company under

the Law on Obligations and Contracts, Markirovki Yug (translat. South Marking) – a Company under the Law on Obligations and Contracts and others

Trace for People Foundation ULNC – Trace Group Hold, primary founder

Key Management personnel of the entity:

Nikolay Mihaylov – Chairman of the Supervisory Board

Manol Denev – Member of the Supervisory Board

Mariela Rounteva – Member of the Supervisory Board

Desislava Lyubenova – Chairman of the MB

Boyan Delchev – Chief Executive Director and Member of the MB

Manol Kavrakov – Member of the MB

Related party transactions and balances

Sales

Client	Type of transaction	2024	2023
Associates and joint ventures	Services, assets	4	236
Entities and individuals, related through the principal shareholder	Services	27	9
Entities and individuals, related through the KMP	Services, assets	1 238	141
Total		1 269	386

Purchases

Supplier	Type of transaction	2024	2023
Principal shareholder	Services, interest	1 790	1 638
Entities and individuals, related through the KMP	Services, assets	910	968
Entities and individuals, related through the principal shareholder	Services, materials	400	167
Total		3 100	2 773

- The donations to the “Trace for People” Foundation, conducted within the reporting period, amount to BGN 1 480thousand.

Receivables

Customer	31.12.2024	31.12.2023
Associates and joint ventures	444	270
Entities and individuals, related through the principal shareholder	15	286
Entities and individuals, related through the KMP	1 337	133
Total	1 796	689

Payables

Supplier	31.12.2024	31.12.2023
Principal shareholders	3 641	2 175
Entities and individuals, related through the principal shareholder	1 141	1 324
Key Management Personnel	860	342
Total	5 642	3 841

Loans granted

Balances of Loans granted (principal and interest on the outstanding principal amount)

Debtor	Current portion at amortised cost	
	Principal	Interest
Galin Mihaylov	-	12
Galin Mihaylov - impairment	-	(12)
Total	-	-

Interest income, accrued on loans granted

Debtor	Receivables at	Increase	Decrease	Receivables at
	31.12.2023	in 2024	in 2024	31.12.2024
Galin Mihaylov	12	-	-	12
Galin Mihaylov – impairment	(12)	-	-	(12)
Total	-	-	-	-

Loans obtained

Creditor	Contracted loan amount	Interest rate %	Maturity	Collaterals / Guarantees
Nikolay Mihaylov	BGN 3 800 thousand	4.00%	22.08.2025	None

Balance of Loans obtained (principal and interest on the outstanding principal amount)

Creditor	Current portion at amortised cost	
	Principal	Interest
Nikolay Mihaylov	3 800	53
Total	3 800	53

Interest expenses, incurred on loans obtained

Creditor	Payables at	Accrued	Paid	Payables at
	31.12.2023	in 2024	in 2024	31.12.2024
Nikolay Mihaylov	-	53	-	53
Total	-	53	-	53

- All transactions are conducted on a market principle and under ordinary trading conditions.
- Loans, granted to related parties, are intended to assist in funding activities under common strategic objectives and serve as working capital. Some of them are secured by pledged securities (shares), pledged receivables and / or promissory notes.

Remuneration of the Management

The remuneration and other income of the key Management personnel of the parent amount to:

Employee benefits – key Management personnel of the parent		
Type	Amounts accrued for:	
	Short-term employee income	Other long-term income
Managing Board	2 589	-

Supervisory Board	1 825	-
Total:	4 414	-

The remuneration and other income of the key Management personnel – of the Executive Directors, of the members of Boards and of the Managers – of the Group’s entities amount to:

Employee benefits – key Management personnel of subsidiaries		
Type	Amounts accrued for:	
	Remunerations and social insurance contributions within the period	
Manager		649
Executive Director		527
Board of Directors		7
Controller		37
Total:		1 220

- The key Management personnel of the parent is comprised of the Executive Director and the members of the Managing and Supervisory Boards, disclosed under *Note № 1.1*
- The Group regards all those individuals, who are authorised to take decisions (i.e., decision-makers) and act on behalf of the parent and any of its subsidiaries as key Management personnel.
- Detailed information on the remunerations of the key Management personnel is provided in the Report on the Implementation of the Remuneration Policy.

3.3. Capital management

Through its capital management, the Group aims to create and maintain the ability to continue to operate as a going concern, and to ensure appropriate return on the shareholders’ investments and economic benefits to the other interested parties and stakeholders in its business, as well as to maintain optimal capital structure in order to reduce the capital costs.

The capital security and structure are monitored on a current basis. Different sources of financing are employed, with such being both the Group’s own sources of finance as well as borrowed funds from banks and related parties.

Type	31.12.2024	31.12.2023
Total debt capital, including:	397 083	223 232
Liabilities – related parties	9 569	3 775
Liabilities – unrelated parties	387 514	219 457
Decreased by:	(9 398)	(53 830)
Cash and cash equivalents		
Net debt capital	387 685	169 402
Total equity	171 998	145 132
Total capital	559 683	314 534
Leverage ratio	0,69	0,54

3.4. Financial risks

In the course of its ordinary activities, the Group may be exposed to different financial risks, the most significant of which are: the currency risk, the credit risk and the liquidity risk. This is why the overall risk management is focused on minimising the potential adverse effects that could impact the financial performance (ie. the financial results). Financial risks are identified, estimated and monitored on a current basis, through various control mechanisms, in order to determine adequate service prices for the services, rendered by the Group, and to adequately assess how the available liquid resources are maintained, without placing undue concentration on a given risk.

The various types of risks that the Group is exposed to in the course of its ordinary activities and the approach employed in managing these risks are described hereafter.

Credit risk

In the course of its activities, the Group is exposed to credit risk, which is related to the risk that some of its counterparties will not be in a position to meet their obligations wholly and in the normally expected time periods.

The financial assets of the Group are concentrated in three groups: Cash, Receivables from customers and Financial assets – loans granted.

The cash and cash at banks (current accounts) of the Group are concentrated in the following banks – “UniCredit Bulbank” AD, “DSK” AD, “UBB” AD and “Expressbank” AD. The Management believes that there is no risk as long the serving banks maintain a stable liquidity.

31.12.2024	Overdue		With time to maturity		With re-negotiated maturity that has not yet expired		Total
	Impaired	Not impaired	Impaired	Not impaired	Impaired	Not impaired	
Non-current assets	-	-	-	21 622	-	-	21 622
Non-current trade and other receivables				21 763			21 763
Non-current trade and other receivables – impairment				(141)			(141)
Current assets	160	172	-	364 153	-	-	364 485
Current financial assets from related parties	12	-	-	-	-	-	12
Current financial assets from related parties – impairment	(12)	-	-	-	-	-	(12)
Current financial assets	669	172	-	-	-	-	841
Current financial assets – impairment	(669)	-	-	-	-	-	(669)
Current trade and other receivables from related parties	-	-	154	1 806	-	-	1 960
Current trade and other receivables from related parties - impairment	-	-	(154)	(10)	-	-	(164)
Current trade and other receivables	2 073	-	-	362 710	-	-	364 783
Current trade and other receivables – impairment	(1 913)	-	-	(353)	-	-	(2 266)
Total financial assets	160	172	-	385 775	-	-	386 107

Liquidity risk

Liquidity risk is expressed as the adverse situation where the Group will not be in a position to unconditionally meet all its obligations upon their maturity. A conservative liquidity management policy is applied in order to constantly maintain optimal cash liquidity and a good ability to finance its economic activities. The maturity and timely payment are monitored by the Financial-Accounting Department, on a current basis, while maintaining the necessary information on the available cash and pending payments.

31.12.2024	Immediate	1 month - 3 months	4 months - 12 months	1 year - 5 years	Over 5 years	With no maturity	Total
Non-current assets	-	-	-	21 622	-	-	21 622
Non-current financial assets	-	-	-	-	-	-	-
Non-current trade and other receivables from related parties	-	-	-	-	-	-	-
Non-current trade and other receivables	-	-	-	21 622	-	-	21 622
Non-current liabilities	-	-	-	26 142	-	-	26 142
Non-current lease payables to related parties	-	-	-	221	-	-	221
Non-current financial liabilities	-	-	-	8 577	-	-	8 577
Non-current lease payables	-	-	-	6 540	-	-	6 540
Non-current trade and other payables	-	-	-	10 804	-	-	10 804
Net liquid imbalance – non-current	-	-	-	(4 520)	-	-	(4 520)
Cumulative liquid imbalance – non-current	-	-	-	(4 520)	(4 520)	(4 520)	(4 520)
Current assets	6 463	-	364 325	2 935	-	160	373 883
Current financial assets from related parties	-	-	-	-	-	-	-
Current financial assets	-	-	172	-	-	-	172
Current trade and other receivables from related parties	-	-	1 796	-	-	-	1 796
Current trade and other receivables	-	-	362 357	-	-	160	362 517
Cash and cash equivalents	6 463	-	-	2 935	-	-	9 398
Current liabilities	-	208 838	83 861	-	-	-	292 699
Current financial liabilities to related parties	-	-	4 005	-	-	-	4 005
Current lease payables to related parties	-	36	108	-	-	-	144
Current financial liabilities	-	1 486	75 073	-	-	-	76 559
Current lease payables	-	620	1 947	-	-	-	2 567
Current trade and other payables to related parties	-	5 367	1 746	-	-	-	7 113
Current trade and other payables	-	201 329	982	-	-	-	202 311
Net liquid imbalance – current	6 463	(208 838)	280 464	2 935	-	160	81 184
Cumulative liquid imbalance – current	6 463	(202 375)	78 089	81 024	81 024	81 184	81 184
Total financial assets	6 463	-	364 325	24 557	-	160	395 505
Total financial liabilities	-	208 838	83 861	26 142	-	-	318 841
Total Net liquid imbalance	6 463	(208 838)	280 464	(1 585)	-	160	76 664
Total Cumulative liquid imbalance	6 463	(202 375)	78 089	76 504	76 504	76 664	76 664

Interest risk

Interest risk is the risk that the fair value or the future cash flows of the financial assets and liabilities, held by the Group, will vary as a result of fluctuations in the market interest rates. Instruments with fixed interest rates are exposed to the risk of fluctuations in the fair value because of changes in the interest rate levels – changes in the levels of market interest rates will affect the value of held financial assets and liabilities with fixed interest rate. Financial assets and liabilities with floating interest rates are exposed to cash flow risk – future cash flows generated from these shall depend on changes in market interest rates.

Overall, the interest-bearing financial assets and liabilities, representing finance leases payables and loans obtained or granted, form a significant portion of the structure of the Group’s assets and liabilities.

31.12.2024	Interest-free	With floating interest rate %	With fixed interest rate %	Total
Non-current assets	21 622	-	-	21 622
Non-current financial assets	-	-	-	-
Non-current trade and other receivables	21 622	-	-	21 622
Non-current liabilities	10 804	14 465	209	25 478
Non-current lease payables to related parties	-	-	209	209
Non-current financial liabilities	-	8 250	-	8 250
Non-current lease payables	-	6 215	-	6 215
Non-current trade and other payables	10 804	-	-	10 804
Long-term risk exposure	10 818	(14 465)	(209)	(3 856)
Current assets	364 353	9 358	172	373 883
Current financial assets from related parties	-	-	-	-
Current financial assets	-	-	172	172
Current trade and other receivables from related parties	1 796	-	-	1 796
Current trade and other receivables	362 517	-	-	362 517
Cash and cash equivalents	40	9 358	-	9 398
Current liabilities	209 424	76 030	4 087	289 541
Current financial liabilities to related parties	-	-	3 853	3 853
Current lease payables to related parties	-	-	140	140
Current financial liabilities	-	73 648	94	73 742
Current lease payables	-	2 382	-	2 382
Current trade and other payables to related parties	7 113	-	-	7 113
Current trade and other payables	202 311	-	-	202 311
Short-term risk exposure	154 929	(66 672)	(3 915)	84 342
Total financial assets	385 975	9 358	172	395 505
Total financial liabilities	220 228	90 495	4 296	315 019
Total exposure to interest risk	165 747	(81 137)	(4 124)	80 486

Analysis of the interest rate elasticity

Effect on profit / loss, net of taxes	31.12.2024
In an increase of interest rates by 0.5%	(364)
In a decrease of interest rates by 0.5%	364

Currency risk

Currency risk is the risk of the adverse effect of fluctuations in the prevailing exchange rates on the financial position and cash flows of the Group. Due to the fact that the Bulgarian Lev is pegged to the Euro and the Group presents its financial statements in Bulgarian Leva (BGN), currency risk is associated only with currencies, other than the Euro.

The Group is exposed to currency risk insofar as the two branches of the Parent and some of the entities within the Group operate in countries, the national currencies of which are not pegged to the BGN – namely Serbian Dinars and Czech Crones.

31.12.2024	Denominated in BGN	Denominated in EUR	Denominated in RSD	Denominated in CZK	Denominated in RON	Total
Non-current assets	12 111	-	9 511	-	-	21 622
Non-current financial assets	-	-	-	-	-	-

Non-current trade and other receivables	12 111	-	9 511	-	-	21 622
Non-current liabilities	14 344	3 768	3 215	-	4 151	25 478
Non-current lease payables to related parties	209	-	-	-	-	209
Non-current financial liabilities	8 250	-	-	-	-	8 250
Non-current lease payables	1 088	3 768	1 319	-	40	6 215
Non-current trade and other payables	4 797	-	1 896	-	4 111	10 804
Long-term risk exposure	(2 233)	(3 768)	6 296	-	(4 151)	(3 856)
Current assets	90 830	425	32 785	5	67 596	191 641
Current financial assets from related parties	-	-	-	-	-	-
Current financial assets	172	-	-	-	-	172
Current trade and other receivables from related parties	1 796	-	-	-	-	1 796
Current trade and other receivables	63 709	-	41 712	-	257 096	362 517
Cash and cash equivalents	5 644	2 888	408	22	436	9 398
Current liabilities	139 073	1 499	71 256	641	77 072	289 541
Current financial liabilities to related parties	3 853	-	-	-	-	3 853
Current lease payables to related parties	140	-	-	-	-	140
Current financial liabilities	72 199	-	1 543	-	-	73 742
Current lease payables	357	1 395	616	-	14	2 382
Current trade and other payables to related parties	(3 839)	80	10 265	17	590	7 113
Current trade and other payables	66 363	24	58 832	624	76 468	202 311
Short-term risk exposure	(67 752)	1 389	(29 136)	(619)	180 460	84 342
Total financial assets	83 432	2 888	51 631	22	257 532	395 505
Total financial liabilities	153 417	5 267	74 471	641	81 223	315 019
Total exposure to currency risk	(69 985)	(2 379)	(22 840)	(619)	176 309	80 486

The table hereafter presents the currency elasticity at 10% increase / decrease in the currently prevailing exchange rates of the Bulgarian Lev to currencies, different than the Bulgarian Lev and the Euro, based on the structure of the foreign exchange assets and liabilities at 31 December and the assumption that the influence of the other variables is not taken into account. The effect is measured and presented as impact on the financial performance (result) before taxation and on equity.

Analysis of the currency elasticity to the RSD

Effect on profit / loss, net of taxes	31.12.2024
In an increase of the exchange rate by 10%	(2 056)
In a decrease of the exchange rate by 10%	2 056

Analysis of the currency elasticity to the CZK

Effect on profit / loss, net of taxes	31.12.2024
In an increase of the exchange rate by 10%	(56)
In a decrease of the exchange rate by 10%	56

Analysis of the currency elasticity to the RON

Effect on profit / loss, net of taxes	31.12.2024
In an increase of the exchange rate by 10%	15 868
In a decrease of the exchange rate by 10%	(15 869)

3.5. Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of financial instruments, traded in active markets, is based on quoted prices at balance sheet date. Quoted market prices are current “bid-prices” (“purchase” price).

Fair value of financial instruments that are not traded in active markets is determined using valuation methods that are based on various valuation techniques and assumptions of the Managements, employed on the basis of the market conditions, existing at the date of the Consolidated Statement of Financial Position

The fair value concept assumes realisation of financial instruments through sale. Nevertheless, in most cases, especially when it comes to trade receivables and payables, loans and deposits, the Group expects to realise these financial assets and liabilities by their full refund, or settlement respectively, over time. Thus, such are presented at their amortised cost

Furthermore, part of the financial assets and liabilities are either current by their nature (trade receivables and payables, short-term loans) or are presented at their market value in the Consolidated Statement of Financial Position (bank deposits granted, investments in securities), and hence their fair value is approximately equal to their carrying amount.

There are and no sufficient and reliable market prices for some financial assets and liabilities insofar as there is no sufficient market experience, stability and liquidity for purchase or sale of those financial assets and liabilities. The Management of the Parent believes that in the existing circumstances, the estimates of financial assets and liabilities, presented in the Consolidated Statement of Financial Position, are reliable, adequate and fair for financial reporting purposes.

3.6. Contingent assets and contingent liabilities

Contingent assets

Contingent liabilities, including: bank guarantees, insurances and a Promissory note, issued in favour of the Group:

The bank guarantees, issued in favour of the entity, domiciled in Bulgaria, amount to BGN 2 082 thousand; insurances amount to BGN 7 696 thousand; pledged mobile property / assets amount to BGN 125 thousand and a Promissory note amount to BGN 60 thousand. The bank guarantees, obtained in the Republic of Serbia amount to BGN 100 thousand. In the Republic of Romania, the bank guarantees obtained amount to BGN 1 357 thousand and the Promissory note – to BGN 270 thousand.

Contingent liabilities

Guarantees and warranties issued

Contingent assets, including: bank guarantees issued by commercial banks and insurances – by insurance companies, collaterals and pledges over receivables from subsidiaries and other related parties, established in favour of third parties and counterparties:

Bank guarantees

The bank guarantees issued in favour of the Group, their amount and issuing banks are disclosed in the table below:

Contingent liabilities					
Issuer	Value (BGN' 000)	In favour of:	Purpose	Maturity	Collateral
UBB AD	3 508	Bulgarian Municipalities; Bulgarian state enterprises; Concessionaire of state property	Securing performance obligations under contracts	30.09.2040	Real estate, non-current tangible assets, pledged receivables, pledged accounts
DSK BANK EAD	4 458	A Bulgarian Ministry; Bulgarian State Agency; Bulgarian state enterprises; TD of NRA; Regional Traffic Management, a private entity, registered in Romania,	Securing performance obligations under contracts and tax obligations (payables)	31.12.2036	Real estate, non-current tangible assets, pledged receivables, pledged accounts
UNICREDIT BULBANK AD	37 756	A Bulgarian Ministry; Bulgarian State Agency and a Bulgarian Municipality; Bulgarian state enterprises; a private entity, registered in Bulgaria; a foreign-based Ministry, UniCredit Bulbank Serbia AD; a foreign state enterprise	Securing performance obligations under contracts, statutory state receivables (due under the law)	02.05.2031	Real estate, non-current tangible assets, cash, pledged receivables, pledged accounts
UNICREDIT BULBANK, SERBIA	4 890	A foreign state enterprise	Securing performance obligations under contracts	29.06.2031	Real estate, pledged accounts
INTESA BANK, SERBIA	1 814	Serbian state enterprises; Serbian Ministries; Serbian Municipalities	Securing performance obligations under contracts, statutory state receivables (due under the law) and participation in a tender	15.12.2026	Corporate guarantee, promissory note

UNICREDIT BANK, SERBIA	5 026	Serbian state enterprises; Serbian Ministries; Serbian Municipalities;	Securing performance obligations under contracts, statutory state receivables (due under the law) and participation in a tender	05.04.2028	Corporate guarantee, real estate, movables, promissory note, cash
Total:	57 452				

▪ A contract was concluded by and between “Trace Group Hold” PLC and “UniCredit Bank” Serbia on 12.06.2020. The contract refers to the issuance of a bank guarantee for an advance payment, amounting to EUR 5 985 thousand, with validity of up to 45 months as of its issuance date. The guarantee is issued in connection to a concluded contract for: “Modernisation and rehabilitation of the railway section Nis – Brestovac” between Consortium with partners: “Trace Group Hold” PLC and “Balkantel” OOD (LTD), and the Ministry of Finance of the Republic of Serbia. The contract, concluded with “UniCredit Bank” Serbia is secured by: - a bank guarantee, issued in favour of “UniCredit Bank” Serbia in the amount of EUR 1 197 thousand; - 10 promissory notes at total amount of EUR 5 985 thousand; - a pledge of receivables under a contract

▪ Two bank guarantees in favour of the assignor have been issued in the Republic of Serbia with regards to the receipt of an advance payment under contract. The bank guarantees were issued by UniCredit Bank, in the amount of EUR 5 000 thousand, their maturity is on 09.07.2026 (contra-guarantee issued by Bulgaria in the amount of EUR 2 500 thousand) and by NLB Commercial Bank in the amount of EUR 4 000 thousand, maturity 28.07.2025.

The following have been issued in order to secure the activities of the Group:

- Corporate guarantee in the amount of EUR 6 million, with validity 27.05.2026. The corporate guarantee is issued under a credit line agreement for the issuance of bank guarantees, letters of intention and an overdraft, concluded by and between UniCredit Bulbank Serbia, Trace Serbia, Trace Group Hold – Serbia branch and Infra Commerce – Serbia branch;
- Corporate guarantee in the amount of EUR 5 million, with validity 29.11.2027. The corporate guarantee is issued under a credit line agreement for the issuance of bank guarantees and letters of intent, concluded by and between UniCredit Bulbank Serbia, Trace Serbia and Trace Group Hold – Serbia branch;
- Corporate guarantee in the amount of EUR 3 million, with validity 10.07.2028. The corporate guarantee is issued under a credit line agreement for the issuance of bank guarantees and letters of intent, concluded by and between Bank Intesa Serbia and Trace Serbia;
- Corporate guarantee in the amount of EUR 5,5 million, with validity 13.05.2029. The corporate guarantee is issued under a credit line agreement for the issuance of bank guarantees and letters of intent, concluded by and between NLB Komercijalna Banka – Serbia and Trace Group Hold PLC.

Contingent liabilities		
Type	Issued guarantee, collateral by a counterparty	Insurance amount BGN' 000
Insurance guarantees	JSIC EUROINS AD	4 772
Insurance guarantees	JSIC OZK – Insurance AD	82 794
Insurance guarantees	IC Lev Ins AD	60 874

Insurance guarantees	Dal Bog Zhivot I Zdrave AD	73 166
Insurance guarantees	Evropeyska Zastrahovatelna Kompania AD (transl. European Insurance Company JSC)	13 758

- Some of the issued insurance guarantees are secured by promissory notes in the amount of BGN 152 570 thousand.
- Bank guarantees, in the amount of BGN 22 993 thousand, have been issued in favour of assignors in the Republic of Serbia.
- Promissory notes under counter guarantees, amounting to BGN 60 455 thousand in total, and promissory notes to suppliers, amounting to BGN 5 150 thousand, as well as bank guarantees to suppliers, in the amount of BGN 2 359 thousand, have been issued in the Republic of Romania.

Lawsuits

In the end of the reporting period and based on the facts and circumstances, available at that date, and the estimations presented by lawyers and jurists, the Management has recognised impairment of lawsuit and litigation receivables, in the amount of BGN 776 thousand (31.12.2023: BGN 716 thousand).

Penalty interest income, claimed by the Group, has not been recognised in the consolidated financial statements at year-end as there is high uncertainty on the collectability of these amounts.

The Group (per entities) is a plaintiff and / or defendant under the following lawsuits at 31.12.2024, in respect of which an inflow / outflow of resources may occur:

“Trace Group Hold” PLC

The entity is a plaintiff under commercial lawsuits with financial interest in the amount of BGN 8 822 thousand as at 31.12.2024.

The entity is a defendant under commercial lawsuits with financial interest in the amount of BGN 387 thousand at 31.12.2024, excluding such that have been evaluated as “risky” and in respect of which provisions in the amount of BGN 776 thousand have already been recognised.

“Trace BG” EAD (LTD)

The entity is a plaintiff under commercial lawsuits with financial interest in the amount of BGN 1 504 thousand at 31.12.2024.

The entity is a defendant under commercial lawsuits with financial interest in the amount of BGN 60 thousand at 31.12.2024.

“Trace Yambol” AD (JSC)

The entity is a plaintiff under commercial lawsuits with financial interest in the amount of BGN 165 thousand at 31.12.2024.

“Infra Commerce” EOOD (LTD)

The entity is a plaintiff under commercial lawsuits with financial interest in the amount of BGN 660 thousand at 31.12.2024.

“Asphalt commerce” EOOD (LTD)

The entity is a plaintiff under commercial lawsuits with financial interest in the amount of BGN 20 thousand at 31.12.2024.

“USM” AD (JSC)

The entity is a plaintiff under commercial lawsuits with financial interest in the amount of BGN 59 thousand at 31.12.2024.

“Trace Mechanization” EAD (JSC)

The entity is a plaintiff under commercial lawsuits with financial interest in the amount of BGN 59 thousand at 31.12.2024.

“Trace Properties” EOOD (LTD), “Trace Rent” EOOD (LTD) and “Trace Serbia”

The entities are neither a plaintiff, nor a defendant, under any commercial lawsuits at 31.12.2024.

The Management has assessed, together with internal legal experts and external lawyers, that the probability and risks of a negative outcome is currently still below 50% for some of the lawsuits filed against the entity and therefore for most of those no provisions for lawsuit obligations have been recognised in the Statement of Financial Position at year-end.

3.7. Operating segments

The Group operates in a single business sector. The main services performed and the output produced by all entities are related with the principal activity, and are part of its different stages. The materials obtained and goods produced form a significant share of the input materials used in building and construction works. Also, the risks and rewards, associated with the principal activity of the Group cannot be distinguished due to the similar nature of the services rendered, the characteristics of the environment and the customers of the entities. Hence, the Group has adopted the policy to account for its activities, by distinguishing them (i.e., the activities) only on a geographical basis.

Operating segments	Bulgaria	Serbia	Czech Republic	Greece	Romania	Total	Consolidation	Group
At 31 December 2024								
Revenues from contracts with customers	432 552	133 114	-	-	319 916	885 582	(223 707)	661 875
Revenue from construction contracts	349 797	105 957	-	-	319 324	775 078	(157 993)	617 085
Revenue from sales of outputs	35 338	8 030	-	-	-	43 368	(13 265)	30 103
Revenue from sales of goods	46 125	17 189	-	-	189	63 503	(49 358)	14 145
Revenue from sales of services	1 292	1 938	-	-	403	3 633	(3 091)	542
Other income	6 584	1 960	3	-	2	8 549	(3 763)	4 786
Finance income	5 726	206	151	-	267	6 350	(5 625)	725
Including interest income	283	149	-	-	-	432	(186)	246
Expenses, including:	(396 171)	(124 114)	(12)	(589)	(277 944)	(798 830)	179 649	(619 181)
Cost of materials	(72 605)	(39 490)	-	(8)	(117 595)	(229 698)	15 116	(214 582)
Cost of external services	(279 169)	(69 753)	(12)	(564)	(128 769)	(478 267)	161 818	(316 449)
Depreciation and amortisation	(6 348)	(1 601)	-	-	(568)	(8 517)	2 172	(6 345)
Employee benefits (remuneration fees)	(26 065)	(12 349)	-	-	(8 452)	(46 866)	-	(46 866)
Impairment losses	(3 346)	(55)	-	-	-	(3 401)	301	(3 100)

Other costs	(8 638)	(866)	-	(17)	(22 560)	(32 081)	242	(31 839)
Allowances	(40 626)	(9 506)	-	-	-	(50 132)	47 244	(2 888)
Finance costs	(2 955)	(1 392)	(403)	-	(1 636)	(6 386)	248	(6 138)
Including interest expense	(2 059)	(334)	-	-	(936)	(3 329)	248	(3 081)
Share in associates	-	-	-	-	-	-	-	-
Tax expense	3 104	(544)	-	-	(8 876)	(6 316)	(18)	(6 334)
Profit / Loss	8 214	(276)	(261)	(589)	31 729	38 817	(5 972)	32 845
Segment assets	354 724	162 995	24	139	280 367	798 249	(161 695)	636 554
Segment liabilities	172 147	142 531	17 292	891	238 771	571 632	(107 076)	464 556
Investments under the equity method	3	-	-	-	-	3	-	3
Deferred tax assets	5 973	46	-	-	96	6 115	57	6 172

Operating segments	Bulgaria	Serbia	Czech Republic	Greece	Romania	Total	Consolidation	Group
At 31 December 2023								
Revenues from contracts with customers	396 574	110 646	-	-	94 484	601 704	(205 269)	396 435
Revenue from construction contracts	322 649	96 581	-	-	94 484	513 714	(146 552)	367 162
Revenue from sales of outputs	36 767	3 223	-	-	-	39 990	(15 066)	24 924
Revenue from sales of goods	34 995	9 350	-	-	-	44 345	(40 869)	3 476
Revenue from sales of services	2 163	1 492	-	-	-	3 655	(2 782)	873
Other income	10 574	1 965	181	-	1	12 721	(8 150)	4 571
Finance income	3 516	140	-	-	597	4 253	(3 265)	988
Including interest income	352	84	-	-	-	436	(112)	324
Expenses, including:	(364 852)	(102 911)	(313)	(163)	(83 070)	(551 309)	170 845	(380 464)
Cost of materials	(70 984)	(25 756)	-	-	(29 885)	(126 625)	10 311	(116 314)
Cost of external services	(256 631)	(62 505)	(313)	(155)	(48 830)	(368 434)	155 961	(212 473)
Depreciation and amortisation	(6 484)	(3 503)	-	-	(535)	(10 522)	4 288	(6 234)
Employee benefits (remuneration fees)	(21 749)	(10 324)	-	-	(3 239)	(35 312)	-	(35 312)
Impairment losses	(1 861)	(119)	-	-	-	(1 980)	277	(1 703)
Other costs	(7 143)	(704)	-	(8)	(581)	(8 436)	8	(8 428)
Allowances	(32 454)	(5 477)	-	-	-	(37 931)	39 661	1 730
Finance costs	(1 583)	(1 221)	(345)	-	(1 006)	(4 155)	426	(3 729)
Including interest expense	(891)	(249)	-	-	(2)	(1 142)	266	(876)
Share in associates	-	-	-	-	-	-	-	-
Tax expense	(1 288)	(650)	-	-	(1 677)	(3 615)	163	(3 452)
Profit / Loss	10 487	2 492	(477)	(163)	9 329	21 668	(5 589)	16 079
Segment assets	388 921	119 051	26	107	88 625	596 730	(195 818)	400 912
Segment liabilities	205 377	95 806	17 296	270	78 760	397 509	(141 729)	255 780
Investments under the equity method	3	-	-	-	-	3	-	3
Deferred tax assets	2 117	53	-	-	17	2 187	21	2 208

The adopted accounting policies for segment reporting are based on the accounting policies, adopted by the Group in the preparation of its public financial statements, required by the Law.

The key customers of the Group, the transactions with whom accumulate over 10% of the total revenue are:

In Bulgaria: Agentsia Patna Infrastruktura (transl. Road Infrastructure Agency), Metropolitan AD, DP Nationalna Kompania Zhelezopatna Infrastruktura (transl. SE National Railway Infrastructure Company), Ministry of Economy and Energy, Municipalities throughout the country;

In Serbia: Koridori Serbia OOD (transl. Corridors Serbia LTD), PD Direktsia za izgrazhdane (transl. Directorate for construction) Nis – Serbia, PD Direktsia za izgrazhdane (transl. Directorate for construction) Pirot – Serbia, Municipalities of the territory of the Republic of Serbia.

In Romania: Natsionalna Kompania za Upravlentie na Patna Infrastruktura (transl. State Enterprise for Road Infrastructure Management)

3.8. Transactions with non-controlling interest (NCI)

Subsidiaries with non-controlling interest

“Trace Yambol” AD (JSC), “USM” AD (JSC) and several companies under the Law on Obligations and Contracts (LOC) are subsidiaries of the Group with non-controlling interest at year-end.

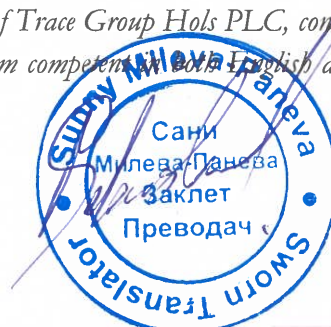
	Total for NCI, BGN' 000
Book value of the NCI at the beginning of the period	(190)
Profit / Loss, attributable to the NCI for the period	(24)
Dividends	-
Acquired / (Disposed) operations	-
Modifications in the participating interests in subsidiaries without loss of control	-
Book value of the NCI at year-end	(214)

3.9. Events after the reporting period

The following events that require to be disclosed in the consolidated financial statements have occurred after the date of the consolidated financial statements and before the date on which they were authorised for issue:

- The termination of USM AD (JSC) – in liquidation as of 24.06.2025 was entered in the Commercial Registry at the Registration Agency on 20.03.2025.

I, Sunny Mileva – Paneva, hereby certify that the above is an exact and accurate translation, to the best of my knowledge and abilities, of the original “Annual Consolidated Financial Statements as at 31.12.2024 and Notes to the annual financial statements for the financial reporting 2024” of Trace Group Hols PLC, consisting of 111 (one hundred and eleven) pages in Bulgarian language, and that I am competent in both English and Bulgarian language to render such a translation.



CONSOLIDATED MANAGEMENT REPORT OF TRACE GROUP HOLD PLC

For 2024

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The Annual Consolidated Management Report presents commentary on, and analysis of, the consolidated financial statements and other significant information with regards to the financial position and the operating results of the Group. It comprises information under Article 39 of the Accountancy Act and Art. 100 (n), paragraph 7 of the Public Offering of Securities Act (POSA), as well as Art. 11 of Ordinance № 2 of the Financial Supervision Commission, Art. 187 (e) and Art. 247 of the Commercial Act.

I. General information on the entity

“Trace Group Hold” PLC is an entity, established in the Republic of Bulgaria as a public limited company in compliance with the Bulgarian legislation. The entity is registered at the Stara Zagora District Court, under company file №255/2005. Since 2007, the entity has acquired status of a public company within the meaning of Art. 110 of POSA.

Address of registered office and principal place of business: № 12, “Nikola Obrazopisov” Str., 1408, Sofia; Mailing address: № 12, “Nikola Obrazopisov” Str., 1408, Sofia;

Telephone: +359 2 80 66 700; +359 2 80 66 680;

Facsimile: +359 2 80 66 711

e-mail: tracegroup@trace.bg

Website: www.tracebg.com

Share capital at 31 December 2024:

At the date of preparation of this Management report, the court-registered capital of the entity amounts to BGN 24 200 000, distributed among 24 200 000 non-cash, non-bearer shares, at nominal value of BGN 1 each; 24 196 261 of those are voting shares and 3 739 – treasury shares with no voting rights. The shares of “Trace Group Hold” PLC are traded on the Bulgarian Stock Exchange as of 27 October 2007.

At the date of preparation of this Report, the capital structure of “Trace Group Hold” PLC is as follows:

Shareholder's name	Number of shares owned		Capital share %	
	at 31.12.2024	at 31.12.2023	at 31.12.2024	at 31.12.2023
Nikolay Mihaylov	16 276 755	16 276 755	67,26	67,26
“Galini – N” EOOD (LTD)	2 178 000	2 178 000	9,00	9,00
Trace Group Hold PLC – repurchased treasury shares	3 739	6 279	0,015	0,03
Other individuals and legal entities	5 741 506	5 738 966	23,725	23,71

The entity is managed under a two-tier management system by:

A Supervisory Board (SB), consisting of:

Prof. Nikolay Mihaylov – Chairman of the SB

Manol Denev – Member of the SB

Mariela Rounteva – Independent member of the SB

And

A Managing Board (MB), consisting of:

Desislava Lyubenova – Chairman of the MB

Eng. Boyan Delchev – Deputy Chairman of the MB

Manol Kavarakov – Member of the MB

Eng. Boyan Delchev is the Executive Director.

Members of the Audit Committee at 31.12.2024:

Hristo Savchev – Chairman

Prof. Dr. Hristina Nikolova

Diana Rangelova

The entity has established branches in Serbia, in the Czech Republic, in North Macedonia, in Ukraine, in Romania and in Greece;

“Trace Group Hold” PLC – Belgrade branch

“Trace Group Hold” PLC – Prague branch

“Trace Group Hold” PLC – Skopje branch

“Trace Group Hold” PLC – Kiev branch

“Trace Group Hold” PLC – Bucharest branch

“Trace Group Hold” PLC – Athens branch

Subsidiaries of the Group at 31.12.2024:

- TRACE – BG EOOD (LTD), Sofia, Bulgaria – 100.00% owned by Trace Group Hold PLC.
- Principal activity: Construction, current repairs and maintenance of highways, roads, streets and the adjoining them infrastructure; Construction and reconstruction of roads and road facilities, current repairs and winter maintenance;
- TRACE SERBIA AD (JSC), Nis, Serbia – 100% owned by Trace Group Hold PLC.
Principal activity: Construction and reconstruction of roads and road facilities, current repairs and winter maintenance;
- INFRA COMMERCE EOOD (LTD), Sofia, Bulgaria – 100% owned by Trace Group Hold PLC
Principal activity: Trade activities in Bulgaria and abroad, trade representation and mediation;
- TRACE PROPERTIES EOOD (LTD), Sofia, Bulgaria – 100% owned by Trace Group Hold PLC
Principal activity: Tourism and commercial activities in Bulgaria and abroad, hospitality, as well as all types of auxiliary services;
- ASPHALT COMMERCE EOOD (LTD), Sofia, Bulgaria – 100% owned by Trace Group Hold PLC
Principal activity: Production and sales of goods and services in Bulgaria and abroad, domestic and international trade
- TRACE YAMBOL AD (JSC), Yambol, Bulgaria – 99.48% owned by Trace Group Hold PLC
Principal activity: Construction and reconstruction of roads and road facilities;
- USM AD (JSC), Stara Zagora, Bulgaria – 98.68% owned by Trace Group Hold PLC
Principal activity: Rendering of building mechanisation services;
- TRACE MECHANIZATION EAD (JSC), Stara Zagora, Bulgaria – 100.00% owned by Trace Group Hold PLC
Principal activity: Rendering of building and construction mechanical services;
- TRACE RENT EOOD (LTD), Sofia, Bulgaria – 100% owned by Trace Group Hold PLC
Principal activity: Lease (rental) of mechanisation, rendering of mechanical services, domestic and international passenger and cargo transport;
- TRACE BUILD EOOD (LTD), Serbia – 100% owned by Trace Group Hold PLC in Serbia
Principal activities: Construction of residential and non-residential buildings
- TRACE GROUP HOLD USA Llc, USA- 100% owned by Trace Group Hold PLC

Principal activities: Construction, current repairs and maintenance of road, railway and airport infrastructure and the infrastructure facilities around such.

II. Activity overview

1. Principal activity

“Trace Group Hold” PLC engages in all type of infrastructure activities – construction, rehabilitation, maintenance, design and all related activities. The entities within the Group continuously diversify and expand the scope of their business activity. The portfolio of the activity includes and investments, international trade and logistics.

The entities within the Group operate on the European market in the fields of:

- ✓ **Construction and maintenance of road infrastructure on the territory of the Republic of Bulgaria, the Republic of Serbia and the Republic of Romania, including construction of bridges and tunnels;**

The Holding, and the entities within it, participate in the implementation of the most significant (largest) national infrastructure projects, amongst which are the completion of the “Trakya” and “Hemus” highways. The Holding participates and in the construction of the Serbian part of Corridor № 10, as well as of a section of the “Ploiesti – Buzau” highway.

The entities within the structure of Trace Group Hold PLC implement projects for reconstruction and rehabilitation of road networks, as well as of urban infrastructure. They execute current repairs and winter maintenance works on part of the road network on the territory of the Republic of Bulgaria and the Republic of Serbia. The entity has the resources, requisite for the implementation and maintenance of a traffic management system, vertical signs and horizontal marking; it has and the technical and human resources to perform emergency response and recovery actions in regions, affected by natural disasters.



- ✓ **Construction of subways (metro);**

“Trace Group Hold” PLC has been actively involved in the construction of the “Sofia Metro” since the very commencement of the project. Twelve of the existing metro stations and the adjacent metro lines have been built by “Trace Group Hold” PLC. Currently, the company is executing design and construction works on a new metro section of the “Sofia Metro Extension Project, Stage III”, with one underground metro station (MS3) and an inter-station ventilation system (VS), which runs under “Vladimir Vazov” Boulevard; a project that continues to this date. The implementation of construction works under the project: “Extension of Line 3 of the Sofia Metro – “Shipka” Str. – Slatina Residential District – “Tsarigradsko Shosse” Blvd.” continued

and throughout 2024. Trace Group Hold is engaged in the construction of 4 metro stations under two LOTs of the aforementioned project.



- ✓ **Construction of railway infrastructure and all related facilities – construction of high-speed railway tracks, implementation of innovative railway technology, the Geismar system;**
 - Railway substructure and superstructure activities:
 - Mechanised rehabilitation, reconstruction and new construction of the railway tracks
 - Mechanised laying of new and dismantling of existing railways
 - Earthworks, rock excavations, bulk works with landscaping and land reclamation, using high-tech equipment and by implementing modern technologies
 - Repair, rehabilitation and construction of new small and large artificial facilities at existing and newly built railways lines
 - Reconstruction of existing, and construction of new, railways stations and stops.

“Trace Group Hold” PLC is currently implementing several major, large-scale railway projects. It engages in the modernisation of a railway, catenary, signalling and telecommunications systems at the “Plovdiv” station and the construction of a communication and transport breakthrough under the railway area of the “Plovdiv” station; Design and construction of road overpasses and underpasses in the interstation “Manole – Belozem” and the railway sections “Mihaylovo – Khan Asparuh” and “Bezmer – Chernograd”; Recovery works on the design parameters of “Pliska” station, from km 129+040 to km 130-190, at total length of 1 150 meters, along the IXth railway line.

Projects for modernisation and rehabilitation of the railway section “Nis – Brestovac” and the section “Nis – Dimitrovgrad”, in the Republic of Serbia, are also in progress.



- ✓ **Construction and maintenance of civil and military airports in accordance with the international standards;**

The reconstruction of “Graf Ignatievo” Airport is an iconic project for the entity – both the project’s design and construction activities were completed simultaneously in just 3 months. New technologies were implemented: production of polymer modified bitumen and laying of polymer modified asphalt concrete, as well as a state-of-the-art lighting system.



- ✓ **Construction of sewerage treatment plants; integrated water cycles; water-mains and eco projects;**

The Holding focuses its efforts in the water sector on projects for rehabilitation, reconstruction and construction of new water supply and sewerage networks and facilities. This in turn leads to improving the quality of life of the population. Such projects are currently being implemented in Stara Zagora and in Sofia.

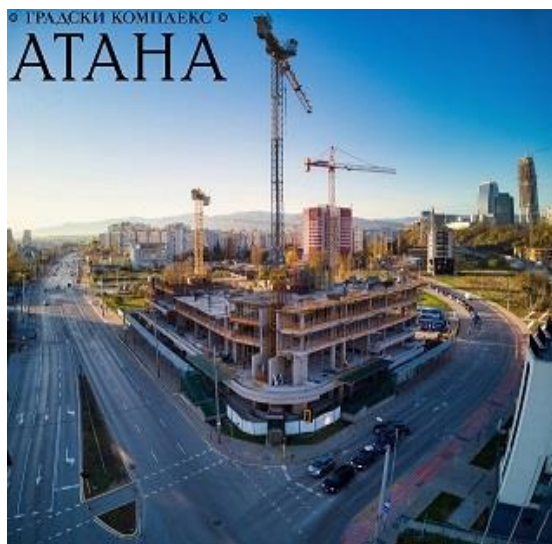
The Holding focuses its efforts in the environmental sector on the implementation of waste management and soil protection projects and sites – plants and facilities for municipal waste disposal, construction of regional municipal solid waste landfills, construction of pre-treatment plants, including such for composting, sorting and waste separation. The company has the capacity to work on climate change adaptation, prevention and risk management.

“Trace Group Hold” PLC has vast experience in the design and implementation of landslide mitigation and prevention and fortifications, coastal protection and shore protection facilities.

- ✓ **High-rise building, with diversified profile, including energy efficiency projects;**

The Holding has a team of experts, specialised in the construction of public, industrial, commercial and residential buildings. The subsidiaries of “Trace” have the capacity to build hotel complexes, industrial, residential, commercial and administrative buildings and the adjacent infrastructure.

The “Atana” city complex, located in “Druzhba” Residential District, in Sofia, with a built-up area of 1 372 square meters and a total super built-up area of 32 187,23 square meters is under construction. “ATANA” city complex is modernly and functionally designed, including three residential sections and one office section, with a restaurant, shops, sport facilities and other entertainment facilities. “Trace Properties” EOOD (LTD) is investor under the project, while “Injproekt” OOD (LTD) is the project’s designer.



✓ **Trade in construction products and materials;**

“Trace Group Hold” PLC engages in commercial activities with construction products and materials in order to guarantee the implementation quality of its projects. The Holding has already a stable presence in many commercial niches via its subsidiary “Infra Commerce” EOOD (LTD), namely: white and dark fuel and road bitumen, technical salt, rebar, railway consumables and materials, construction machinery and more.

✓ **Production of asphalt mixtures, bitumen emulsion, stone powder. Extraction of inert materials and aggregates;**

“Trace Group Hold” PLC owns asphalt bases (two of which are module-mobile), a plant for the production of polymer modified bitumen, a plant for the production of bitumen emulsion, a plant for the production of stone powder, quarries for inert materials and aggregates, and crushing and sorting plants for the production of stone fractions. The production facilities and warehouses of “Trace Group Hold” PLC are located in key transport and communicational centres, allowing the quick and high-quality implementation of the projects and sites, assigned to the Holding.

“Trace Group Hold” PLC achieves performance results by managing its subsidiaries with extensive experience and thorough knowledge. The Holding’s offices in Bulgaria are strategically located in the economically significant regions of the country. The entity operates and abroad through its the entities and branches, established in the Republic of Serbia, in Romania, in the Czech Republic, in North Macedonia and in Ukraine. “Trace” manages the production, financial, and human resources, and the group’s potential, through its interconnected entities.

The “Trace for People” Foundation, registered at the Ministry of Justice of the Republic of Bulgaria as a non-governmental organisation that is acting entirely in public interest, is also part of the Group. The “Trace for People” Foundation is the conduit of the entity’s Social Policy.

2. Operating results

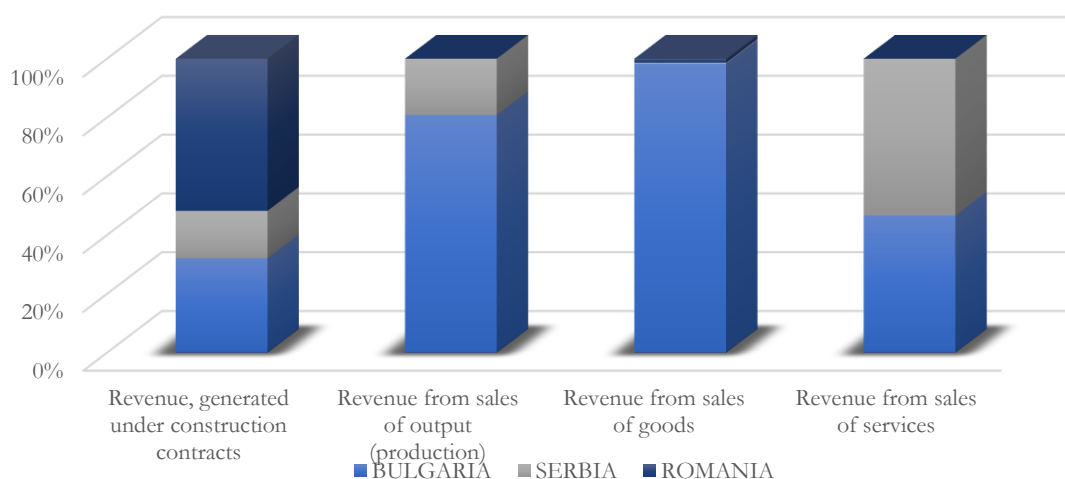
Revenue structure

The consolidated revenue, realised in the financial reporting 2024 (excluding finance income) amounts to BGN 666 661 thousand and records 66,25% increase, compared with the same, realised in the prior financial reporting period (2023: BGN 401 006 thousand). The consolidated revenue includes BGN 661 875 thousands of “Revenue from contracts with customers” and BGN 4 786 thousands of “Other income”. A “per geographical segment” allocation of revenues conveys that 35,95% of those have been realised in Bulgaria, 16,11% - in Serbia, 47,92% in Romania and 0,02% in the Czech Republic.

The type of revenue, excluding finance income, their relative share and modifications, compared with those realised in the financial reporting 2023, are presented in the table, enclosed hereafter:

Type of revenue / income	31.12.2024 BGN'000	Relative share 2024	31.12.2023 BGN'000	Relative share 2023	% change
Revenue from contracts with customers	661 875	99,28%	396 435	98,86%	66,96 %
• Revenue, realised under construction cont	617 085	92,56%	367 162	91,56%	68,07 %
• Revenue from sales of output (production	30 103	4,52%	24 924	6,22%	20,78 %
• Revenue from sales of goods	14 145	2,12%	3 476	0,87%	306,93 %
• Revenue from sales of services	542	0,08%	873	0,22%	(37,92)%
Other income	4 786	0,72%	4 571	1,14%	4,70 %
Total	666 661	100%	401 006	100%	66,25 %

Net sales revenue in 2024



Revenue, realised under construction contracts, amounting to BGN 617 085 thousand, form the most significant share (92,56%) of “Revenue from contracts with customers” and record an increase of 68,07%, compared with the same realised in the financial reporting 2023 (2023: BGN 367 162 thousand). A “geographical segmentation” analysis conveys that 32,14% of those revenues have been realised within Bulgaria, 16,11% - within the Republic of Serbia and 51,75% - within Romania.

The core projects that formed the revenue from services, rendered under contracts for building and construction works, executed in the Republic of Bulgaria within the current reporting period:

1. “Modernisation of the railway, catenary and signalling and telecommunication systems at the “Plovdiv” station and construction of a communication and transport breakthrough under the railway area of the “Plovdiv” station”, implemented under the project “Development of the Plovdiv railway junction”;
2. Design and construction of a section of the Third metro line, starting from “Shipka” Str. and extending through “Slatina” Residential District and until “Tsarigradsko Shosse” Blvd., with six metro stations under LOTs: LOT 1 – Design and construction of a metro section, from km 0+000,00 to km 1+904,00, with two underground stations (MS1 and MS2) and interstation ventilation system (VS);
3. Design and construction of a metro section, from km 3+645,00 to km 2+581,20, with one underground metro station (MS3) and interstation ventilation system (VS);
4. Design and construction of a section of the Third metro line, starting from “Shipka” Str. and extending through “Slatina” Residential District and until “Tsarigradsko Shosse” Blvd., with six metro stations under LOTs: LOT 2 – Design and construction of a metro section, from km 1+904,00 to km 3+460,00, with two underground stations (MS3 and MS4) and interstation ventilation system (VS);
5. Current repairs of roads on the territory of Sofia Municipality – Zone 1;
6. Engineering – design and construction under project: Building of a sewerage network in “Dragalevtsi” Residential District, “Vitosha” Region;
7. Winter maintenance and restoration works in emergency situations of national roads on the territory of SOUTH-EASTERN REGION, under LOT № 3 – RTM STARA ZAGORA;
8. Winter maintenance and restoration works in emergency situations of national roads on the territory of SOUTH-EASTERN REGION, under LOT № 4 – RTM YAMBOL;

The core projects that formed the revenue from services, rendered under contracts for building and construction works in the Republic of Serbia in 2024:

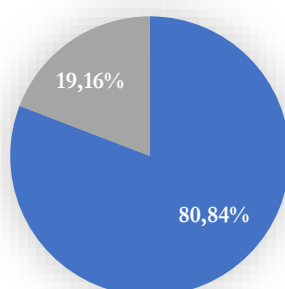
1. Modernisation and rehabilitation of the railway section “Nis – Brestovac”, Republic of Serbia;
2. Heavy maintenance (modernisation) of State Road IB-39, “Babusnica – Svodje” section, from km 25+851 to km 45+385, at length 19+354 km;
3. Reconstruction and modernisation of railway line “Nis – Dimitrovgrad – Prosek (Sicevo) – Dimitrovgrad section”;
4. Office-residential building at the “Panair Leskovac” (transl. Leskovac Fair) complex in Leskovac;

The core projects that formed the revenue from services, rendered under contracts for building and construction works in the Republic of Romania in 2024:

5. “Ploiesti – Buzau” highway, LOT 2 km 21+000 - 49+350

Revenue from sales of outputs is closely related with the construction activity of the Group. Such amount to BGN 30 103 thousand in 2024 and record a 20,78% increase compared with the same, realised in the prior reporting (comparative) period (2023: BGN 24 924 thousand). When distributed geographically, 80,84% of those “Revenue from sales of outputs” have been realised within Bulgaria, and the remaining 19,16% - within the Republic of Serbia. Revenue from sales of asphalt mixtures, amounting to BGN 17 664 thousand, form the most significant share of “Revenue from sales of output” and record a 40,76% increase, compared with the same, realised in the period reporting period (2023: BGN 12 549 thousand). Revenue from sales of aggregates amount to BGN 6 517 thousand and record a 94,48% increase, compared with the same, realised in the period reporting period (2023: BGN 3 351 thousand). 61,85% of those Revenue from sales of aggregates have been realised in Serbia and the remaining – within Bulgaria. Revenue from sales of work-in-progress at the Atana building, amounting to BGN 5 922 thousand, are also included under “Revenue from sales of outputs”.

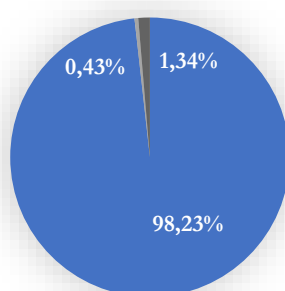
Net sales revenue from sales of output (production) in 2024



■ BULGARIA ■ SERBIA

Revenue from sales of goods amount to BGN 14 145 thousand and record a 306,93% increase, compared with the same realised in the prior reporting (comparative) period (2023: BGN 3 476 thousand). Revenue from sales of fuel and oil, amounting to BGN 1 062 thousand and recording an increase of 65,94% compared with the same, realised in the prior reporting (comparative) period (2023: BGN 640 thousand), are also included in the “Revenue from sales of goods”. Revenue from sales of railway construction materials, amounting to BGN 8 789 thousand in the current reporting period and realised solely in Bulgaria – are the main reason behind the increased “Revenue from sales of goods”. Revenue from sales of road construction materials, amounting to BGN 2 392 thousand (2023: BGN 1 109 thousand) and revenue from sales of other goods, amounting to BGN 1 575 thousand, are also included under “Revenue from sales of goods”. A “geographical segmentation” analysis conveys that 98,23% of the “Revenue from sales of goods” have been realised by the entities, domiciled within Bulgaria, 1,34% have been realised by the entity, domiciled within Romania and 0,43% - by the entities, domiciled within the Republic of Serbia.

Net sales revenue from sales of goods in 2024



■ BULGARIA ■ SERBIA ■ ROMANIA

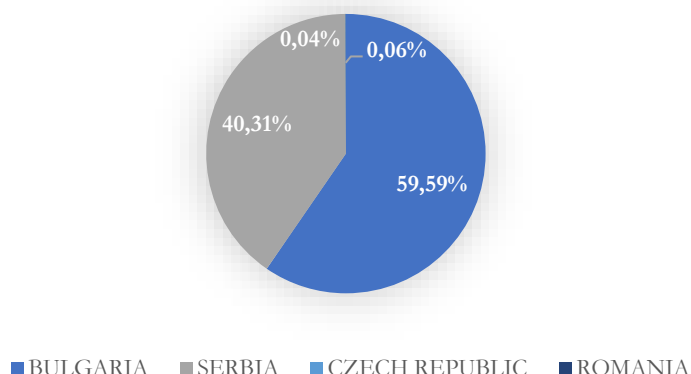
Revenue from sales of services amount to BGN 542 thousand and record a decrease of 37,92%, compared with the same in the prior reporting (comparative) period (2023: BGN 873 thousand). Such include revenue from sales of mechanical services (amounting to BGN 110 thousand), revenue from sales of transport services (amounting to BGN 50 thousand), revenue from sales of laboratory services (amounting to BGN 58 thousand), and others. 46,68% of the “Revenue from sales of services” have been realised by the entities, domiciled within Bulgaria and the remaining 53,32% - by the entities, domiciled within the Republic of Serbia.

Other income amount to BGN 4 786 thousand and record an increase of 4,70%, compared with the “Other income”, accrued in the prior reporting (comparative) period (2023: BGN 4 571 thousand). Reversed

provisions, amounting to BGN 1 293 thousand, carry the most significant absolute value of “Other income”. Operating leases revenue from leases of the Holding’s own assets amount to BGN 1 099 thousand and record an 8,06% increase, compared with the same, realised in the prior reporting (comparative) period (2023: BGN 1 017 thousand). Revenue from sales of materials, in the amount of BGN 1 716 thousand, have been recognised within the current reporting period. Such mainly refer to materials, sold to subcontractors, in order to ensure their activities and guarantee materials at the requisite quality. Gains on the disposal of non-current assets amount to BGN 1 892 thousand. Gains from the reversed impairment of receivables, amounting to BGN 65 thousand, and written-off payables, amounting to BGN 27 thousand, are also included in this subgroup. The group realises grant income of BGN 135 thousand in total.

A “geographical segmentation” analysis conveys that 59,59% of “Other revenue” have been realised within Bulgaria, 40,31% - within the Republic of Serbia, 0,06% - within the Czech Republic and 0,04% - within Romania.

Other income, generated in 2024

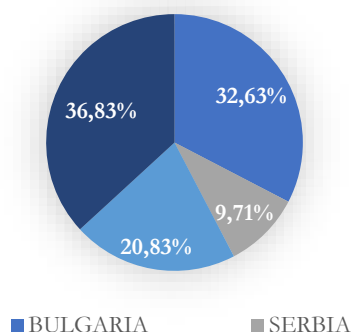


Finance income, realised within the reporting period, amount to BGN 725 thousand and record a 26,62% decrease, compared with the same realised in the prior reporting (comparative) period (2023: BGN 988 thousand). Such include BGN 246 thousands of interest income, of which BGN 20 thousand refer to interest income, accrued under trade loans and BGN 226 thousand – to interest income, accrued under trade receivables. Foreign exchange gains amount to BGN 475 thousand for the reporting period and such decrease, compared with the same, realised in the prior reporting (comparative) period (2023: BGN 661 thousand). When geographically segmented – 32,63% of the finance income have been recognised by the entities, domiciled within Bulgaria, 9,71% by those domiciled within the Republic of Serbia, 20,83% - within the Czech Republic and 36,83% - within Romania.

Type of finance income	31.12.2024 BGN'000	Relative share 2024	31.12.2023 BGN'000	Relative share 2023	% change
Interest income, including interest income ac	246	33,93%	324	32,79%	▼ (24,07)%
• commercial loans	20	2,76%	36	3,64%	▼ (44,44)%
• trade payables	226	31,17%	4	0,40%	▲ 5 550,00 %
• others	-	0,00%	284	28,74%	▼ (100,00)%
Foreign exchange gains	475	65,52%	661	66,90%	▼ (28,14)%
Other finance income	4	0,55%	3	0,30%	▲ 33,33 %
Total	725	100,00%	988	100,00%	▼ (26,62)%

The chart here below presents the geographically segmented finance income, accrued within the reporting period:

Finance income, generated in 2024

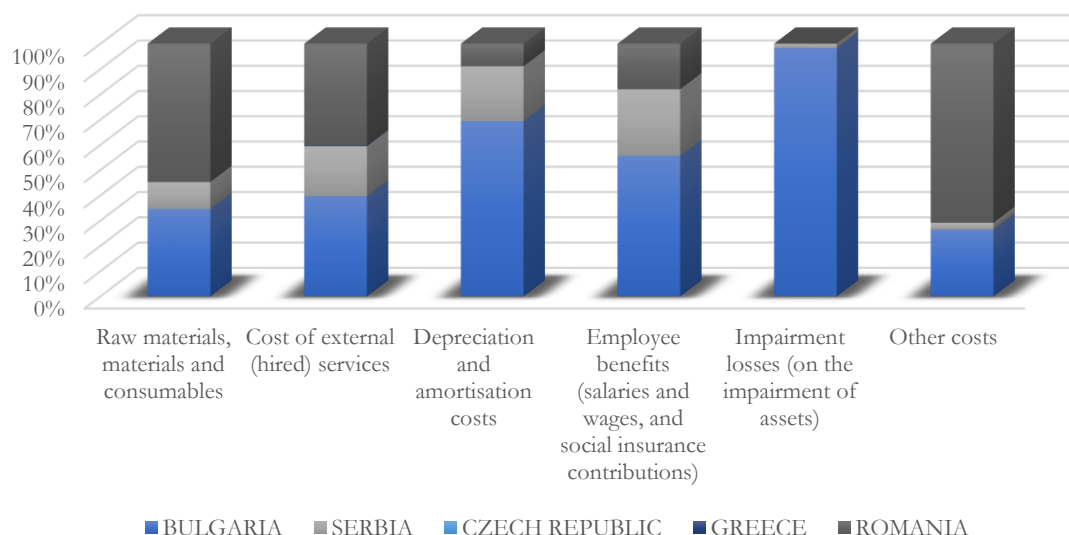


Structure of expenses by nature

The consolidated expenses by nature amount to BGN 619 181 thousand in 2024 and record an increase of 62,74%, compared with the same, realised in the prior reporting (comparative) period (2023: BGN 380 464 thousand). This increase in “expenses by nature” is mainly due to the increased volume of the construction activities, executed by the holding.

Вид разход	31.12.2024 BGN'000	Relative share 2024	31.12.2023 BGN'000	Relative share 2023	% change
Разходи по икономически елементи					
• Raw materials, materials used	214 582	34,66%	116 314	30,57%	▲ 84,49 %
• Cost of external (hired) services	316 449	51,11%	212 473	55,85%	▲ 48,94 %
• Depreciation and amortisation costs	6 345	1,02%	6 234	1,64%	▲ 1,78 %
• Employee benefits (salaries & wages and s	46 866	7,57%	35 312	9,28%	▲ 32,72 %
• Impairment losses (on the impairment of a	3 100	0,50%	1 703	0,45%	▲ 82,03 %
• Other costs	31 839	5,14%	8 428	2,22%	▲ 277,78 %
Total	619 181	100,00%	380 464	100,00%	▲ 62,74 %

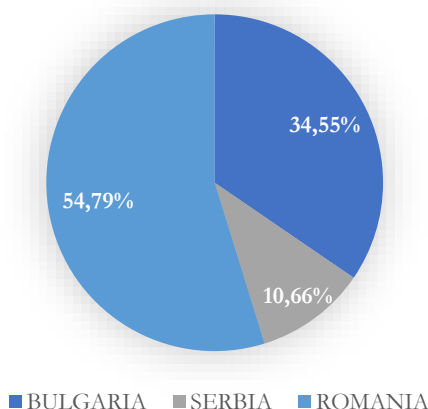
Expenses by nature, incurred in 2024



Expenses, incurred for raw materials, materials and consumables, amounting to BGN 214 582 thousand, are included under “Expenses by nature”. Such record an increase of 84,49%, compared with the same, incurred in the prior reporting (comparative) period (2023: BGN 116 314 thousand). Cost of direct materials (BGN 196 140 thousand) hold the most significant share (91,41%) of “Expenses by nature” and such record and the most significant increase within this subgroup – 89,49% increase, compared with the same, incurred in the prior reporting (comparative) period (2023: BGN 103 508 thousand). Cost of fuels and lubricants in the amount of BGN 11 215 thousand have been incurred within the year and such record a 12,16% decrease compared with the same, incurred in the prior reporting (comparative) period (2023: BGN 7 232 thousand). The availability of own transport vehicles and machines implies the incurrence of maintenance costs, such as costs for spare parts and consumables (amounting to BGN 1 883 thousand), costs of tires (BGN 143 thousand) and others. The expenses, incurred for electricity, amount to BGN 1 372 thousand and record a 4,26% decrease compared with the same, incurred in the prior reporting (comparative) period (2023: BGN 1 433 thousand). The expenses, incurred for natural gas amount to BGN 1 196 thousand, the expenses incurred for heating amount to BGN 40 thousand, those incurred for water – BGN 72 thousand. Purchases of direct materials and raw materials within the group are being conducted through the Holding’s subsidiary – Infra Commerce LTD, thus ensuring the supply management of direct materials and raw materials, and guarantees their high quality at optimal (for the Group) prices.

Overall, the increase of the costs of raw materials is related to the increased number of building and construction works, and to the increased volume of output production. Changes can be noted and in the relative share that such hold in the total “Expenses by nature”: cost of raw materials amount to 34,66% in 2024, compared with 30,57% in 2023. A “geographical segmentation” analysis conveys that 34,55% of those have been incurred within the Republic of Bulgaria, 10,66% - within the Republic of Serbia and 54,79% - within the Republic of Romania.

Raw materials, materials and consumables, used in 2024



Cost of external (hired) services amount to BGN 316 449 thousand and increase in terms of their absolute value by BGN 103 976 thousand, or 48,94%, compared with the same, incurred in the prior reporting (comparative) period (2023: BGN 212 473 thousand). Cost of external services nearly retain their relative share in the “Expenses by nature” – 51,11% in the current reporting year, compared with 55,85% in 2023.

“Cost of external services” include: expenses, incurred with regards to subcontractors, hired transport, repairs, insurance, subscriptions, laboratory tests, design, advertising, consulting and other contracts, security, taxes and fees, and others.

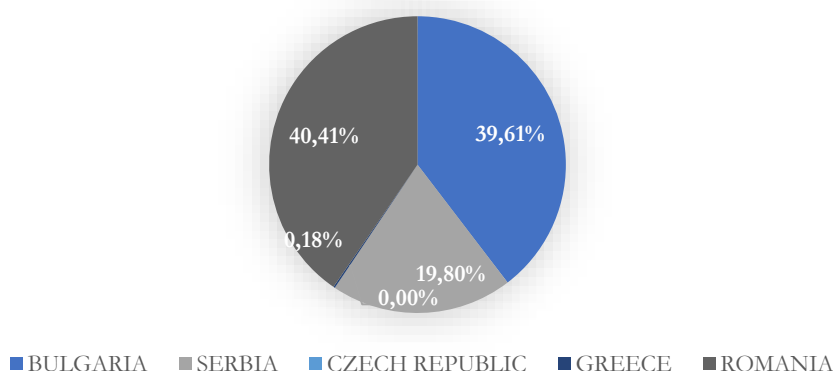
Services, rendered by subcontractors, amount to BGN 235 015 thousand and represent 74,27% of the total “Cost of external services”. Expenses, incurred in respect of services, rendered by subcontractors, increase by 49,75%, compared with the same, incurred in the prior reporting (comparative) period (2023: BGN 156 943 thousand). Cost of mechanised services amount to BGN 32 294 thousand and record a significant increase (of 41,80%) compared with the same, incurred in the prior reporting (comparative) period (2023: BGN 22 774 thousand). 63,07% of the “cost of mechanised services” have been incurred within Romania. The increased number of building and construction works is associated and with (i.e. results in) increased volumes of those costs. Cost of hired transport services amount to BGN 8 520 thousand and record too an increase of 51,87%. Rental costs amount to BGN 5 884 thousand and increase by 202,05% (2023: BGN 1 948 thousand). 29,04% of those costs have been incurred in Romania. Design costs amount to BGN 5 118 thousand and increase by 2,38% compared with the same, incurred in the prior (comparative) reporting year. The main reason behind this lies in the nature of the executed construction contracts that are related to engineering activities. Another significant, for this subgroup, cost relates to insurance of the available technical equipment and mechanisation, as well as the implementation of contracts for building and construction works. Such insurance costs amount to BGN 3 030 thousand and record a 21,39% increase compared with the same, incurred in the prior reporting (comparative) period (2023: BGN 2 496 thousand).

Security costs refer to the costs, incurred in securing the immobile property and the materials, used in building and construction works. Such amount of BGN 4 225 thousand (2023: BGN 3 432 thousand). 44,81% of those costs have been incurred by the entities, domiciled within Bulgaria, 30,50% by the entities, domiciled within Serbia and 24,69% - by those, domiciled within Romania.

Contract services amount to BGN 2 150 thousand and consulting services amount to BGN 3 344 thousand in the current reporting year (2023: BGN 2 223 thousand). Tax expenses and fees amount to BGN 4 549 thousand in the current reporting period and increase compared with the same, incurred in the prior reporting (comparative) period (2023: BGN 1 148 thousand).

A “geographical segmentation” analysis of external services conveys that 39,61% of the external service cost have been incurred within Bulgaria, 19,80% have been incurred within the Republic of Serbia, 0,18% – within Greece and 40,41% within the Republic of Romania.

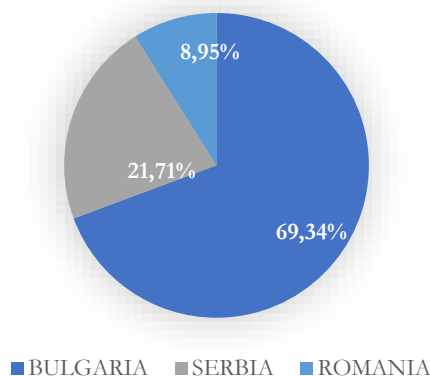
Cost of external services, incurred in 2024



Depreciation and amortisation costs amount to BGN 6 345 thousand and record a 1,78% increase, compared with the same, incurred in the prior reporting year (2023: BGN 6 234 thousand). BGN 1 183 thousand of the incurred depreciation and amortisation costs refer to depreciation of right-of-use assets – in accordance with IFRS 16 Leases – and record a 25,29% increase compared with the same, incurred in the comparative (prior reporting) period (2023: BGN 1 075 thousand). Depreciation of the holding-owned (holding’s own) assets amounts to BGN 5 162 thousand and increase by 0,06% (2023: BGN 5 159 thousand).

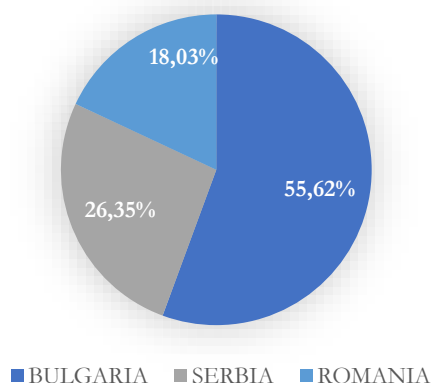
The investment programme of the Group, focused on investments in core machines and mechanisation, is implemented primarily in Bulgaria. Assets, which ensure the activities of the entities within the group and that are owned by the parent, form the most significant share of such (investment) costs. The Holding adopts a centralised investment policy by concentrating the main corporate assets within the group. The aforementioned assets are then being leased to subsidiaries on a need-to-use and workload basis. Effective asset management and their (i.e., asset's) optimal workload are among the main tasks of the Management.

Depreciation and amortisation costs, incurred in 2024



Employee benefits amount to BGN 46 866 thousand and record a 32,72% increase when compared with the same, incurred in the prior reporting (comparative) period (2023: BGN 35 312 thousand). When geographically distributed: 55,62% of the employee benefits have been incurred within Bulgaria, 26,35% - within Serbia and 18,03% - within Romania.

Employee benefits (salaries and wages, and social insurance contributions), incurred in 2024



Impairment losses (on the impairment of assets) amount to BGN 3 100 thousand and record an increase of 82,03% compared with the same, incurred in the prior reporting (comparative) period (2023: BGN 1 703 thousand). Impairment losses include BGN 588 thousands of losses on the impairment of receivables, BGN 2 487 of losses on the impairment of non-current assets (including investment property) and BGN 23 thousands of losses on the impairment of financial assets.

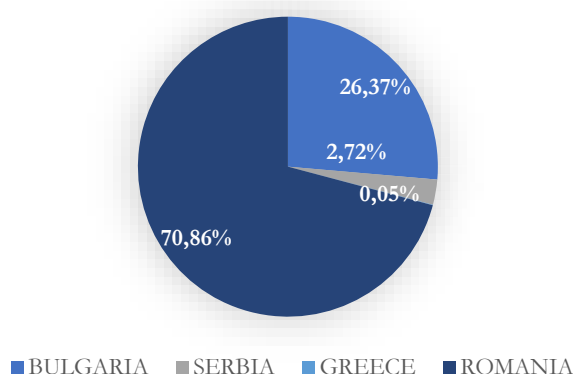
Other costs amount to BGN 31 839 thousand and increase by 277,78% compared with the same, incurred in the prior reporting (comparative) period (2023: BGN 8 428 thousand). “Other costs” includes and expenses, relating to penalties under commercial transactions and amounting to BGN 769 thousand in the

current reporting year. Provisions under construction contracts, amounting to BGN 19 775 thousand, were formed within the current reporting period and such hold the most significant share of “Other costs”. Cost of business trips (both within Bulgaria and abroad), amounting to BGN 800 thousand in total, are also included under “Other costs”. Cost of business trips record an increase, compared with the same, incurred within the prior reporting (comparative) period (2023: BGN 679 thousand). The main reason behind their increase lies in the increased volume (expansion) of the branches’ activities and the expatriation of various Bulgarian experts abroad. Social costs, provided in kind, amount to BGN 313 thousand and entertainment costs amount to BGN 384 thousand. Deficits and retirement costs, amounting to BGN 132 thousand, were incurred within the current reporting year.

Donations (primary to the “Trace for People” Foundation), amount to BGN 1 501 thousand and record a decrease of 26,57% compared with the same in the prior reporting (comparative) period (2023: BGN 2 044 thousand).

When geographically segmented, 26,37% of “other costs” have been incurred within Bulgaria, 2,72% - within the Republic of Serbia, 0,05 – within Greece and 70,86% - within the Romania.

Other costs, incurred in 2024



Finance costs amount to BGN 6 138 thousand and record a 64,60% increase, compared with the same in the prior reporting (comparative) period (2023: BGN 3 729 thousand). Interest expenses, incurred on the outstanding principal amounts of loans, obtained from financial institutions (BGN 2 610 thousand) hold the most significant share of “Finance costs”. Such record a 278,81% increase compared with the same, incurred in the prior (comparative) reporting period (2023: BGN 689 thousand) and are mainly incurred in the utilisation of funds from financial institutions. Cost of bank guarantees amount to BGN 1 144 thousand and record a 7,32% increase (2023: BGN 1 066 thousand). Such costs have been incurred mainly with the purpose of securing the implementation of construction activities and advance payments under newly concluded (within the year) contracts. Foreign exchange losses amount to BGN 1 053 thousand and decrease by 18,18% compared with the same incurred in the prior reporting (comparative) period (2023: BGN 1 287 thousand). Such costs have been mainly incurred in Romania (38,94%), the Czech Republic (38,27%) and Serbia (13,20%). Interest expenses, incurred on the outstanding principal amounts of leases, amount to BGN 328 thousand.

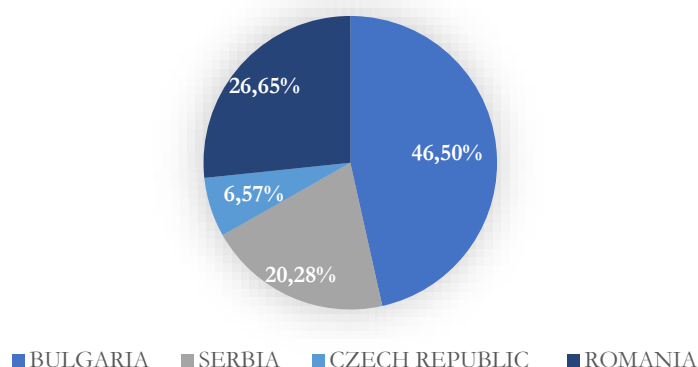
Other finance costs, amounting to BGN 860 thousand, are also included under “Finance costs”. By their nature, such refer to bank charges and fees, and finance costs related with effective bank credit agreements.

Type of finance cost	31.12.2024 BGN'000	Relative share 2024	31.12.2023 BGN'000	Relative share 2023	% change
<i>Interest expense, including interest expense i</i>	3 081	50,20%	876	23,49%	▲ 251,71 %
• commercial loans	53	0,86%	28	0,75%	▲ 89,29 %
• loans from financial institutions	2 610	42,52%	689	18,48%	▲ 278,81 %
• leases	328	5,34%	142	3,81%	▲ 130,99 %
• trade payables	19	0,31%	5	0,13%	▲ 280,00 %
• others	71	1,16%	12	0,32%	▲ 491,67 %
<i>Expenses, related to bank guarantees</i>	1 144	18,64%	1 066	28,59%	▲ 7,32 %
<i>Foreign exchange losses</i>	1 053	17,16%	1 287	34,51%	▼ (18,18)%
<i>Other finance costs</i>	860	14,01%	500	13,41%	▲ 72,00 %
Total	6 138	100,00%	3 729	100,00%	▲ 64,60 %

The entities within the Group service several credits to different financial institutions – UniCredit Bulbank AD, DSK Bank EAD, UBB AD and Intesa Bank.

When geographically segmented, 34,90% of the finance costs have been incurred within the Republic of Bulgaria, 28,87% - within the Republic of Serbia, 9,25% - within the Czech Republic and 26,98% within the Republic of Romania.

Finance costs, incurred in 2024



Personnel

980 persons were employed within the Group at 31.12.2024; 552 of those were employed within Bulgaria, 341 – within Serbia and 87 within Romania. The average number of personnel for 2024 amounts to 922 persons.

The personnel distribution, per categories, is as follows:

Average number at 31.12.2024			
	BULGARIA	SERBIA	ROMANIA
Total personnel	552	341	87
Management personnel (Managers)	71	4	8
Analytical experts	81	48	0
Applied experts	85	80	0
Support staff	19	0	0
Highly qualified employees	50	44	25
Personnel, engaged in the rendering of services	23	0	0
Plant, facility and machine operators	143	94	10
Low-skilled (qualified) workers	80	71	44

Financial result (performance)

To summarise the figures and information, presented in the consolidated financial statements for 2024: “Trace Group Hold” PLC and its subsidiaries have realised total income of BGN 667 386 thousand and have incurred total expense in the amount of BGN 628 207 thousand (exclusive of tax expenses) within the year. The financial result before tax conveys a profit of BGN 39 179 thousand. Tax expenses amount to BGN 6 334 thousand; BGN 10 240 thousands of those refer to current corporate income tax. The financial result (net profit) after taxation amounts to BGN 32 845 thousand.

III. Analysis of financial and non-financial indicators

1. Financial indicators and ratios

The financial performance in the financial reporting 2024 is reflected in the following economic indicators:

Indicators	2024	2023	Difference	
	Amount	Amount	Amount	%
Non-current assets /total/	126 817	110 069	16 748	15%
Current assets, including:	509 897	290 843	219 054	75%
Inventories	93 931	53 066	40 865	77%
Current receivables	406 396	183 778	222 618	121%
Current financial assets	172	169	3	2%
Cash and cash equivalents	9 398	53 830	(44 432)	-83%
Total assets	636 714	400 912	235 802	59%
Equity	172 212	145 322	26 890	19%
Financial result (profit / loss)	32 869	16 113	16 756	104%
Non-current liabilities	45 610	23 886	21 724	91%
Current liabilities	419 106	231 894	187 212	81%
Total liabilities	464 716	255 780	208 936	82%
Total income	667 386	401 994	265 392	66%
Sales income	661 875	396 435	265 440	67%
Total expense	628 207	382 463	245 744	64%

№	Ratios	2024	2023	Difference	
		Value	Value	Value	%
Profitability:					
	Return on equity	0,19	0,11	0,08	72%
	Return on assets	0,05	0,04	0,01	28%
	Return on liabilities	0,07	0,06	0,01	12%
	Net profit margin	0,05	0,04	0,01	22%
Efficiency:					
	Of costs	1,06	1,05	0,01	1%
	Of income	0,94	0,95	(0,01)	-1%
Liquidity:					
	Current ratio	1,22	1,25	(0,04)	-3%
	Quick ratio	0,99	1,03	(0,03)	-3%
	Acid test	0,02	0,23	(0,21)	-90%
	Absolute liquidity	0,02	0,23	(0,21)	-90%
Financial leverage:					
	Financial leverage	0,37	0,57	(0,20)	-35%

Gearing	2,70	1,76	0,94	53%
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Profitability (return) coefficients are subject to investor’s interest as they convey the pace of return on capital. In essence, profitability coefficients reflect the quantitative characteristics of the efficiency of the Group’s sales income, equity, assets and liabilities. Their computed values are directly related (depended) to the profit, realised by the Group. All profitability coefficients record an increase within the current reporting period as a result of the negative values of the same, computed in the prior reporting (comparative) period. Net profit margin is the ratio of the financial result to the sales income. Net profit margin is computed at 0,05 for the current reporting period, compared with 0,04 that was computed in the prior reporting (comparative) period.

Efficiency ratios are quantitative characteristics of the interrelation of the Group’s revenues and expenses. The coefficient is mainly influenced by any changes in the structure of revenues and expense and such alter too compared with the same, recognised in 2023. Based on the current year’s data and information, the efficiency of cost coefficient levels to 1,06, compared with 1,05 in the prior reporting (comparative) period. The efficiency of revenue coefficient records a 1% decrease and is levelled at 0,94. Efficiency ratios do not record a significant change in their values due to the fact that both income and expense increase in nearly the same pace. The results of calculations of cost efficiency ratios convey how much revenue the entity shall obtain from the use of one cost unit for that (same) activity.

Liquidity ratios express the Group’s ability to timely settle its debts with the available assets, and present the Group’s ability to convert the readily available assets into liquid such. The current ratio is levelled to 1,22 and records a decrease of 0,04 points, compared with the same, computed in the prior reporting (comparative) period (2023: 1,25). Current ratio is computed as the ratio of current assets to current liabilities and it is assumed that at coefficient levels above 1, the risk that the entity will fall into a state of inability to meet its liabilities is too low. The acid test and absolute liquidity ratios are computed to both level at 0,02. Such record an over 90% decrease, compared with the same, computed within the comparative (prior reporting) period.

Financial leverage coefficient is the ratio of equity to total liabilities. The coefficient is measured at 0,37 in 2024 and records a decrease of 35%, compared with the value of the same in the prior (comparative) reporting period (2023: 0,57). This is due to the fact that total liabilities increase, while equity decreases in 2024, compared with the same in 2023.

Debt ratios show the amount of liabilities, recorded against BGN 1 of equity. The dept ratio is calculated to level to 2,70 in 2024, thus recording an increase of 0,94 points, or 53%, compare to the same in the prior reporting (comparative) period (2023: 1,76).

2. Dividends

The corporate management of “Trace Group Hold” PLC maintains optimal dividend policy in pursue of satisfying the shareholders’ interest and aiming to reinvest the retained profits in order to achieve future growth in the Entity’s development and increase in the price of its shares. Senior Management strives to take balanced decisions regarding dividends, taking into consideration the available resources, the economic situation and the shareholder’s expectations.

Decisions to distribute dividends of “Trace Group Hold” PLC are taken based on what portion of the profits may be distributed, under the form of dividends, without compromising the entity’s ability to invest, the latter being defined under the corporate business program for the following year. In 2024, dividends referring to the financial reporting 2023 were distributed pursuant to a decision of the General Meeting of Shareholders. Such (dividends) amounted to 6 049 065,25 (six million forty nine thousand sixty five Bulgarian Levs and twenty five stotinki), or per 0,25 (twenty five stotinki) gross per share.

3. Corporate Social Responsibility

Environmental protection

The entities within the Group of “Trace Group Hold” PLC maintain an Integrated Quality Control System, in compliance with the requirements of the international standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and engage in social activities, supporting its principles of protecting the integrity, health, rights and welfare of its employees.

The process control system, affecting the quality, environment, health and safety at work covers all principal activities within the entity’s portfolio. “Trace Group Hold” PLC applies the international standards for environmental management. The group regards its sustainable development, competitiveness and economic prosperity as closely related to the global efforts for environmental protection.

The Management of “Trace Group Hold” PLC puts efforts to reduce the entity’s environmental impact by:

- Efficient use of electricity and heating (energy conservation);
- Waste minimisation;
- Pollution prevention by reducing and minimising harmful air and water emissions;
- Use of new generation techniques and equipment in the execution of its activity;
- Monitoring of air, water and soil pollution;
- Implementation of ERP system for process management and digitalisation;

The corporate governance of “Trace Group Hold” PLC appreciates the importance of preserving the eco balance in nature and pays close attention to the environmental impact of its subsidiaries’ production. The Holding monitors for events targeting to reduce the harmful effects on the environment that the entities undertake in the course of their activities. All production facilities (crushing plants, asphalt bases, stone powder plants and others) are provided with filtration systems for capturing toxic exhaust emissions and are complying with the requirements of the control bodies that monitor the environmental protection.

Asphalt mixtures are made using a dry process, without the use of water. Asphalt mixing plants have a highly efficient filtering system that ensures dust collection of dust emissions from exhaust gases, which are subjected to dry purification through an industrial filter. All smokes are absorbed by a powerful aspiration system, pass through a dry dedusting filter and clean exhaust air is released into the atmosphere.

The specialised machinery and trucks meet the European and international standards for environmental protection. Targeting to preserve the eco balance, the entity invests in modern machines and equipment, and aims to introduce innovative productions.

A photovoltaic plant for the production of electricity, with a capacity of 164 KW and intended to ensure the electricity needs of the entity, and was installed at the repair facility in Sofia, in the end of 2023. The photovoltaic plant began operating in early 2024.

Environmental protection concepts that define the activities for minimising pollution and the harmful effects on the environment are being designed and applied throughout the implementation of all infrastructure projects. The concepts ensure the identification, assessment and management of significant environmental aspects, and prevention of environmental pollution in the implementation of the respective public tender. The environmental protection concept complies with the core activities in the project’s implementation and the operation of projects and sites at the design, construction and operation stages, namely:

- Approved plan for spatial planning upon land-use changes
- Preparation and coordination of the project documentation
- Obtaining building permits
- Implementation of projects
- Putting sites in operation

- Conditions, defined by issued decisions on environmental assessment and / or environmental impact assessment

Procedures are implemented in accordance with the Bulgarian and European environmental legislations, ensuring the prevention of significant negative impacts on the environment and human health in the execution of investment proposals, namely: Environmental assessment of programmes and plans with regards to spatial planning and assessment of the environmental impact; Assessment of compatibility with the scope and objectives of preservation of protected areas.

Corporate social activities

The economic dimensions of the responsible social behaviour of “Trace Group Hold” PLC reflect the entity’s sustainability in times of crisis, its reputation, better competitive advantage, the attraction of investors.

Through the “Trace for People” Foundation, “Trace Group Hold” supports projects and causes that align with the entity’s corporate culture, the values that the entity follows and portrays to the general public. The foundation unites the efforts of all entities within the Holding in the field of corporate social responsibility. “Trace” supports and is the initiator of causes that build on the history, culture and Bulgarian spirit. It participates and in educational and sports initiatives and causes.

In 2024, “Trace” contributed in upgrading the social and cultural environment by supporting the following causes:

In 2024 and despite the adverse economic consequence of the current trends and events, “Trace” continued to support the “Dostoynite Bulgari” (transl. “Worthy Bulgarians”) and the “Otlichnitsite na Bulgaria” (transl. “The excellent ones of Bulgaria”) initiatives, the “Beroe” Basketball and Wrestling clubs, the Child and Youth Academy (CYA) of FC “Vereya”.

4. Non-financial information – presentation

Some entities are obliged to publish non-financial information separately, or as part of their annual Management Reports, in compliance with the requirements of Directive 2014/95/EU of the European Parliament on the presentation of non-financial information and the provisions of the Accountancy Act. This requirement is imposed on large enterprises of public interest that at financial year-end (31 December) exceed the criterion of 500 people, employed on average within the entity in the respective financial reporting period (average number of employees criteria). Public interest entities are: public entities and other issuers of securities; credit institutions; financial institutions; insurance and reinsurance, pension insurance companies and the Funds managed by those; investment intermediaries; commercial entities engaging in the production, transmission and sales of electricity and heat; commercial entities engaging in the import, transmission, distribution and transition of natural gas; commercial entities that provide water supply, sewerage and telecommunications services; “Bulgarian State Railways” EAD and its subsidiaries.

Entities with net sales revenue of BGN 100 million or more, or with book value of assets of BGN 50 million or more, are defined as large enterprises.

Given the criteria set out in the Accountancy Act, it can be concluded that at consolidation level, “Trace Group Hold” PLC has an obligation to present non-financial information.

Non-financial information is presented in the form of a Statement, as a separate document to the Management Report – an Appendix .

IV. Main risks

The Group may be exposed to different financial risks in the course of its ordinary activities and hence the overall risk management is focused on minimising the potential adverse effects that could impact the financial results (performance).

The company's activity is influenced by a number of factors, such as the macroeconomic conditions in Bulgaria, the price dynamics of the raw material, the “entity – suppliers” relations, any legislative changes, any exchange rates changes and others. In 2024, the company suffered the adverse consequences of the increasing prices of electricity and of raw materials – both within Bulgaria as well as on the international arena.

Inflation risk

Inflation risk refers to the risk of a general rise in prices, thus decreasing the value of money and households and companies suffering potential losses. The last published macroeconomic forecasts of the ECB experts, provide for a 2,5% average HICP inflation rate in 2024, a 2,2% average HICP inflation rate in 2025 and 1,9% average HICP inflation rate in 2029, which is significantly lower than the value, quoted in prior periods.

Political risk

Political risk refers to the possibility of serious internal political shocks, leading to a negative change in the government's economic program and its economic development priorities, as a result of which the environment whereabouts the entities operate will adversely change and investors will suffer losses. Two early elections for an Ordinary National Assembly were held in Bulgaria in 2024 – in June and in October. As a result, the country was predominantly governed by a Caretaker Government. A regularly appointed Cabinet was not elected until January 2025. The international political risks for Bulgaria relate to commitments made to implement serious structural reforms in the country, as an equal (in rights) member of the EU, to increase social stability, reduce inefficient spending, on the one hand, and the strong destabilisation of the Middle East countries, including the Israel – Hamas conflict at the Gaza Strip, the increasing threat of terrorist attacks in Europe, the refugee waves and the instability of key countries in the immediate vicinity of Bulgaria, on the other. Bulgaria, similar to other EU member states in the region, continues to be severely affected by the pan-European problem of intensive refugee flows from the Middle East. Nonetheless, it must be noted that efforts to prevent, or at minimum reduce, these flows are already bearing fruit, including and with the support of the other EU countries. Another significant milestone that was achieved involves Bulgaria's partial admission (by air and water) in the Schengen Area on 31 March 2024, and the country's full rights-membership as of 01 January 2025. Other factors that also affect this risk are the potential legislative changes, in particular those concerning the economic and investment climate in the country. The geopolitical situation in the region has been further complicated by the evolution of the Russian-Ukrainian crisis. The election of Donal Trump as President of the United States of America hints to prospects for finding a solution to the aforementioned conflict. It is currently not possible to assess this risk for the Entity in absolute value, as the business activity is not directly focused on neither the Russian, nor the Ukrainian market. Nonetheless, the crisis does indirectly impact the activities. Sanctions against Russia have caused fuel prices to rise, which in turn reflects in increases in the prices of raw materials and commodity.

Credit risk

The entities within the Group are exposed to credit risk in the course of their ordinary activities. Credit risk is related to the risk that some of its counterparties will not be in a position to meet their obligations wholly and in the normally expected time periods.

The financial assets of the entities are concentrated in three groups: Cash, Receivables from customers, and Financial assets – loans granted.

The company regularly monitors for the non-settlement of liabilities by its (and its subsidiaries') customers and other counterparties, established individually or collectively, and uses such information to

control the credit risk. Credit rating data from external sources and / or from the financial statements of customers, and of other counterparties, is obtained and used when the costs to do so are not too high. The company's policy is to only engage in transactions with counterparties, who have a good credit rating.

The Group's cash and cash at banks (current accounts) are concentrated in the following banks: “UniCredit Bulbank” AD, “UniCredit Bank Serbia”, “DSK Bank” AD, “UBB” AD. The Management believes that the Group is not exposed to such a risk as long as the servicing banks maintain stable liquidity.

Liquidity risk

Liquidity risk is expressed as the adverse situation where the Group will not be in a position to unconditionally meet all its obligations upon their maturity. A conservative Liquidity Management Policy is applied in order to constantly maintain optimal cash liquidity and a good ability to finance the Holding's economic activities. The maturity and timely payment are monitored by the Financial-Accounting Department, on a current basis, while maintaining the necessary information on the available cash and pending payments.

Interest risk

Interest risk is related to possible, potential, adverse changes in the interest levels, quoted by financial institutions domiciled within the Republic of Bulgaria. The levels of ECB's key interest rates and its benchmark for interest rates remained relatively unchanged for the first half of 2024, with their (i.e. interest rates) level recording a trend to decrease as of Q3 of the same year, It must be noted though that this trend was not so greatly significant until the year-end.

Interest risk is the risk that the fair value or the future cash flows of the financial assets and liabilities, held by the entity, will vary as a result of fluctuations in the market interest rates.

Overall, the interest-bearing financial assets and liabilities, representing finance leases receivables and payables, and loans obtained or granted, form a significant portion of the assets and liabilities structure of the Group.

Currency risk

The Holding is exposed to currency risk in so far as all branches, and some of the Holding's subsidiaries, operate in countries, the national currencies of which are not pegged to the Bulgarian Lev (BGN). The majority of the Holding's transactions and operations are primarily concluded in Bulgarian Leva and / or in Euro.

V. Significant events after the reporting period

The following significant events occurred after the reporting period (i.e. after the date of the financial statements) and before the financial statements were authorised for issue:

- Deletion of USM AD (JSC) – in liquidation as of 24.06.2024, with UIC 123020098; the deletion was entered in the Commercial Register of the Registry Agency on 20.03.2025.

VI. Future opportunities and development

“Trace Group Hold” PLC shall continue to strengthen its market positions, both domestically and in the countries in which it operates, by retaining and developing the company's human resources.

In Bulgaria, the entity will participate in tenders for the implementation of infrastructure projects, included in the program period of the Operational Programs of the European Union with an emphasis on: railway and road construction; subway (metro) construction, water sector, waste depots and dumping grounds,

Public works and community development procedures, co-financed by the State budget and under European programs; High-rise construction projects and projects for rehabilitation of buildings, targeting to improve their energy efficiency; Initiatives with private investors with an interest in infrastructure, logistics and industrial construction, as well as in public – private projects.

High-rise construction shall continue to be of great importance within the structure, both as an investment and as an operational activity. The modern and functional “Atana” city complex, located in “Druzhba” Residential District, Sofia, is under construction. The construction of a second building within the complex began in 2024. In the short term, the Holding intends to participate in the construction of residential, administrative and office buildings in Bulgaria and in the other countries, where the group is established.

“Trace Group Hold” PLC strengthened its position in the field of road maintenance in Serbia, in particular – in the field of maintenance and rehabilitation of road infrastructure in the South-Eastern parts in Serbia. In 2024, the entity continued its solid establishment within the Serbian railway construction sector and it is currently continuing with the implementation of the project of rehabilitating a large section of the “Nis – Brestovac” railway line and the implementation of the project for rehabilitation of a large part of the railway section from Nis to Dimitrovgrad (Caribrod). Besides the road and railway infrastructure sector, the entity intends to penetrate the high-rise construction sector. The construction of a multiple-purpose-use building in Belgrade, Serbia, continued and in 2024.

Initiatives to penetrate the neighbouring Romanian market are successfully developing too. The entity is executing building and construction works under a concluded contract for the construction of a section of the “Ploiesti – Buzau” Highway. The Holding continues to look into feasible options to participate in future tender procedures for infrastructure projects on the territory of Romania.

The international division of the Holding shall continue to research the Central and East European markets.

VII. Research and Development

The entities within the Group do not engage in any Research and Development.

VIII. Information, disclosed in accordance with the provisions of the Commercial Act – Art. 187 (e) and Art. 247

1. Treasury shares. Share repurchases

The decision and terms to repurchase own shares of the entity’s capital (treasury shares) was taken on the grounds of Art. 187(b) of the Commercial Act, Art. 111, paragraph 5 and paragraph 6 of the Public Offering of Securities Act (POSA) and pursuant to a decision of the General Meeting of Shareholders, held on 26.06.2019. After the completion of the first procedure on 31.12.2021, the Managing Board of “Trace Group Hold” PLC announced the commencement of the next procedure. This new procedure to repurchase shares would be under the same conditions as the one already compiled, but with new parameters as to its term:

- Number of shares, subject to repurchase – up to 2.07% of the capital or up to 500 000 (five hundred thousand) shares.
- Date of commencement of the repurchase procedure – 06.01.2022.
- Deadline to complete the repurchase, including and the deadline for payment of the treasury shares – 26.06.2024, as of 06.01.2022.

The procedure to repurchase treasury shares should be terminated as successfully completed upon the exhaustion of the specified number of shares, namely if the entity repurchases 500 000 (five hundred thousand) shares.

The procedure was completed on 26.06.2024 and no such procedures to repurchase shares are effective currently.

“Trace Group Hold” PLC holds a total of 3 739 treasury shares at 31.12.2024.

2. Information on the members of the Supervisory Board and the Managing Board

“Trace Group Hold” PLC is managed by a Supervisory Board (SB) and a Managing Board (MB), under a two-tier management system.

The Supervisory Board (SB) is comprised of:

Nikolay Ganchev Mihaylov – Chairman of the SB

Manol Peychev Denev – Member of the SB

Mariela Ivanova Rounteva – Independent Member of the SB

The Managing Board (MB) is comprised of:

Desislava Ivanova Lyubenova – Chairman of the MB

Boyan Stoyanov Delchev – Member of the MB and Executive Director

Manol Tanev Kavrov – Member of the MB

The Supervisory and Managing Boards have a term of office until 2025.

The Supervisory Board establishes and controls the entity’s strategic development guidelines, it provides guidance in defining the vision and controls their implementation. It provides guidance to the Managing Board in the establishment of a risk management system, including internal control and internal audit, the financial information system and controls their operations. It controls the regulatory compliance, stipulated in the entity’s statutes. The Supervisory Board treats equally all shareholders and works to protect their interests. The Supervisory Board appoints and controls the entity’s Managing Board.

The Managing Board of “Trace Group Hold” PLC manages the Entity in an independent and responsible manner, in accordance with the established vision, objectives, corporate strategies and in consideration of the shareholders’ interests. It coordinates its activities with the Supervisory Board when such are related with the business plan of the Entity, the transactions of substantial nature, as well as other activities established in its statutes. The Managing Board has defined and monitors for compliance with the Entity’s Disclosure Policy and the Investor Relations Policy. It provides shareholders with the requisite information, in the time and format defined under the Entity’s statutes. During their term of office, the members of the Managing Board are guided by their generally accepted principles of integrity and managerial, and professional, competence. The Managing Board adheres to the Code of Ethics.

Information on the purchase and ownership of the entity’s shares by members of the Managing Bodies.

	Number of shares	Value	% Share
Nikolay Ganchev Mihaylov	16 276 755	16 276 755	67.26%
Desislava Ivanova Lyubenova	1 202 056	1 202 056	4.97%

No privileges or exclusive rights to acquire entity’s shares and bonds are provided for the members of the Managing Bodies.

The members of the Managing Bodies are not involved as general partners (unlimited liable partners) in commercial entities, other than in the entities, presented in the table hereafter.

The tables hereafter provide information on the participating interests of the members of the Supervisory Board (SB) and the Managing Board (MB) in the management of other entities and information on the held by them capital of other entities, exceeding 25% of the capital.

Supervisory Board

Entity	Nikolay Mihaylov	Manol Denev
“Trace Group Hold” PLC	Chairman of the SB, holding 67.26% of the capital	Deputy Chairman of the SB
“Galini” EOOD (LTD)	Sole owner and Manager	
“Galini – N” EOOD (LTD)	Sole owner and Manager	
“Injproekt” OOD (LTD)	Holding, indirectly, over 25% of the entity’s capital	
Trace Group Hold PLC – Prague branch	Holding, indirectly, over 25% of the entity’s capital	Manager
Trace Group Hold PLC – Kiev branch	Holding, indirectly, over 25% of the entity’s capital	Manager
Trace Group Hold PLC – Skopje branch	Holding, indirectly, over 25% of the entity’s capital	
Trace Group Hold PLC – Belgrade branch	Holding, indirectly, over 25% of the entity’s capital	
Trace Group Hold PLC – Bucharest branch	Holding, indirectly, over 25% of the entity’s capital	
Trace Group Hold PLC – Greece branch	Holding, indirectly, over 25% of the entity’s capital	
“New Alliance” OOD (LTD)	Holding, directly, over 25% of the entity’s capital	
“Infra Commerce” EOOD (LTD)	Holding, indirectly, over 25% of the entity’s capital	
“Trace Properties” EOOD (LTD)	Holding, indirectly, over 25% of the entity’s capital	
“USM” AD (PLC)	Holding, indirectly, over 25% of the entity’s capital	
“Trace Mechanisation” EAD (JSC)	Holding, indirectly, over 25% of the entity’s capital	
“Trace BG” EOOD (LTD)	Holding, indirectly, over 25% of the entity’s capital	
“Trace Yambol” AD (JSC)	Holding, indirectly, over 25% of the entity’s capital	
“Asphalt Commerce” EOOD (LTD)	Holding, indirectly, over 25% of the entity’s capital	
“Trace Serbia” EAD (JSC)	Holding, indirectly, over 25% of the entity’s capital	
“Trace Build” EOOD (LTD)	Holding, indirectly, over 25% of the entity’s capital	
“Trace Rent” EOOD (LTD)	Holding, indirectly, over 25% of the entity’s capital	
Trace Group Hold USA Llc, USA	Holding, indirectly, over 25% of the entity’s capital	

Managing Board

Entity	Desislava Lyubenova
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“Trace Group Hold” PLC	Chairman of the MB
“Trace for People” Foundation	Executive Director
Novita AD (JSC)	Holding, directly, over 25% of the entity’s capital
Bordoni EOOD (LTD)	Holding, directly, over 25% of the entity’s capital
Aero plaza AD (JSC)	Holding, directly, over 25% of the entity’s capital
Diginalitics OOD (LTD)	Holding, directly, over 25% of the entity’s capital
Road Design AD (JSC)	Holding, directly, over 25% of the entity’s capital
Lepitsa Land OOD (LTD)	Holding, directly, over 25% of the entity’s capital
Treskavec OOD (LTD)	Holding, directly, over 25% of the entity’s capital
Himik AD (JSC)	Holding, directly, over 25% of the entity’s capital
“Meditsinski Centar po Biozifika Nova Kletka (transl. Biophysics’ Medical Centre New Cell) – Novous” OOD (LTD)	Holding, directly, over 25% of the entity’s capital
Evilard Bulgaria EOOD (LTD)	Holding, indirectly, over 25% of the entity’s capital

IX. Statement on Corporate Governance, pursuant to Art. 100 (n), paragraph 8, in conjunction with paragraph 7, item 1 of the Public Offering of Securities Act (POSA)

The Statement is disclosed in separate Annex to the Management Report.

X. Additional information under Annex 2 of Ordinance №2 of the Financial Supervision Commission (FSC)

- 1. Information, presented quantitative and qualitative wise, regarding the main categories of goods, products and / or rendered services, stating their share in the revenue from sales of the issuer as a whole and the changes that incurred during the financial reporting period.**

Information on the services rendered is disclosed under Section II, 2. Operating results.

- 2. Information on the revenue, allocated to the different categories of activities, internal and external markets, as well as information on the sources for the supply of materials, required in the production of goods, or in the rendering of services, reflecting the degree of dependency of the separate seller and buyer / user, and information on each person, separately, on his / her share in the sales or purchases and his / her relation to the issuer, when the relative share of any of those exceeds 10 per cent of the costs of sales or the sales income:**

Information on the revenue allocation per categories of activities and markets is disclosed under Section II, 2. Operating results.

The key customers of the entity include: Sofia Municipality, “Metropolitan” EAD (JSC), Stara Zagora Municipality, Nationalna Kompania Zhelezopatna infrastruktura (transl. National Railway Infrastructure Company), the Ministry of Finance of the Republic of Serbia, “Koridori Srbije” d.o.o., J.P. “Putevi Srbije”

Beograd; CNAIR Romania (transl. National Company for Management of Road Infrastructure); Infrastruktura železnice Srbije (transl. Railway Infrastructure Serbia).

The contracts for building and construction works, concluded with the disclosed assignors, have been concluded by Trace Group Hold PLC and / or its subsidiaries, its branches, domiciled abroad, and companies under the Law on Obligations and Contracts in which Trace Group Hold PLC is a leading partner and / or an alliance leader.

The core suppliers of the entity in 2024 are: “Infra Commerce” EOOD (LTD), “Atmiks” EOOD (LTD), Uniken EOOD (LTD), “Hydrobeton” OOD (LTD), HSV doo, Millennium Team, Euro Road 111 DOO Novi Beograd, Avimi Serv SRL.

3. Information on significant agreements concluded.

The following construction contracts that are significant to the activities of “Trace Group Hold” PLC, were concluded in 2024:

- On 24.01.2024, Trace Group Hold PLC concluded a contract with Agentsia “Patna Infrastruktura” – OPU – Plovdiv (transl. “Road Infrastructure” Agency – RRM – Plovdiv) – Assignor, for the awarding of public tender for: “Selection of a Contractor for Design, Exercise of Author Supervision and Construction (Engineering) for the Site: “Construction of a new bridge at Cherkezitsa river, at km 0+189 of road III-804 “Popovitsa – Asenovgrad”. The contract is valued at BGN 2 430 106,85, exclusive of VAT. The contract’s term (implementation period) is 390 calendar days.

- On 26.06.2024, “PODDARZHANE (transl. Maintenance) 2022” – a Company under the Law on Obligations and Contracts, with Trace Group Hold PLC as the leading partner and Trace BG EOOD (LTD) as partner, concluded a contract with Agentsia “Patna Infrastruktura” (transl. “Road Infrastructure” Agency) – Assignor, for the following: Contract for the awarding of a public tender with scope: “Maintenance and repairs of national roads on the territory of the SOUTHEASTERN REGION, LOT № 3 – OPU (transl. RRM) STARA ZAGORA, with estimated value of BGN 139 299 087.50. The term of the contract is 48 months as of the date, specified in the Assignment letter, issued by the Contracting Authority – Assignor and sent to the Executor.

- On 02.07.2024, the following contract was conclude by and between a Company under the Law on Obligations and Contracts, whereby the leading partner is Patstroy VDH EAD (JSC) and Trace Group Hold PLC is partner, and the Contracting Authority (Assignor) Agentsia “Patna Infrastruktura” (transl. “Road Infrastructure” Agency): Contract for the awarding of public tender with scope: “Maintenance and repairs of national roads on the territory of SOUTHEASTERN REGION, LOT № 1 – OPU (transl. RRM) BURGAS” at estimated value of BGN 161 635 162,50. The Contract’s term is 48 months as of the date, specified in the Assignment Letter, issued by the Contracting Authority – ASSIGNOR and sent to the EXECUTOR.

- On 15.07.2024, the following contract was conclude by and between a Company under the Law on Obligations and Contracts, whereby the leading partner is A.D. Hold OOD (LTD) and Trace Group Hold PLC is partner, and the Contracting Authority (Assignor) Agentsia “Patna Infrastruktura” (transl. “Road Infrastructure” Agency): Contract for the awarding of public tender with scope: “Laying horizontal marking on national roads on the territory of Bulgaria, managed by RIA in accordance with Art. 19, paragraph 1, item 1 of the Roads Act, LOT № 4 – South-eastern region, including the regions Burgas, Sliven, Stara Zagora and Yambol” at estimated value of BGN 35 000 000. The Contract’s term is 48 months as of the date, specified in the Assignment Letter, issued by the Contracting Authority – ASSIGNOR and sent to the EXECUTOR.

- On 19.08.2024, the following contract was conclude by and between a Company under the Law on Obligations and Contracts, whereby the leading partner is Trace Group Hold PLC and AB AD (JSC) is partner, and the Contracting Authority (Assignor) Agentsia “Patna Infrastruktura” (transl. “Road Infrastructure”

Agency): Contract for the awarding of public tender with scope: “Overhaul of the site: Road III-807 “Varbitsa – Skobeleva”, from km 0+000 to km 11+612, at total length 11.612 km”, valued at BGN 19 450 350,55, exclusive of VAT. The Contract’s term is 360 calendar days.

- On 12.09.2024, the following contract was conclude by and between a Company under the Law on Obligations and Contracts, whereby the leading partner is Trace Group Hold PLC and Vitez prospect AD (JSC) is partner, and the Contracting Authority (Assignor) Agentsia “Patna Infrastruktura” (transl. “Road Infrastructure” Agency): Contract for the awarding of public tender with scope: “Appointing an executor for construction and installation works on the project: Overhaul of three LOTs, LOT III – Overhaul on the site: Road III – 7907 “Debelt – Bratovo”, from km 0+000 to km 16+128.5, at total length 16.129 km and road connections at a total length of 0.320 km”, valued at BGN 32 640 338,45, exclusive of VAT. The Contract’s term is 360 calendar days.

- On 18.09.2024, the following contract was conclude by and between a Company under the Law on Obligations and Contracts, whereby the leading partner is Trace Group Hold PLC and Trace Serbia AD (JSC) is partner, and the Contracting Authority (Assignor) Joint Stock Company for the Management of Public Railway Infrastructure: “Serbian Railway Infrastructure”: “Heavy maintenance (modernisation) of the road IA 1 Brestovac (Interchange) Doljevac (Interchange), from km 457+272 to km 451+250, in the Republic of Serbia. Length: 6,022 km. Contract № RRSP/RRW-IA1BD/2023-01 in the amount of RDS 600.653.814,17, exclusive of VAT. The Contract’s term is 183 calendar days.

- On 19.12.2024, the following contract was conclude by and between a “PODDARZHANE (transl. Maintenance) MONTANA 2023” – a Company under the Law on Obligations and Contracts, whereby the leading partner is “NIVEL STORY” EOOD (LTD) with 34% participating interest and TRACE GROUP HOLD PLC and “GARANT-90-TSONEV I SIE (transl. & Co.) OOD (LTD) are partners (each with 33% participating interest), and the Contracting Authority (Assignor) Agentsia “Patna Infrastruktura” (transl. “Road Infrastructure” Agency): Contract for the awarding of public tender with scope: “Maintenance and repair works on national roads on the territory of the NORTHWESTERN region, LOTs as follows: • LOT № 1 – OPU (transl. RRM) VIDIN; • LOT № 2 – OPU (transl. RRM) VRATSA; • LOT № 3 – OPU (transl. RRM) MONTANA; • LOT № 4 – OPU (transl. RRM) LOVEC; • LOT № 5 – OPU (transl. RRM) PLEVEN“, in terms of LOT № 3 – OPU (transl. RRM) MONTANA, valued at BGN 68 337 707.50, exclusive of VAT. The Contract’s term is 48 months as of the date, specified in the Assignment Letter, issued by the Contracting Authority – ASSIGNOR and sent to the EXECUTOR.

- 4. Information on the transactions, concluded by and between “Trace Group Hold” PLC and related parties within the current reporting period, proposals to conclude such transactions, as well as transactions that fall outside the scope of its ordinary activity, or that significantly deviate from the market conditions and under which the issuer or its subsidiary is a party, indicating also the value of those transactions, the nature of relation (connection) and any information, necessary to assess the impact on the issuer’s financial position.**

Related party transactions

Sales

	Client	Type of transaction	2024	2023
Associates and joint ventures		Services, assets	4	236
Entities and individuals, related via the principal shareholder		Services	27	9
Entities and individuals, related via Key Management Personnel (KMP)		Services, assets	1 238	141
Total			1 269	386

Purchases

Supplier	Type of transaction	2024	2023
Principal shareholder	Services, interest rates	1 790	1 638
Entities and individuals, related via Key Management Personnel (KMP)	Services, assets	910	968
Entities and individuals, related via the principal shareholder	Services, materials	400	167
Total		3 100	2 773

Information on related party transactions is disclosed in the explanatory notes to the Annual Consolidated Financial Statements for 2024, under “Other disclosures”, in the “Related party transactions and balances” note.

There are no transactions that fall outside the scope of the entity’s ordinary activities, or transactions that deviate significantly from market conditions to which “Trace Group Hold” PLC, or any of its subsidiaries, is a party.

5. Information on events and indicators, of unusual for “Trace Group Hold” PLC nature, having significant impact on its business activities, and the realised by such revenues and / or expenses incurred; assessment of their impact on the current year’s results.

The challenges that all economic sectors have faced over the past two years as a result of the military operations in Ukraine and in the Gaza Strip, and the consequences of such, continue to be unforeseeable and complex. The economy crisis prevailed and cash flows continued to be destabilised. In 2024, the crisis began to slowly subside; inflation rates have been declining too; the measures, adopted by central banks, have been resultful in controlling and / or restricting the crisis. The economic situation affects now less severely the already launched investment projects of “Trace”, all in Bulgaria, Serbia and Romania. Some Contracting Authorities (Assignors) have begun paying price indexations based on regulatory changes that were adopted in order to better reflect (and ensure adequacy in) the dynamic economic environment. The expected efficiency started improving. Nonetheless, the launch of major (large) projects was delayed and the deadlines for conducting tender procedures were postponed.

Funds, allocated to infrastructure, continue to be insufficient in the past two years as much of the unutilised funds under the European Structural and Investment Funds have been diverted to measures, aiming to tackle other issues.

The feasibility and opportunities for achieving the set targets and implementing the company’s strategy were also adversely affected by the political environment in Bulgaria. Early elections for Ordinary National Assembly were held twice in Bulgaria in 2024. As a result, the country was predominantly governed by a Caretaker Government. This led to delays in the approval of new operational programs, as well as a lack of large, state-funded infrastructure projects.

A significant retainment of the high prices of fuels and raw materials on the global market-place followed. Bitumen, fuels and steel are direct materials and raw materials for the activity of “Trace Group Hold” PLC. The prices of those materials at 2024 year-end have not recorded a significant increase, compared with the same at beginning of the year and the average price are comparable to those in 2023.

6. Information on transactions, carried off-balance sheet (nature and business purpose), indicating the financial impact of transactions on the activities, if the risks and benefits of these transactions are material to the issuer and if the disclosure of such information is significant for the assessment of the issuer’s financial position.

No transactions were carried off-balance sheet in 2024.

7. Information on the participation interests of “Trace Group Hold” PLC. Information on its major investments in Bulgaria and abroad (in securities, financial instruments, intangible assets and property), as well as investments in equity securities, other than within its economic group as per the meaning of the Accountancy Act and the sources / methods of financing these investments.

“Trace Group Hold” PLC invests mainly in securities and equity interests in Bulgarian and foreign entities, as well as in real estate.

Investments in subsidiaries – capital entities

Type	31.12.2024
	Amount
Trace BG EOOD (LTD), Bulgaria	100.00%
Trace Properties EOOD (LTD), Bulgaria	100.00%
Trace Serbia EAD (JSC), Serbia	100.00%
Infra Commerce EOOD (LTD), Bulgaria	100.00%
Asphalt Commerce EOOD (LTD), Bulgaria	100.00%
Trace Yambol AD (JSC), Bulgaria	99.48%
USM AD (JSC), Bulgaria	99.69%
Trace Mechanization EAD (JSC)	100.00%
Trace Build EOOD (LTD, Serbia	100.00%
Trace Group Hold USA Llc, USA	100.00%

8. Information on the contracts, concluded by “Trace Group Hold” PLC and its subsidiaries, in their capacity of creditors. Information on the credit agreements, disclosing the specific terms and conditions of the agreements, including and the maturity of each agreement (deadline for repayment), as well as information on the placed guarantees and the undertaken commitments.

Loans (credits) obtained by “Trace Group Hold” PLC

	Type of loan (credit)	Amount /BGN’ 000/	Outstanding principal (unpaid) / Utilised limited at 31.12.2024 /BGN’ 000/	Repayment deadline / Utilisation term (maturity)	Interest rate %	Collateral
UniCredit Bulbank AD	Bank guarantees	58 000	35 758	02.05.2031	0,70%	Mortgages, pledged non-current tangible assets, pledged receivables, pledged accounts, cash
UniCredit Bulbank AD	Revolving	20 000	18 596	02.11.2025	PIR + 2,05%	Mortgages, pledged non-current tangible assets, pledged receivables, pledged accounts
UniCredit Bulbank AD	Bank guarantees	4 890	4 890	29.06.2031	1,00%	Mortgages, pledged accounts

DSK Bank AD	Bank guarantees	19 558	4 458	31.12.2036	1,20%	Mortgage, pledged non-current tangible assets, pledged receivables, pledged accounts
DSK Bank AD	Investment	5 000	356	25.06.2025	1m. Euribor+ 2,869%	Mortgage, pledged receivables, pledged accounts
DSK Bank AD	Revolving/ bank guarantees	15 647	15 647	31.12.2025/ 31.12.2036	ADI+3,90%/ 1,20%	Mortgages, pledged non-current tangible assets, pledged receivables, pledged accounts, pledged accounts
DSK Bank AD	Revolving/ project funding	29 337	20650	31.12.2025	ADI+3,90%	Mortgages, pledged non-current tangible assets, pledged receivables, pledged accounts, pledged accounts
UBB AD	Bank guarantees	13 691	3 508	30.09.2040	0,90%	Mortgages, pledged receivables, pledged accounts
UBB AD	Revolving/ bank guarantee	15 647	13 922	30.10.2025	1m. CIR+ 2.50 % BGN /1m Euribor+ 2.50% EUR	Mortgages, pledged receivables, pledged accounts
UBB AD	Investment	11 000	10 083	15.06.2030	1y RIR+1,70%	Mortgage, pledged account
Eurobank Bulgaria AD	Bank guarantees	9 779	0	30.11.2030	1,00%	Mortgages, pledged non-current tangible assets, pledged receivables, pledged accounts, pledged accounts
Eurobank Bulgaria AD	Revolving/ bank guarantee	9 779	978	30.11.2025 30.11.2030	1m. Euribor+ 1,50%/ 1,00%	Mortgages, pledged non-current tangible assets, pledged receivables, pledged accounts, pledged accounts
NLB AD Serbia	Bank guarantees / revolving	10 757	7 823	13.05.2029 r./ 13.11.2025 r.	0,60%/ 5,85%	Promissory note, Corporate guarantee

Loans obtained by „Trace Serbia” EAD (JSC)

	Type of loan (credit)	Amount /BGN’ 000/	Outstanding principal (unpaid)/ Utilised limit at 31.12.2024 /BGN’ 000/	Repayment deadline / Utilisation term (maturity)	Interest rate %	Collateral
Unicredit Bank Serbia AD	Working capital	978	733	17.01.2026	3M Euribor + 3,20%	Mortgages, pledged non-current tangible assets, promissory notes
Bank Intesa AD Serbia	Working capital	978	810	23.05.2025	3M Euribor + 3,25%	Promissory note, corporate guarantee

Loans between related parties

Lender	Borrower	Type of loan	Amount BGN’ 000	Date of the contract / Annex	Repayment term	Interest rate %	Outstanding principal (unpaid) at 31.12.2024 BGN’ 000
Trace Group Hold PLC	Trace Rent EOOD (LTD) EIK 201782816	Revolving	500	12.05.2023	31.12.2025	4,00%	468,00
Trace Group Hold PLC	Dragalevtzi 2021 – a Company under the Law on Obligations and Contracts UIC 177544581	Overdraft, guarantees and advance payment for project implementation (performance)	99	15.12.2021	1 month after payment on behalf of the project’s Assignor	3,00%	99,00
Trace Group Hold PLC	Smart Build Digital EOOD (LTD) UIC 201719627	Revolving	600	16.04.2020 Annexes to extend	30.06.2025	4,50%	444,00
Trace Serbia AD	Trace Build EOOD (LTD)	Working capital	1 922	01.09.2022	31.12.2025	7,57%	1 730

9. Information on the total loans, granted by “Trace Group Hold” PLC, or its subsidiaries, provided guarantees or undertaken commitments, to an individual or an entity, or its subsidiary, including and to related parties, by disclosing their names or corporate name and UIC, the nature of the issuer’s, or its subsidiary(/-ie)’s, relation with the creditor, the amount of the outstanding principal, the interest rate, date of conclusion of the contract, the deadline for repayment, the amount of the undertaken commitment, any specific terms and conditions, as well as the purpose for which the funds are granted, if such are concluded as “tied”.

Loans (credits), granted by subsidiaries at 31.12.2024

Lender	Borrower	Type of loan (credit)	Amount BGN' 000	Date of the contract /Annex	Repayment term	Interest rate %	Principal amount outstanding (unpaid)
							At 31.12.2024 BGN' 000
Trace Group Hold PLC	Smart Build Digital EOOD (LTD)	Revolving	600	16.4.2020	30.6.2025	4,50%	444
Infra Commerce EOOD (LTD)	Todorov AD (JSC) UIC 130078447	Working capital	100,00	11.6.2015	Sized accounts of “Todorov” AD (JSC)	20%	81,00 impairment
Infra Commerce EOOD (LTD)	FC Vereya NGO	Working capital	10,00	25.4.2017	30.06.2017 - payable / due	6,50%	7,00 impairment
Trace Serbia AD (JSC)	FC Dinamo Vranje	Working capital	25	8.9.2016	8.10.2016	11,00%	17

10. Information on the utilisation of funds, raised from new emissions of securities within the reporting period

No new shares were emitted in 2024.

11. Ratio analysis of the financial results achieved that are reflected in the financial statements for the financial reporting period and previously disclosed estimates of these results (revenue forecasts).

Since 2011, “Trace Group Hold” PLC publishes revenue forecasts on a quarterly basis, reporting also the results achieved in the respective quarter. The analysis conveys that the published forecasts fairly reflect the financial results achieved later on, including in the annual financial statements of the entity.

12. Analysis and evaluation of the financial resources’ management policy, indicating the ability to settle obligations, the possible threats and the measures that the issuer has taken or is about to undertake to eliminate those.

“Trace Group Hold” PLC ensures the regular collectability of its receivables and settlement of its obligations. The holding controls the cash flows in its structure in order to optimise the group’s resources and ensure financial independence. When the available resources are not sufficient, the holding ensures external financing from banking institutions. The available recourses are channelled to finance the structure’s development in accordance with the Management’s strategic decisions. The group uses resources that have been obtained from financial institutions to finance part of its investments.

13. Evaluation of the feasibility of the investment intentions, indicating the amount of the available funds and reflecting the possible changes in the funding structure of these activities .

The investment decisions within the Holding are mainly realised by utilisation of the Holding’s own resources, as well as by using funds, obtained from bank institutions and leasing companies affiliated to such.

14. Information on the changes in the core management principles of “Trace Group Hold” PLC and its economic group, within the meaning of the Accountancy Act, which occurred within the reporting period

There have been no changes in the core management principles of “Trace Group Hold” PLC and its economic group in 2024. The process of the group’s restructuring continued with the implementation of the strategy for pooling similar activities into a single organisational and management system in order to increase competitiveness.

The transformations mainly target to achieve better economic results by:

- Optimisation of the construction processes and production by pooling assets and personnel; Elimination of duplicated activities, operations and functions;
- Ensuring a better workload of the group’s own assets and achievement of a positive financial performance result (profit) by introducing a centralised management policy;
- Improving the supply management of raw materials and materials, and external services by centralising the processes;
- Reducing the administrative staff and optimising the administrative expenses;
- Creating a unified cash and resource management;

Information on the changes within the economic group are disclosed in the “Investment portfolio” section.

15. Information on the key features of the internal control system and the risk management system, implemented by “Trace Group Hold” PLC in the preparation of financial statements .

The process of preparing the financial statements of “Trace Group Hold” PLC follows several core principles:

- Internal control through the current reporting of the project’s implementation and monthly control, and analysis, of the implementation of the business programs of subsidiaries;
- Problem identification and measures to eliminate such;
- Identifying the risks in the execution of the business program;
- Independent financial audit.
- Financial audit through an Audit Committee;

The current financial and accounting activities of the entity are subject to periodic control and analysis, performed by the Management and the Managing Board. The entity has an established internal financial control system, which ensures the effective operation of the financial reporting and disclosure systems, it identifies the entity’s operational risks and assesses their efficient management.

A unified integrated software system for resource planning and management has been developed and implemented in the structure of “Trace” in order to ensure a solid basis for making informed decisions promptly. The system covers all departments and units, as well as the processes that take place therein, and is implemented by all subsidiaries. The Management’s main advantage lies in the availability of real-time information analysis, the mobility, ability to currently control processes and the ability to plan and grow.

The effectiveness of internal control and risk management processes are monitored by the Audit Committee. The Audit Committee is comprised of three persons, who are independent from the Managing and Supervisory Boards, and who have the requisite qualifications and professional experience.

In order to ensure an independent and objective evaluation of the financial statements, the annual audit on the activities of “Trace Group Hold” PLC is conducted by an independent Registered Auditor (CPA), in

compliance with the requirements of the Law on Independent Financial Audit. All sets of financial statements are prepared in accordance with the Accounting Act, International Accounting Reporting Standards and the POSA.

16. Information on changes in the Managing and Supervisory Boards that came in effect within the current financial reporting year .

There are no changes in the composition of the Supervisory Board of “Trace Group Hold” PLC in 2024.

The Supervisory Board at 31.12.2024 is comprised of the following persons: Prof. Dr.sc.oec. Eng. Nikolay Mihaylov, Manol Denev and Mariela Rounteva.

There are no changes in the composition of the Managing Board of “Trace Group Hold” PLC in 2024.

The Managing Board at 31.12.2024 is comprised of the following persons: Desislava Lyubenova, Boyan Delchev and Manol Tanev Kavrakov.

17. Information on the amount of the remuneration, rewards and / or benefits, paid by “Trace Group Hold” PLC and its subsidiaries, to every member of the managing and supervisory bodies during the financial reporting year, regardless of whether such have been included in the issuer’s expenses or if such have incurred from profit distributions, including:

- Non-monetary remuneration and monetary sums, including and the amounts, due in respect of the compulsory social insurance contributions;
- Contingent or deferred remuneration, accrued within the year, even if the remuneration is due at a later stage;
- Amount, payable by the issuer, or its subsidiary, due to pension benefits, retirement benefits or other similar compensations (employee benefits).

Type	Amounts accrued for:	
	Remuneration and social security contributions for the period	Other long-term income /remuneration
Managing Board	2 589	725
Supervisory Board	1 831	-
Total:	4 420	725

Detailed information on the remuneration of the members of the Supervisory and Managing Boards is presented in the Report on the Implementation of the Remuneration Policy, which is part of the Annual financial statements of the entity /www.tracebg.com/For Shareholders/Financial information/.

18. Information on the shares of the issuer, held by the members of the Managing and Supervisory bodies, and by Procurators, including the shares held by each of them separately and as a percentage of the shares of each class, as well as the granted by the issuer options on securities – type and amount of the securities on which the options are granted, the price of exercising the options, the purchase price, if any, and the options’ term.

Information under this point is disclosed in the “Information on the members of the Managing Bodies” section of this Report.

The entity has not granted any options on shares.

19. Information on the agreements that have come to the entity’s knowledge (including and those after the financial year-end), as a result of which changes may occur, in future periods, in the relative portion of the shares or bonds, held by the current shareholders and bondholders.

The entity is not aware of any agreements as a result of which changes may occur in the relative number of share or bonds, held by the current shareholders and bondholders.

20. Information on pending judicial, administrative or arbitral proceedings, concerning the receivables or payables of the issuer, of at least 10 per cent of its equity; information on each proceeding shall be presented separately, if the total amount of the issuer’s receivables or payables under all proceedings, exceed 10 per cent of its equity.

The Management, based on the facts and circumstances available at year-end and the estimations presented by lawyers and jurists, has recognised impairment of lawsuits and litigation receivables, in the amount of BGN 776 thousand, at year-end (31.12.2023: BGN 712 thousand).

Penalty interest, claimed by the Group, have not been recognised in the consolidated financial statements at year-end as there is high uncertainty on the collectability of those amounts.

The Group (per entities) is a plaintiff and / or defendant under the following lawsuits at 31.12.2024, in respect of which an inflow / outflow of resources may occur:

“Trace Group Hold” PLC

The entity is a plaintiff under commercial lawsuits with financial interest in the amount of BGN 8 822 thousand at 31.12.2024.

The entity is a defendant under commercial lawsuits with financial interest in the amount of BGN 387 thousand at 31.12.2024, excluding such that have been evaluated as “risky” and in respect of which provisions in the amount of BGN 776 thousand have already been recognised.

“Trace BG” EAD (JSC)

The entity is a plaintiff under commercial lawsuits with financial interest in the amount of BGN 1 504 thousand at 31.12.2024.

The entity is a defendant under commercial lawsuits with financial interest in the amount of BGN 60 thousand at 31.12.2024.

“Trace Yambol” AD (JSC)

The entity is a plaintiff under commercial lawsuits with financial interest in the amount of BGN 165 thousand at 31.12.2024.

“Infra Commerce” EOOD (LTD)

The entity is a plaintiff under commercial lawsuits with financial interest in the amount of BGN 660 thousand at 31.12.2024.

“Asphalt Commerce” EOOD (LTD)

The entity is a plaintiff under commercial lawsuits with financial interest in the amount of BGN 20 thousand at 31.12.2024.

“USM” AD (JSC)

The entity is a plaintiff under commercial lawsuits with financial interest in the amount of BGN 59 thousand at 31.12.2024.

“Trace Mechanization” EAD (JSC)

The entity is a plaintiff under commercial lawsuits with financial interest in the amount of BGN 59 thousand at 31.12.2024.

“Trace Properties” EOOD (LTD), “Trace Rent” EOOD (LTD) and “Trace Serbia”

The entities are neither plaintiffs, not defendants, under any commercial at 31.12.2024.

The Management, together with internal legal experts and hired external lawyers, has assessed that the probability and risks of a negative outcome under some of the open (pending) lawsuits, fined against the entity, currently remains below 50% is currently. Therefore, no provisions of litigation payables have been recognised in the Statement of Financial Position as at 31.12.2024.

21. Contact information of the Investor Relations Expert, including the telephone number and mailing address.

Elizabeta Venchova Yaneva
Tel. 02 / 80 66 700; e-mail: elizabeta.yaneva@trace.bg
12, “Nikola Obrazopisov”, 1408, Sofia

22. Changes in share prices

Trade in shares of the entity (Information from the bulletin of BSE JSC and Infostock.bg). The dynamics in the stock exchange value of a share in the period January 2023 – 31 December 2024



The shares of “Trace Group Hold” PLC are traded on the Bulgarian Stock Exchange (BSE) – Sofia JSC, “Standard” segment.

XI. INFORMATION UNDER ART. 10, PARAGRAPH 4 OF ORDINANCE №2 OF THE FINANCIAL SUPERVISION COMMISSION (FSC)

Electronic link to that part of the public company’s website, where the internal information under Art. 7 of Regulation (EU) № 596/2014 of the European Parliament and of the Council, dated 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173/1, dated 12 June 2014) (Regulation (EU) № 596/2014) on the circumstances of the past year is published, or an electronic link to the news agency or another media, chosen by the issuer, through which the entity publicly discloses internal information.

Internal information under Art. 7 of Regulation (EU) № 596/2014 on the circumstances that have occurred over the past year are available on the website of “X3” (www.x3news.com), on the entity’s website (www.tracebg.com), under the “For shareholders” section, “Financial Statements” submenu, and under the “News” section.

Eng. Boyan Delchev
Executive Director

Digitally signed by Boyan Stoyanov Delchev
Date: 2025.04.30 18:49:30 +03’00’

I, Sunny Mileva – Paneva, hereby certify that the above is an exact and accurate translation, to the best of my knowledge and abilities, of the original “Consolidated Management Report of Trace Group Hold PLC for 2024”, consisting of 39 (thirty nine) pages in Bulgarian language, and that I am competent in both English and Bulgarian language to render such a translation.



STATEMENT**ON CORPORATE GOVERNANCE TO THE CONSOLIDATED MANAGEMENT REPORT IN ACCORDANCE WITH ART. 100 (N), PARAGRAPH 8, IN CONJUNCTION WITH PARAGRAPH 7, ITEM 1 OF THE PUBLIC OFFERING OF SECURITIES ACT (POSA)**

“Trace Group Hold” PLC believes that the improvement of the corporate governance quality is one of the main prerequisites for increasing the competitiveness of Bulgarian companies and attracting foreign capital. The Management of “Trace Group Hold” PLC implements the fundamental, generally accepted principles of corporate governance in order to increase the confidence of national and international investors, and of the general public as a whole.

“Trace Group Hold” PLC and the entities within the group comply, as appropriate, with the National Corporate Governance Code and execute their activities in accordance with the principles and provisions of the Code.

“Trace Group Hold” PLC and its subsidiaries do not apply any (over and above) corporate governance practices, other than those specified under the National Corporate Governance Code.

“Trace Group Hold” PLC is part of a group of entities, within the meaning of paragraph 1, item 2 of the Additional Provisions of the Accountancy Act, and it is the parent, holding directly over 50% of the votes in the General Meeting of its subsidiaries.

At 31.12.2024, “Trace Group Hold” PLC has direct participating interest in the capital of the following subsidiaries that are part of its economic group:

ENTITY	PRINCIPAL ACTIVITY	SHARE OF THE CAPITAL
Trace Group Hold PLC	Acquisition, management, valuation and sale of participating interests in Bulgarian and foreign entities; execution of building and construction works; project management in the fields of high-rise, road and railway construction.	Parent consolidating –
Trace BG EOOD (LTD)	Construction, reconstruction, rehabilitation and maintenance of subways (metros), railway infrastructure and construction of plants and facilities; rehabilitation, reconstruction, construction and maintenance of roads, highways, airports; construction of public infrastructure and urban landscaping of residential areas; implementation of projects, targeting to increase energy efficiency; construction of water supply and sewerage systems, treatment plants, emergency and recovery activities in cases of natural disasters and industrial accidents, construction and maintenance of civil and military airports	100%

Trace Serbia AD (JSC)	Construction of roads and facilities, maintenance and repairs of specialised construction equipment and maintenance of the water supply and sewerage sector, including gas distribution and water supply networks, WWTPs, integrated water cycles, solid waste treatment plants; landfills, utilities; construction of railway infrastructure	100%
Trace Yambol AD (JSC)	Construction and maintenance of roads, highways and road facilities, construction of public infrastructure and improvement and landscaping of residential areas	99.48%
USM AD (JSC)	Management of construction machinery, repairs and maintenance	98.68%
Infra Commerce EOOD (LTD)	Domestic and international trade activities; trade intermediation and representation of Bulgarian and foreign individuals; trade in construction products and materials; logistics	100%
Trace Properties EOOD (LTD)	Property (real estate) management	100%
Asphalt Commerce EOOD (LTD)	Production of goods and rendering of services in Bulgaria and abroad; trade and intra-trade activities in Bulgaria and abroad, trade intermediation and representation, IT, consulting and commissioning activities in Bulgaria and abroad, logistics and transport transactions, application in public tender procedures and application under EU programmes, import and export	100%
Trace Rent EOOD (LTD)	Rental (lease) of mechanisation and transport vehicles, rendering of mechanical services and passenger and cargo transport	100%
Trace Build EOOD (LTD)	Construction of residential and non-residential buildings	100%
Trace Mechanization EAD (JSC)	Rental (lease) of mechanisation, rendering of building and mechanical services	100%
Trace Group Hold USA Llc, USA	Construction, current repairs and maintenance of road, railway and airport infrastructure and the infrastructural facilities around such	100%

Explanation, provided by “Trace Group Hold” PLC, on sections of the National Corporate Governance Code that are not observed and the grounds for such non-observance

The activities of the Corporate Management bodies of “Trace Group Hold” PLC in 2024 are executed in compliance with the statutory requirements, stipulated under the Public Offering of Securities Act (POSA) and its implementation acts, the Entity’s Articles of Incorporation, and the National Corporate Governance Code. The entity applies the Code on the “observe or explain” principle – in other words, the entity adheres to the Code, and the Entity’s Management is required to clarify the reasons for any non-observance of the latter.

Corporate Management Bodies

“Trace Group Hold” PLC is an entity, managed by a Managing Board (MB) and a Supervisory Board (SB) under a two-tier management system.

Managing Board

At 31.12.2024, the Managing Board is comprised of:

Desislava Lyubenova – Chairman of the MB;
Boyan Delchev – Executive member of the MB;
Manol Kavrakov – member of the MB

The Managing Board manages the entity in accordance with the established strategies and objectives, set of the entity, and in consideration of the shareholders’ best interest. The Managing Board (MB) monitors and analyses the operational (performance) results, and initiates changes in the organisation and its management, when such are deemed necessary. The Managing Board (MB) treats all shareholders equally and acts in their best interest. The members of the Managing Board (MB) are guided by the generally accepted principles of integrity, and of managerial and professional competences. The entity adheres to the adopted Code of Ethics.

In execution of its duties, the Managing Board (MB) strives to achieve the set objectives for sustainable development. Core principles with regards to the entity’s relations with stakeholders are established within the entity and the latter monitors for compliance with such. The rules of conduct, followed in accounting their interest and the actions thereto, are disclosed in the internal acts adopted – the Code of Ethics, the Rules for Organising and Holding General Meetings of Shareholders, the Disclosure Policy (relating to the disclosure of information), the Internal Regulations and others.

The Managing Board facilitates and monitors the design and operation of the risk management system, including internal control and internal audit, and timely informs the Supervisory Board (SB) on its actions thereto.

The Managing Board encourages the implementation of, and observes the subsidiaries’ compliance with, the generally accepted principles for sustainable development within the Group.

The Managing Board designs the financial-information system of the entity in compliance with the guidelines, provided by the Supervisory Board (SB), and ensures its reliable operation. It coordinates its actions, related to the

entity's business plan with the Supervisory Board (SB), it monitors transactions of substantial nature and all other transactions and activities, stipulated in the entity's statutes.

The Managing Board informs the Supervisory Board (SB) and reports on its activity before the latter within the established deadlines and in the specified formats.

The structure and the number of members of the Managing Board (MB) are defined in the entity's Articles of Incorporation, and ensure its effective and efficient operations. New members of the Managing Board (MB) are elected in adherence of the principles of compliance of their (i.e. the candidates') competence with the Entity's activity. The obligations, tasks and duties of the members of the Managing Board (MB), the criteria for determining their remuneration and the grounds for their dismissal are specified within the management contracts, concluded with each member. The competences, rights and obligations of the members of Managing Board (MB) follow the statutory requirements, the operational rules and administrative acts, and the standards on good professional and managerial practice.

The amount and structure of the remuneration of the members of the Managing Board (MB) are defined by the General Meeting of Shareholders (GMS) and take into account the individual obligations, duties and contribution of each member in the entity's activity and performance results; the ability to select and retain qualified and loyal employees at managerial positions; the need to reconcile the interest of the members of the Managing Board with the long-term interest of the entity.

The General Meeting of Shareholders (GMS) has adopted a Remuneration Policy for the remuneration of the members of the Managing and Supervisory Boards. The Remuneration Policy aims to support the long-term business goals of the company and to promote behaviour that encourages value creation for shareholders, while at same time provides competitive remuneration that is sufficient to attract and retain Directors, who possess qualities, requisite for them to effectively manage and contribute to its sustainable development. The Remuneration Policy clearly specifies the additional incentives, which are themselves linked to clear performance indicators and criteria. Information on the remuneration of the members of the Managing Board (MB) is disclosed in the annual financial statements of the entity, in compliance with the statutory requirements and the entity's Articles of Incorporation. The Policy defines the principles for computing the amount and the structure of remunerations.

Supervisory Board

At 31.12.2024, the Supervisory Board (SB) of “Trace Group Hold” PLC is comprised of three members as disclosed here below:

Prof. Nikolay Ganchev Mihaylov – Chairman

Manol Peychev Denev – Deputy Chairman

Mariela Ivanova Rounteva – Independent Member

The Supervisory Board (SB) appoints, guides and supervises the Managing Board (MB) of the entity in accordance with the distribution of functions within the two-tier structure. It provides guidelines in defining the vision, the objectives and strategies of the entity, and the interest of its shareholders and stakeholders, including such within the context of sustainable development, and monitors their implementation.

The Supervisory Board (SB) provides the Managing Board (MB) with guidelines in the establishment of a risk management system, including the internal control and internal audit systems, the financial-information system and monitors their operations.

The Supervisory Board (SB) monitors for adherence with the in-force laws and regulations, stipulated in the entity's statutes and other internal acts, and periodically assesses the Managing Board's activity.

The Supervisory Board (SB) treats all shareholders and stakeholders equally, and acts loyally in their best interest, with due care.

The Supervisory Board (SB) appoints and dismisses the members of the Managing Board (MB) in compliance with the statutory requirements, the entity's statutes, the principles of continuity and sustainability of the work of Managing Board (MB), and the principles of good corporate governance.

The Articles of Incorporation of the entity specify the number of members of the Supervisory Board (SB), including the independent members. The distribution the tasks and duties of members of the Supervisory Board (SB) is regulated by the internal organisational acts. Independent members are not restricted in terms of consecutive mandates – i.e., they can have unlimited number of mandates. Nonetheless, the principles of loyalty and independence are respected in all proposals for member election.

The members of the Supervisory Board (SB) meet the “knowledge and experience” criteria that are requisite for the position that each of them holds, including and the requirement for financial competencies.

The entity's Articles of Incorporation do not specify the number of entities in which the members of the Supervisory Board (SB) may hold managerial positions as it is considered inappropriate to restrict the rights of the individuals in question. The company relies on the conscientious and responsible behaviour of the Supervisory Board (SB); behaviour that is consistent with the principles of loyalty and professional ethics.

The General Meeting of Shareholders (GMS) determines the remuneration of the Supervisory Board (SB). The Remuneration Policy for the remuneration of the members of the Managing and Supervisory Boards, designed by the Supervisory Board and adopted by the General Meeting of Shareholders (GMS), defines the principles for computing such (remuneration). The remuneration of the members of the Supervisory Board (SB) is in line with their activities, obligations and duties. Information on the remuneration of the Supervisory Board (SB) is disclosed in the annual financial statements of the entity.

The Corporate Management of “Trace Group Hold” PLC avoids and prevents actual or potential conflict of interest. The entity does not have a specifically designed procedure to avoid conflict of interest in transactions with stakeholders, nor does it have a specifically designed procedure to disclose information in the event of such (i.e. conflict of interest). Nevertheless, the Supervisory Board (SB) monitors all significant transactions by voting and approving such. Procedures to prevent and disclose any conflict of interest are regulated by the Entity's Articles of Incorporation.

The members of the Corporate Management disclose any and all conflict of interest immediately, upon the occurrence of such, and ensure shareholders with access to information on transactions between them and the entity, or affiliated with it parties, by issuing a Statement under Art. 114 (b) of Public Offering of Securities Act (POSA).

Committees

An Audit Committee is operating within the entity. In compliance with the statutory requirements of the currently effective legislation and based on the criteria therein, the Managing Board (pursuant to the approval of the Supervisory Board) proposes to the entity's General Meeting of Shareholders (GMS) to elect and appoint an Audit Committee in a composition that meets the legal requirements and the specific needs of the entity.

The structure, the scope of engagements, the operation and the reporting procedures of the Audit Committee are described in detail in the Audit Committee Statute.

Audit and internal control

The Audit Committee supports the corporate management bodies of the entity. The Audit Committee reasons, in writing, its proposal for the election of an Independent Auditor and presents this motivated proposal before the General Meeting of Shareholders (GMS). Any such proposals are guided by the established requirements on professional behaviour. Corporate Management, with the support of the Audit Committee, ensures compliance with the applicable legislation on independent financial audit. The appointment of external auditors is subject to the rotation principle. No new auditor was appointed to audit the financial statements of the entity in 2024 (the auditor, auditing the financial statements of the entity for the financial reporting year is the same one with the auditor, auditing the financial statements of the entity for the prior reporting periods; the auditor in question was appointed in 2021).

The Audit Committee supervises the internal audit activities and monitors the overall relationship with the external (independent) auditors, including the nature of non-audit services, rendered by the auditor to the entity.

An internal control system that ensures the effective operation of the reporting and disclosure systems has been implemented within “Trace Group Hold” PLC. The internal control system is designed and operates to also identify the risks, inherent to the Entity’s activity, and assists in their efficient management. A description of the key characteristic of the internal control and risk management systems is disclosed under section “IV – Description of the key characteristic of the internal control and risk management systems of “Trace Group Hold” PLC that relate to the financial reporting process”, part of this Statement on Corporate Governance.

Safeguarding shareholders’ rights

The Corporate Management ensures equal treatment of all shareholders, including minority and foreign-based shareholders, by protecting their rights. Corporate Management facilitates the exercise of shareholders’ rights within the limits, permitted by the enacting laws and in accordance with the provisions of the entity’s statutes.

Invitations for the General Meeting contain information, requisite under the Commercial Act and the Public Offering of Securities Act (POSA), as well as additional information on the exercising of the right to vote and the ability to add additional items on the Agenda under Art. 223 (a) of the CA.

Information, disclosed in the entity’s website, the published Articles of Incorporation of the Entity and the invitation to each separate General Meeting of Shareholders (GMS) inform shareholders about their rights and the rules for convening and holding General Meetings of Shareholders (GMS).

Corporate Management provides sufficient and timely information on matters that shall be considered and voted at the General Meeting.

Invitations for the General Meeting of Shareholders (GMS), and other documents and material related with it, are disclosed to the public, the Financial Market and Regulated Securities Market Commission via the “X3 News” and the website of “Trace Group Hold” PLC.

Corporate Management and the elected Chairman of the General Meeting of Shareholders (GMS) ensure that the right of all shareholders to express their opinion is respected and shareholders are given the possibility to ask questions in the course of the Meeting.

Shareholders, who are entitled to vote, have the option to exercise their voting right at the General Meeting in person or by proxies. A template of a Power of Attorney and the Rules for voting by proxy are disclosed as part of the materials for the General Meeting of Shareholders (GMS).

The Managing Board (MB) has drafted and has adopted rules for the organisation and conduct of the ordinary and extraordinary General Meeting of Shareholders (GMS). These rules ensure the equal treatment of all shareholders and the right of each individual shareholder to express his / her opinion on the items on the Agenda. The procedures and order of holding a General Meeting are organised in a way that does not make the voting complicated or unnecessarily expensive.

The majority of members of the Corporate Management attend the General Meetings of the entity.

The context (text) of the materials of the General Meetings is specific and clear, and does not mislead shareholders. All proposals for major corporate events and actions, including proposals for profit distribution, are presented as separate items on the Agenda of the General Meeting.

The Corporate Management ensures the right of shareholders to be informed about the decisions, taken at the General Meeting of Shareholders (GMS) by publishing Protocol of the General Meeting of Shareholders (GMS) on the “X3 News” and the entity’s website.

In accordance with the Articles of Incorporation and the statutes, and internal acts of the entity, all shareholders of one class are treated equally and all shares within one class entitle shareholders of that same class with equal rights. Corporate Management does not prevent shareholders, including institutional shareholders, from consulting each other on matters that relate to their fundamental shareholders’ rights, given that such actions do not tolerate any abusive practise.

Corporate Management does not allow transactions with shareholders with controlling rights that violate the rights and / or legitimate interest of the other shareholders, including under the terms of negotiation with oneself.

Disclosure of financial and non-financial information

“Trace Group Hold” PLC has an established policy on, and a system to, disclose information in compliance with the statutory requirements and the entity’s statutes. The policy ensures equality of information to the addressees and prevents the misuse of internal information. The information disclosure system ensures complete, timely, accurate and comprehensible information that allows for objective and informed decisions and assessments. The entity has implemented internal rules for the preparation of the annual and interim financial statements, and a procedure to disclose information. Information is being disclosed via the “X3 News” system that provides users with equal and timely access to the respective relevant information. Such information is also (simultaneously) published on the entity’s website, in the same format as the one published via the “X3 News” system.

The entity maintains its website and such contains information on the entity, the management bodies, the structure and entities within the “Trace” group. The internal administrative acts, information related with the rights of shareholders, documents and materials for the upcoming General Meetings of Shareholders (GMS) and information regarding decisions, taken by the GMS, and the financial statements for the past 10 years are presented in the “Shareholders” Section. The “News” Section provides information on events, contracts in progress and such that have been concluded but whose execution is yet to commence, as well as any significant information that relates to the entity’s activity.

The entity publishes its corporate calendar annually, indicating the specific dates for disclosure of regulated information and all disclosures, relating to the convening and holding of General Meeting of Shareholders (GMS).

In accordance with its disclosure rules, the Entity promptly discloses the capital structure and all agreements that have resulted in the exercise of control. Such information is disclosed in compliance with Public Offering of Securities Act (POSA) and its implementing acts, as well as the applicable European regulations.

By controlling the implementation of the Disclosure Policy, the Corporate Management ensures that the rules and procedures, according to which corporate control is being acquired and extraordinary transactions are being conducted (such as mergers and sales of significant portion of the assets), are clearly and promptly disclosed.

Pursuant to the requirements of Directive 2014/95/EU of the European Parliament on the presentation of non-financial information and the provisions of the Accountancy Act, some entities are obliged to publish non-financial information separately, or as part of annual their Management Reports. This requirement is imposed on large enterprises of public interest (public companies, credit institutions and financial institutions, and others), which at financial year-end (31 December) exceed the criterion of 500 people, employed on average within that entity in the respective financial reporting period (“average number of employees” criteria). Entities with net sales revenues of BGN 100 million or more, or with book value of assets of BGN 50 million or more, are defined as large enterprises. “Trace Group Hold” PLC, as an entity that employs less than 500 people, does not disclose non-financial information in its annual Management Report.

The non-financial information, disclosed by the entity, refers to circumstances and events, related to the progress of the contracts, changes in the business environment, social corporate activities and others.

In 2024, the entity disclosed regulated information within the deadlines and in accordance with the procedure provided for in the Public Offering of Securities Act (POSA) and its implementing acts. Non-financial information is disclosed as unregulated information (in compliance with the requirements of the applicable Laws) and via the website of the “Trace for People” Foundation – the conduit of the entity’s social policy.

The Corporate Management of “Trace Group Hold” PLC believes that their activities in the financial reporting 2024 have ensured sufficient transparency in their relations with the investors, the financial media and financial market analysts.

Stakeholders. Sustainable development

The Corporate Management of “Trace Group Hold” PLC strives to comply with the established social and ecological principles for achieving sustainable development. While the entity has not developed an independent Sustainable Development Policy, in executing its activity, the entity complies with the statutory requirements for environmental protection and human rights. The internal acts, rules and regulations are subject to the generally acceptable sustainable development principles.

The Entity identifies as stakeholders (interested parties) all those parties, who are interested in the economic prosperity of “Trace Group HOLD” PLC (shareholders, potential investors, workers and employees, customers, suppliers, assignors / contracting authorities – Ministries, Municipalities, agencies, financial institutions, public organisations, users and the public as a whole).

Corporate management ensures respect of the rights of interest parties, established by Law or by virtue of mutual agreements with the entity, and applies the principles of transparency, accountability and business ethics and protection of human rights in its interaction with such.

Information is exchanged with stakeholders during meetings, in conversations and via the information disclosure channels that the entity exploits. The interests of stakeholders are considered based on officially obtained information in the form of letters, opinions, references and others.

Environmental protection

“Trace Group Hold” PLC and the entities within the Group apply the international environmental management standards. The entity regards its sustainable development, competitiveness and economic prosperity as closely linked to the global efforts for environmental protection.

The Management of “Trace Group Hold” PLC concentrates its efforts in reducing the entity’s environmental impact by:

- Efficient use of electricity and heating (energy conservation);
- Waste minimisation;
- Preventing pollution by reducing and minimising harmful air and water emissions;
- Use of new generation technologies and equipment in the execution of the entity’s activity;
- Monitoring of air, water and soil pollution;

Paper use, consumables for printers and copy machines, and electricity consumption is reduced pursuant to the implementation of the ERP digitalisation and process management system. Information is mainly exchanged electronically. Rules for separate waste collection have been established.

Cars undergo technical inspections on an annual basis and their systems for reducing harmful emissions and gas are being monitored.

“Trace Group Hold” PLC maintains an Integrated Quality Management system in accordance with the requirements of international standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 39001.

Environmental protection concepts that define the activities for minimising pollution and the harmful effects on the environment are being developed and applied throughout the implementation of all infrastructure projects. The concepts ensure the identification, assessment and management of significant environmental aspects, prevention of environmental pollution in the implementation of the respective public tender. The environmental protection concept complies with the core activities in the project’s implementation and the operation of sites at the design, construction and operation stages, namely:

- Approved plan for spatial planning upon land-use changes
- Preparation and coordination of the project documentation
- Obtaining building permits
- Implementation of projects
- Putting sites in operation
- Conditions, defined by issued decisions on environmental assessment and / or environmental impact assessment

Procedures are implemented in accordance with the Bulgarian and European environmental legislations, ensuring the prevention of significant negative impacts on the environment and human health in the execution of investment proposals, namely: Environmental assessment of plans and programs with regards to spatial planning and assessment of the environmental impact; Assessment of compatibility with the subject and the objectives of preservation of protected areas.

The economic dimensions of the responsible social behaviour of “Trace” reflect the company’s sustainability in times of crisis, its reputation, better competitive advantage, the attraction of investors.

Providing a safe and comfortable working environment for employees, and due care for the health of the entity’s personnel

The entities within the “Trace” Group engage in social activities, supporting its principles of protection the integrity, health, the rights and welfare of its employees.

Salaries and social security contributions are paid regularly and without any delays. Food vouchers are provided to all employees twice per year. Employees undergo preventative medical examinations on an annual basis.

Social activities

The entity engages in social activities in the fields of culture and sports through the “Trace for People” Foundation. In 2024, the Foundation supported the following events:

In 2024 and despite the adverse economic consequence of the current trends and events, “Trace Group Hold” PLC continued to support the “Dostoynite Bulgari” (transl. “Worthy Bulgarians”) and the “Otlichnitsite na Bulgaria” (transl. “The excellent ones of Bulgaria”) initiatives, the “Beroe” Basketball and Wrestling clubs, the Child and Youth Academy (CYA) of FC “Vereya”.

Description of the key characteristics of internal control and risk management systems, relating to financial reporting process

“Trace Group Hold” PLC has an internal control system that ensures the effective functioning of the reporting and disclosure systems. The internal control system has been designed, and operates, with the purpose to also identify the risks, inherent in the activities of the entities within the Group and to support their effective management. The Managing Board (MB) bears the principal responsibility and plays the key role in establishing the internal control and risk management system. It performs both management and guidance functions, and current monitoring. The Supervisory Board (SB) exercises control over the implementation of the taken decisions.

“Trace Group Hold” PLC has adopted and applies rules, regulating the effective operation of the reporting and disclosure systems of the entity. The rules describe the different types of information, compiled and disclosed by the entity, the internal document flow process, the different levels of access of the responsible persons to the types of information and the deadlines for processing and managing information flows.

The Corporate Management strives to increase efficiency in risk management by introducing a risk management system, conforming to the best international practices. The risk management system defines the authorities and responsibilities of the structural units in the entity, the organisation and order for interaction in risk management, analysis and assessment of risk related information, and periodic risk management reporting. Risk management is performed by the Heads of Directorates and Heads of Divisions. The established risk management system ensures the effective implementation of internal control in the preparation and processing of all corporate documents, including the financial statements and other regulated information that the entity is required to disclose under the statutory regulations. Subsidiaries, integrally, apply the internal control and risk analysis rules too.

A unified integrated resource planning and management software system has been implemented in “Trace Group Hold” PLC and its subsidiaries in order to ensure stable grounds for making informed decisions and analysis. The ERP system covers the main activities in the structure, all departments and units, as well as the processes that are performed thereto.

The Risk Management Policy is implemented in an integrated manner and in accordance with all other policies and principles, regulated in the internal acts of “Trace Group Hold” PLC. A description of the main types of risks, inherent in the activity of “Trace Group Hold” PLC, is disclosed in the annual and interim management reports.

I. Information pursuant to Art. 10, paragraph 1, items (c), (d), (f), (h) and (i) of Directive 2004/25/EC of the European Parliament and of the European Council, dated 21 April 2004, on takeover bids, in accordance with the provisions of Art. 100 n, paragraph 8, item (4) of POSA

Shareholders, who own 5% or more of the capital at 31.12.2024:

Nikolay Ganchev Mihaylov – 67,26% and

“Galini – N” EOOD (LTD). – 9,00%

“Trace Group Hold” PLC does not have any shares, providing special control rights.

There are no restrictions on voting rights (such as restrictions on the voting rights of holders of a certain percentage or a certain number of votes), deadlines to exercise voting rights or systems by which (and through cooperation with the entity) the financial rights granted to securities are separated from the ownership of the securities with regards to the shares issued by “Trace Group Hold” PLC.

The rules for the election of members of the Supervisory Board (SB) of “Trace Group Hold” PLC are regulated in the entity’s Articles of Incorporation. In accordance with Art. 15, paragraph 1 of the Articles of Incorporation of “Trace Group Hold” PLC, members are elected by the General Meeting of Shareholders (GMS). The requirements for those, proposed as members, are disclosed under Art. 15, paragraph 2 – 6.

In accordance with Art. 17, paragraph 1, the members of the Managing Board (MB) are elected by the Supervisory Board (SB). The requirements for those people are also disclosed under the same Article.

The authorities of the members of the Supervisory and Managing Boards of “Trace Group Hold” PLC are specified under Art. 15, paragraph 8, Art. 16, Art. 17 and Art. 18 of Articles of Incorporation of the entity. In accordance with the provisions of Art. 187 (b) of the Commercial Act (CA) and Art. 111 of Public Offering of Securities Act (POSA), the rights to issue or redeem shares fall within the competence of the General Meeting of Shareholders (GMS).

Pursuant to Art. 5, paragraph 4 of the Articles of Incorporation, the entity may also issue preference shares, with the exception of those granting the right to more than one vote or additional dividends, or the right to an additional liquidation share.

Information pursuant to Art. 100 (n), paragraph 8, item 5 of the Public Offering of Securities Act (POSA) – Composition and operation of the administrative, managing and supervisory bodies, and their committees

“Trace Group Hold” PLC is managed under a two-tie management system, by a Managing Board (MB), comprised of:

Desislava Ivanova Lyubenova

Boyan Stoyanov Delchev

Manol Tanev Kavrakov

The Managing Board adopts a work manual (Rules of Operation) and elects one of its members to act as Chairman, and another – as Deputy Chairman. The Managing Board (MB) convenes regular meetings, at least once every three months, to discuss the entity’s performance and future development. Any member of the Board may request the Chairman to convene a meeting to discuss other matters.

The Managing Board (MB) takes decisions given that at least half of its members are present, or are represented by another Board member. A present member cannot represent more than one absent member. Decisions are taken by simple majority. Minutes of the meetings of the Managing Board (MB) are kept and such are signed by all present members.

The Managing Board (MB) may take decisions in absentia, by virtue of a protocol, signed by all its members.

The Managing Board (MB) of “Trace Group Hold” PLC coordinates its actions with the Supervisory Board (SB) when such are associated with the Entity’s business plan, the transactions of substantial nature, as well as other activities, stipulated in its statutes.

The activity of the Managing Board (MB) is controlled by the Supervisory Board (SB), the latter being comprised of:

Nikolay Ganchev Mihaylov

Manol Peychev Denev

Mariela Ivanova Rounteva

The Supervisory Board (SB) adopts a work manual (Rules of Operation) and elects one of its members to act as Chairman, and another – as Deputy Chairman. The Supervisory Board (SB) convenes regular meetings, at least once every three months, to discuss the entity’s development strategy. Any member of the Board may request the Chairman to convene a meeting to discuss other matters.

The Supervisory Board (SB) takes decisions given that at least half of its members are present, or are represented by another Board member. A present member cannot represent more than one absent member. Decisions are taken by simple majority. Minutes of the meetings of the Supervisory Board (SB) are kept and such are signed by all members present.

The Supervisory Board (SB) may take decisions in absentia, by virtue of a protocol, signed by all its members.

Committees

An Audit Committee, elected in accordance with the statutory requirements, operates within the Entity. The Audit Committee consists of three people and assists the managing bodies in the execution of their control functions and the risk identification system.

The structure, engagements and work organisation of the Audit Committee are regulated in the Rules of Procedure of the Audit Committee, which are approved by the General Meeting of Shareholders (GMS).

“TRACE GROUP HOLD” PLC

Statement on Corporate Governance

In accordance with Art. 100 (n), paragraph 8, in conjunction with paragraph 7, item 1 of POSA



Information pursuant to Art. 100 (n), paragraph 8, item 6 of the Public Offering of Securities Act (POSA) – description of the age, gender, education and professional experience Diversity Policy, applied to the administrative, managing and supervisory bodies of “Trace Group Hold” PLC; the objectives of this Policy; its implementation process and procedure, and the results, achieved within the current financial reporting period; when such a Policy is not mandatory, the statement shall contain an explanation on the reasons behind this (not being mandatory).

The entity does not apply an age, gender, education and professional experience Diversity Policy on the Managing and Supervisory bodies of the entity.

The election of members of the Corporate Management is subject to the statutory requirements and is consistent with the business strategy of the entity.

A balanced policy is applied upon the nomination of candidates for members of the Managing and Supervisory Boards. This balanced policy is based on the candidates’ personal qualities and skills, and their professional experience, and is free of any form of discrimination. The key criteria refer to education and qualifications that correspond to the nature of the Entity’s activity, its long-term objectives and business plan. The entity does not discriminate members of the Corporate Management in terms of their age or gender.

The composition of the managing bodies is consistent with the specifics and the scope of the entity’s activity, and ensure a high level of general expertise.

The members of the Supervisory and Managing Boards of “Trace Group Hold” PLC have extensive professional experience, obtained during previously held positions and implemented projects in accordance with their personal competencies, whereby they have demonstrated their prominent management skills, high professional and moral qualities. Their professional competences have been acquired through education, training and qualifications.

The Managing Board (MB) is comprised of persons, each with different skills and higher education degrees – economic, financial and engineering. Each of those has additional qualification in the field of business management.

Eng. Boyan Delchev
Executive Director

Digitally signed by Boyan Stoyanov Delchev
Date: 2025.04.30 18:50:26 +03’00’

I, Sunny Mileva – Paneva, hereby certify that the above is an exact and accurate translation, to the best of my knowledge and abilities, of the original “Statement on Corporate Governance In accordance with Art. 100 (n), paragraph 8, in conjunction with paragraph 7, item 1 of POSA”, consisting of 13 (thirteen) pages in Bulgarian language, and that I am competent in both English and Bulgarian language to render such a translation.



Non-financial Statement

Pursuant to Art. 51 and in conjunction with Art. 48, Art. 49 and Art. 50 of the Accountancy Act

I. INTRODUCTION

Pursuant to Art. 41 of the Accountancy Act, “Trace Group Hold” PLC, as a public interest entity and one which as a Holding’ structure at 31.12.2024 exceeds the criterion of 500 people employed on average within the respective financial reporting period (average number of employees criteria), includes a non-financial statement, in compliance with Art. 48 of the Accountancy Act, in its consolidated Management Report.

The public non-financial information, included in this Statement, reflects the objectives and performance results of “Trace Group Hold” PLC on issues, relating to the social and environmental activities, human rights and the fight against corruption, in the context of the entity’s corporate social responsibility and sustainable development.

II. BUSINESS MODEL

“Trace Group Hold” PLC was established in 2005 and operates as a public company, whose shares are traded on the Bulgarian Stock Exchange – Sofia AD since 2007. The entity is domiciled at 12, “Nikola Obrazopisov” Blvd., Sofia.

The principal activity of “Trace Group Hold” PLC involves acquisition, management, valuation and sale of interests in Bulgarian and foreign entities; execution of building and construction works; project management in the fields of high-rise construction, road construction and railway construction.

The entities within the “Trace” Group engage in activities in the following construction fields:

✓ **Construction and maintenance of road infrastructure on the territory of the Republic of Bulgaria, of the Republic of Serbia and of the Republic of Romania, including construction of bridges and tunnels;**

“TRACE” participates in the implementation of the most significant (largest) national infrastructure projects, among which are the completion of the “Trakya” and “Hemus” highways. The Entity participates and in the construction of the Serbian part of Corridor № 10, as well as in the construction of a section of the Ploiesti – Buzau Highway.

The entities within the “TRACE” structure implement projects for reconstruction and rehabilitation of road networks, as well as of urban infrastructure. They execute current repairs and winter maintenance works on part of the road network on the territory of the Republic of Serbia. The entity has resources for the implementation and maintenance of a traffic management system, vertical signs and horizontal marking; it has and the technical and human resources to perform emergency response and recovery actions in regions, affected by natural disasters.

“Trace BG” EOOD (LTD) and “Trace Serbia” AD (JSC) are specialised in the construction of road infrastructure.

✓ **Construction of subways (metro);**

“Trace Group Hold” PLC has been actively involved in the building of the “Sofia Metro” since the very beginning of its construction. Twelve of the existing metro stations and the adjacent metro lines have been built by “Trace Group Hold” PLC. Currently, the entity is designing and building a new metro section of the “Sofia Metro Extension Project, Stage III”, with one underground metro station (MS3) and an inter-station ventilation system

(VS), which runs under “Vladimir Vazov” Boulevard. The execution of construction works under the project: “Extension of Sofia Metro Line 3 – “Shipka” Str. – “Slatina” Residential District – “Tsarigradsko Shose” Blvd.” continued throughout the financial reporting 2024. Under two LOTs of the aforementioned project, 4 metro stations are being constructed by Alliances, whereby Trace Group Hold PLC is a leading partner.

✓ **Construction of railway infrastructure and all related facilities – construction of high-speed railway tracks, implementation of innovative railway technology of the Geismar system;**

Railway substructure and superstructure activities are being executed:

- Mechanised rehabilitation, reconstruction and new construction of railway tracks
- Mechanised laying of new, and dismantling of existing, railways
- Earthworks, rock excavations, bulk works with landscaping and land reclamation, using high-tech equipment and by implementing modern technologies
- Repair, rehabilitation and construction of new small and large artificial facilities at existing and newly built railways lines
- Reconstruction of existing, and construction of new, railways stations and stops.

“Trace” is currently implementing several major, large-scale railway projects. It engages in the modernisation of a railway, catenary, signalling and telecommunications systems at “Plovdiv” station and the construction of a communication and transport breakthrough under the railway area of “Plovdiv” station; Design and construction of road overpasses and underpasses in the interstation “Manole – Belozem” and the railway sections “Mihaylovo – Khan Asparuh” and “Bezmer – Chernograd”.

A project for modernisation and rehabilitation of the railway section “Nis - Brestovac”, in the Republic of Serbia, is also in progress. A contract was concluded for the rehabilitation of the “Nis – Dimitrovgrad” railway section in the Republic of Serbia.

✓ **Construction and maintenance of civil and military airports in accordance with the international standard;**

The reconstruction of “Graf Ignatievo” Airport is an iconic project for the entity – all design and construction activities under the project were completed simultaneously, in just 3 months. New technologies were implemented: production of polymer modified bitumen and laying of polymer modified asphalt concrete, as well as a state-of-the-art lighting system.

✓ **Construction of treatment plants; integrated water cycle; water-mains and eco projects;**

The holding focuses its efforts in the water sector on the implementation of projects for rehabilitation, reconstruction and construction of new water supply and sewerage networks and facilities, which in turn leads to improving the quality of life of the population. Such projects are currently being implemented in Stara Zagora and Sofia.

“Trace” focuses its efforts in the environmental sector on the implementation of waste management and soil protection projects and sites – household waste disposal installations, construction of regional municipal solid waste landfills, construction of pre-treatment plants, including such for composting, sorting and waste separation.

“Trace Group Hold” PLC has vast experience in the design and implementation of landslide mitigation and prevention and fortifications, coastal protection and shore protection facilities.

✓ **High-rise building with diversified profile, including energy efficiency projects;**

The Holding has a team of experts, specialised in the construction of public, industrial, commercial and residential buildings. The holding’s subsidiaries have the capacity to build hotel complexes, industrial, residential, commercial and administrative buildings and the adjacent infrastructure.

The “Atana” city complex, located in “Druzha” Residential District, in Sofia, with a built-up area of 1 372 square meters and a total super built-up area of 32 187,23 square meters is under construction. “ATANA” city complex is modernly and functionally designed, including three residential sections and one office section, with a restaurant, shops, sport facilities and other entertainment facilities. “Trace Properties” EOOD (LTD) is investor in the project, while “Injproekt” OOD (LTD) is the project’s designer. The construction of Atana 3 Building in the

“Atana” Residential complex began in September. The building in question will have a built-up area of 455.36 square meters and a total super built-up area of 6 478.97 square meters.

✓ **Trade in construction products and materials.**

“Trace Group Hold” PLC engages in commercial activities with construction products and materials in order to guarantee the quality of its projects’ implementation. The Holding has already a stable presence in many commercial niches via its subsidiary “Infra Commerce” EOOD (LTD), including: white and dark fuel and road bitumen, technical salt, rebar, railway consumables and materials, construction machinery and others.

The “Trace” portfolio further includes investments, international trade and logistics.

ORGANISATIONAL STRUCTURE

The parent, “Trace Group Hold” PLC, is managed under a two-tier management system by a Supervisory Board (SB), comprised of three members, and a Managing Board (MB), also comprised of three members.

The Supervisory Board (SB) defines and monitors the strategic guidelines for the entity’s development, it provides guidelines in determining the vision and controls their execution. It provides the Managing Board (MB) with guidelines in the design and development of the risk management system, including internal control and internal audit, the financial – information system and monitors their operations; it monitors for adherence to the laws and regulations, defined in the entity’s Articles of Incorporation. The work of the Supervisory Board (SB) is supported by a Consulting Board, a Financial Board and an Audit Committee.

The Managing Board (MB) of “Trace Group Hold” PLC manages the Entity in an independent and responsible manner, in accordance with the established entity’s strategies, vision, objectives, and in consideration of the interest of its shareholders. The Managing Board (MB) has established, adopted and adheres to the Entity’s risk policy. An internal control and risk management system is established and operates under the control of the Managing Board (MB). The Managing Board (MB) coordinates its activities with regards to the Entity’s business plan, the significant transactions and other activities, defined under its Articles of Incorporation, with the Supervisory Board (SB).

“Trace Group Hold” PLC is a holding with the following structure:

ENTITY	PRINCIPAL ACTIVITY	SHARE OF THE CAPITAL
Trace Group Hold PLC	Acquisition, management, valuation and sale of participating interests in Bulgarian and foreign entities; execution of building and construction works; project management in the fields of high-rise, road and railway construction.	Parent – consolidating
Trace BG EOOD (LTD)	Construction, reconstruction, rehabilitation and maintenance of subways (metros), railway infrastructure and construction of plants and facilities; rehabilitation, reconstruction, construction and maintenance of roads, highways, airports; construction of public infrastructure and urban landscaping of residential areas; implementation of projects, targeting to increase energy efficiency; construction of water supply and sewerage systems, treatment plants, emergency and recovery activities in cases of natural disasters and industrial accidents, construction and maintenance of civil and military airports	100%

Trace Serbia AD (JSC)	Construction of roads and facilities, maintenance and repairs of specialised construction equipment and maintenance of the water supply and sewerage sector, including gas distribution and water supply networks, WWTPs, integrated water cycles, solid waste treatment plants; landfills, utilities; construction of railway infrastructure	100%
Trace Yambol AD (JSC)	Construction and maintenance of roads, highways and road facilities, construction of public infrastructure and improvement and landscaping of residential areas	99.48%
USM AD (JSC)	Management of construction machinery, repairs and maintenance	98.68%
Trace Mechanization EAD (JSC)	Rental (lease) of mechanisation, rendering of building and mechanical services	100%
Infra Commerce EOOD (LTD)	Domestic and international trade activities; trade intermediation and representation of Bulgarian and foreign individuals; trade in construction products and materials; logistics	100%
Trace Properties EOOD (LTD)	Property (real estate) management	100%
Asphalt Commerce EOOD (LTD)	Production of goods and rendering of services in Bulgaria and abroad; trade and intra-trade activities in Bulgaria and abroad, trade intermediation and representation, IT, consulting and commissioning activities in Bulgaria and abroad, logistics and transport transactions, application in public tender procedures and application under EU programmes, import and export	100%
Trace Rent EOOD (LTD)	Rental (lease) of mechanisation and transport vehicles, rendering of mechanical services and passenger and cargo transport	100%
Trace Build EOOD (LTD)	Construction of residential and non-residential buildings	100%
Trace Group Hold USA Llc, USA	Construction, current repairs and maintenance of road, railway and airport infrastructure and the infrastructural facilities around such	100%

The production facilities and warehouses of “Trace Group Hold” PLC are located in the key transportation-communicational centres, allowing the quality implementation of the assigned projects and sites in the shortest possible time frames. Expanding its market scope, the entity equipped its production facilities with the highest class of specialised equipment. The main facilities of “Trace Group Hold” PLC include:

- Ten asphalt bases, two of which module-mobile
- Polymer-modified bitumen production installation, Bitumen emulsion production installations
- Stone flower production installations
- Six inert materials quarriers
- Ten crushing plants for stone fraction production, 4 of which are mobile
- Two machines for laying concrete pavement
- Excavation equipment
- Asphalt laying equipment

- Geismar system for laying S2PV railway
- Diesel locomotive series 55 and 12 platform wagons
- Ballast tamper (i.e. tamping machine) for heavy railway repairs

The “Trace for People” Foundation, registered at the Ministry of Justice of the Republic of Bulgaria as a non-governmental organisation, acting entirely in public interest, is also part of the group.

DEVELOPMENT STRATEGY

“Trace Group Hold” PLC shall continue to strengthen its market positions in Bulgaria and in the countries in which it operates by retaining and developing the human capital potential of the company.

The Management of “Trace Group Hold” PLC puts efforts to not disturb the work efficiency, in all areas of its activities. In the past two years, the “Trace” Group activities have been restructured and optimised. Future investment initiatives are refined with a view to conserving financial resources and acting as an insurance against the rising inflation.

Taking into account the critical circumstances, “Trace Group Hold” PLC shall continue to strengthen its market positions in Bulgaria and in the countries in which it operates by retaining and developing the human capital potential of the company.

In Bulgaria, the entities within Group will participate in tenders for the implementation of infrastructure projects, included in the program period of the Operational Programs of the European Union with an emphasis on: railway and road construction; subway (metro) construction, water sector, waste depots and dumping grounds, Public works and community development, co-financed by the State budget and European programs; High-rise construction projects and projects for rehabilitation of buildings, targeting to improve their energy efficiency; Initiatives with private investors with an interest in infrastructure, logistics and industrial construction, as well as in public – private projects.

High-rise construction shall continue to be of great importance within the structure, both as an investment and as an operational activity. The construction of the modern and functional “Atana” city complex, located in “Druzhba” Residential District, Sofia, continues to this date. The construction of a second building – part of the complex – began in 2024. In the short term, the Holding intends to participate in the construction of residential, administrative and office buildings in Bulgaria and in the other countries, where the group is established.

“Trace Group Hold” PLC strengthened its position in the field of road maintenance in Serbia, in particular maintenance and rehabilitation of road infrastructure in the South-Eastern parts of Serbia. The entity continued strengthening its positions in the railway construction sector in the country in 2024 and it is currently rehabilitating a large section of the “Nis – Brestovac” railway line and a section of the “Nis – Dimitrovgrad” (Caribrod) railway line. Other than the road and railway infrastructure sectors, the entity intends to penetrate the high-rise construction sector. In 2024, the construction of a multiple-purpose building in Belgrade, Serbia continued.

The initiatives to penetrate the market in the neighbouring Romania are successfully developing too. The entity is executing a concluded contract for building and construction works – namely a contract for the construction of a section of the “Ploiesti – Buzau” highway. The Holding continues to research into opportunities to participate in upcoming tender procedures for infrastructure projects in Romania.

The international division of the Holding shall continue to research the Central and East European markets.

III. POLICIES

1. QUALITY, ENVIRONMENT, HEALTH AND SAFETY AT WORK POLICY

The continuous improvement of the quality of work is a priority for the Management of “TRACE GROUP HOLD” PLC. Such is achieved by designing a clear policy and strategy, aiming at gaining the trust and satisfying the requirements and expectations of clients and all stakeholders.

The Management’s efforts are aimed at:

- Maintaining a system of continuous improvement and efficiency of the planning and management of key activities, related to the quality, environmental, health and safety at work;
- Maintaining high-qualified personnel;
- Process optimisation;
- Conforming, implementing and ensuring compliance of all activities with the applicable legal and regulatory requirements related to the quality, the environment, the health and safety at work;
- Following a proper approach in the selection of the entity’s suppliers and subcontractors;
- Not allowing any preconditions for customers’ objections and complains regarding our core activities;
- Prevention of injuries and diseases;
- Continuous improvement in the management and implementation of the OSH;
- Continuous improvement and prevention of pollution;
- Ensuring opportunities for the full realisation of each worker / employee of the entity, within his / her competences and authorities, so as to create a sense of appreciation, satisfaction and fluffiness;
- Periodic reviews, conducted personally by the Management, aiming to assess the adequacy, effectiveness and efficiency of the integrated system that is functioning in the holding;
- Timely corrective and preventive actions in case of deviations from the documented process control and management rules and regulations, or when there is a potential risk of such deviations;

To achieve these goals, “TRACE GROUP HOLD” PLC has created conditions for strict compliance with the requirements of the Integrated quality management system, health and safety at work, and for the active participation of the Management, and the Executive personnel, in the design and enhancement of the aforementioned system.

2. SOCIAL RESPONSIBILITY POLICY

The corporate group of “Trace” follows and promotes compliance with the internationally recognised human rights, and considers the preservation of integrity, health, rights and welfare of its employees and the environment as elements of primary and fundamental importance in the execution and development of its activities.

THE SOCIAL RESPONSIBILITY POLICY, adopted by the entities within the “TRACE” group in the implementation of their core activities, is focused on corporate strategic management, contributing to sustainable economic development, fair working relations with the personnel, their families, the local community and the society in general, with a view to improving the quality of life.

The guiding principles of “Trace Group Hold” PLC related to social responsibility include:

- Respecting the human rights and fundamental freedoms as set out in the Universal Declaration of Human Rights;
- Protecting the generally accepted human values;
- Ensuring healthy and safe working conditions for its workers and employees;
- Developing and motivating personnel;
- Ensuring the security of payments;
- Maintaining adequate labour remuneration and ensuring timely payment of salaries and wages, and payment of taxes and social security contributions in respect of the workers and employees;
- Formulating rules for constructive business ethics and ensuring their compliance;
- Engaging in charity activities, including improvement of the local infrastructure, in a responsible manner;
- Maintaining beneficial interactions with the public and local authorities, as well as with non-governmental organisations, business associations, educational and expert institutions, and others;
- Disclosing information on the company’s activities in the mass media;

IV. ACTIVITIES AND IMPLEMENTATION

ENVIRONMENT

“Trace Group Hold” PLC and the entities within its group maintain an Integrated Quality Control System, in compliance with the requirements of the international standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 39001:2012.

The Group engages in social activities, supporting its principles of protecting the integrity, health, rights and welfare of its employees.

The process control and management system, affecting the quality, environment, health and safety at work covers: Project implementation in Bulgaria, participation in international tenders, both in Bulgaria and abroad. Construction, maintenance, reconstruction, rehabilitation and awarding of projects in the fields of: transport infrastructure (roads, highways, airports and railway infrastructure), public infrastructure, hydrotechnical construction and environmental landscaping, energy-efficiency infrastructure, high-rise construction and the adjacent infrastructure, electronic communicational networks and facilities. Consulting and engineering activities. Acquisition and management of participating interests and shares in the capital of entities, domiciled in Bulgaria and abroad.

“Trace Group Hold” PLC applies the international standards for environmental management. The group regards its sustainable development, competitiveness and economic prosperity as closely related to the global efforts on environmental protection.

The Management of “Trace Group Hold” PLC puts efforts to reduce the entity’s environmental impact by:

- Efficient use of electricity and heating (energy conservation);
- Waste minimisation;
- Prevention of pollution by reducing and minimising harmful air and water emissions;
- Use of new generation techniques and equipment in the execution of the entity’s activity;
- Monitoring of air, water and soil pollution

The corporate governance of “Trace Group Hold” PLC appreciates the importance of preserving the eco balance in nature and pays close attention to the environmental impact of its subsidiaries’ production. The Holding monitors for events targeting to reduce the harmful effects on the environment in the course of the entities’ activities. All production facilities (crushing plants, asphalt plants, stone flour plants, and others) are provided with filtration systems for capturing toxic exhaust emissions and are complying with the requirements of the control bodies that monitor the environmental protection.

Asphalt mixtures are produced by using a dry technological process, without the use of water. Asphalt mixing plants have a highly efficient filtering system that ensures dust collection of dust emissions from exhaust gases, which are subjected to dry purification through an industrial filter. All smokes are absorbed by a powerful aspiration system, pass through a dry dedusting filter and clean exhaust air is released into the atmosphere.

“Trace Group Hold” PLC is one of the first Bulgarian construction companies to introduce the “cold recycling on site” method. This is a modern method to recover defaulted road surface. It allows the use of 100% of the available material on site and this is a huge advantage as it leads to reduction in the total construction works; harmful emissions; the construction’s deadlines and cost. The entity applies the most modern mechanisation and provides a wide range of technologies – traditional and innovative – in the implementation of this method.

The specialised machinery and trucks meet the European and international standards for environmental protection. The entity invests in modern machines and equipment, and aims to introduce innovative productions in order to preserve and protect the eco balance. At the same time, “Trace Group Hold” PLC, via “Trace BG” EOOD (LTD), has secured contracts for the repurchase of processed oils and greases, and for recycling of car and truck tires.

Environmental protection concepts that define the activities for minimising pollution and the harmful effects on the environment are being developed and applied throughout the implementation of all infrastructure projects. The concepts ensure the identification, assessment and management of significant environmental aspects, prevention of environmental pollution in the implementation of the respective public tender. The environmental protection concepts comply with the core activities in the project’s implementation and the operation of projects and sites at the design, construction and operation stages, namely:

- Approved plan for spatial planning upon land-use changes
- Preparation and coordination of the project documentation

- Obtaining building permits
- Implementation of projects
- Putting sites in operation
- Conditions, defined by issued decisions on environmental assessment and / or environmental impact assessment

Procedures are implemented in accordance with the Bulgarian and European environmental legislations, ensuring the prevention of significant negative impacts on the environment and human health in the execution of investment proposals, namely: Environmental assessment of plans and programs with regards to spatial planning and assessment of the environmental impact; Assessment of compatibility with the subject and objectives of preservation of protected areas.

The development strategy of “Trace Group Hold” PLC includes the holding’s participation in long-term social projects in the field of environmental protection. A waste separation system has been developed and implemented.

The holding has conducted contracts for the disposal of waste, generated in the execution of the entity’s principal activity. Waste is managed in accordance with the requirements of the applicable legislation and no problems have been encountered so far.

HEALTH AND SAFETY AT WORK

The entity monitors the main indexes, concerning accidents at work.

Data from the last 3 years is disclosed hereafter. The disclosed data conveys a tendency of stability, namely in the absence of accidents at work and incidents during work processes.

COMPARISON OF THE INJURIES AND OCCUPATIONAL DISEASE PER YEAR

	2022	2023	2024
Number of cases of accidents at work	0	0	0
Number of cases of injuries (incidents)	0	0	0
Number of cases of occupational disease	0	0	0

The identified health and safety requirements at work are implemented at all organisational levels.

The conditions and order for conducting “health and safety at work” trainings and instructions to workers and employees are carried out in compliance with the requirements of ORDINANCE № RD-07-2, dated 16.12.2009, on the conditions and order for conducting periodic training and instruction to workers and employees under the rules for ensuring healthy and safe working conditions, through initial and periodic trainings, and trainings of officials, on “health and safety at work”.

When first appointed within the structure, the newly recruited employees are required to familiarise themselves with the following documents:

- Rules of Internal Labour Code;
- Action plans in the events of disasters, emergencies, accidents and fires;
- Fire regulations;
- Risk assessment with the respective record card for the job performed.

The entities have a set of safety instructions for all types of activities when carrying out construction and assembly work.

SOCIAL RESPONSIBILITY

CHILD LABOUR

“Trace Group Hold” PLC does not use and it does not encourage any child labour.

The entity’s policy prohibits the use of child labour. This policy is in accordance with the applicable statutory requirements, defined in the Labour Code, the Child Protection Act, and other current regulatory requirements.

ENFORCED AND COMPULSORY LABOUR

All workers and employees of “Trace Group Hold” PLC, and of its subsidiaries, work with consent.

In order to ensure the consent nature of work, the entity is committed to ensure that all workers and employees are aware of their rights and obligations, arising from and stipulated in their employment contracts. An “Internal Work Order Manual” has been developed and the personnel is familiar with it. Each employment contract sets out the terms and conditions of employment, namely: the respective wage and / or salary, the working hours, the annual paid leave, the position, the notice period upon termination of the employment relationship.

FREEDOM TO ASSOCIATE

All workers and employees of “Trace Group Hold” PLC have the right to form, participate in and organise trade unions of their choice, and to negotiate collectively with the entity, on their own behalf. Personnel are being informed that they are free to participate in an organisation of their choice and that this will not lead to any negative consequences or repressive measures on behalf of the entity. The functioning and management of these workers’ organisations is free and it is not restricted by any interventions, undertaken by or on behalf of the entity.

DISCRIMINATION

“Trace Group Hold” PLC does not discriminate in recruiting personnel; there is no discrimination in the remuneration, access to training, promotion, retirement or contract termination on the grounds of race, nationality, social origin, societal status, family background, religion, disability, gender, sexual orientation, family obligations and responsibilities, marital status, trade union membership, political views or another condition that could lead to any form of discrimination.

The company does not interfere in the personnel, exercising their right to observe principles, practices or meet their needs based on their race, nationality or social origin, religion, disability, gender, sexual orientation, family obligations and responsibilities, trade union membership, political views or other conditions that could lead to discrimination. The entity’s employees are of different religious affiliations and this does not interfere with their joint and team work. The company is open to recruit disadvantaged people (representatives of different minority groups, disabled, etc). The entity strives to ensure young people with career and personal growth opportunities.

The entity does not tolerate sexual harassment or any other form of abusive, exploitative or threatening behaviour, including gestures, language and physical contact at work.

COMPARISON OF THE NUMBER OF MALE VS FEMALE WORKERS AND EMPLOYEES

	2022	2023	2024
Total personnel	768	896	980
Of which male	635	737	803
Of which female	133	159	177
Personnel, appointed at managerial positions	72	78	83
Of which male	60	64	67
Of which female	12	14	16

There are no age or gender pay gaps. Salaries and wages are defined based on the position, held by the respective personnel, after such are agreed with the Executive Director, and are in accordance with the Salaries and Wages Regulations.

The Management, site managers, and all persons, appointed at managerial positions, treat all personnel with dignity and respect. All disciplinary practices are specified in the Internal Work Regulations.

The Labour Code does not provide for any “fines” being imposed on employees, and thus “Trace Group Hold” PLC does not impose, nor does it intend to impose, any such. Only the disciplinary measures, defined under Art. 188 of the LC, are enforced in the event of breaches of the labour discipline of “Trace Group Hold” PLC. Three disciplinary measures are provided – notice, dismissal notice and disciplinary dismissal.

WORKING HOURS

“Trace Group Hold” PLC complies with the industry standards and the applicable legislation relating to working hours and public holidays. The standard workweek does not exceed 40 hours. Personnel are provided with at least one day off on every six consecutive working days.

REMUNERTION, FINANCIAL INCENTIVES

Remuneration, provided by “Trace Group Hold” PLC and its subsidiaries, comply with the minimum industry and / or legal standards, ensuring remuneration that is sufficient to meet the core needs of the personnel and to secure discretionary income.

In terms of payment of the agreed salaries and wages, and social insurance contributions – “Trace Group Hold” PLC and the subsidiaries within its group treat fairly their workers and employees. The company motivates its employees, specialists and workers by further providing additional remuneration.

Prompt response and increased flexibility are required in order to sustain business in the currently difficult economic environment. Daily monitoring of the external factors affecting the Company and daily reporting of the work on income-expenditure items are necessary. An option was found pursuant to the decisions taken in 2021 and 2022 in terms of human capital. The option aims to simplify the entity’s processes, reduce costs and minimise losses, so that the Company properly fulfils it’s commitments, in its capacity of an employer. This option has ensured regular payment (without any delay) of wages and salaries, and social insurance contributions.

DONATIONS

As a public, socially responsible company, “Trace Group Hold” PLC has supported a number of donation initiatives over the years. Such initiatives are in the fields of social activities, ecology, cultural-historical heritage and education and are in line with the corporate culture of “Trace”.

The “Trace for People” Foundation unites the efforts of all the entities within the group in the fields of corporate and social responsibility.

Among the 2024 initiatives are:

- Supporting sports – the “Beroe” Basketball and Wrestling Clubs, the “Augusta Trayana” shooting sports club.
- Support the “Dostoynite Bulgari” (transl. “Worthy Bulgarians”) and the “Otlichnitsite na Bulgaria” (transl. “The excellent ones of Bulgaria”) initiatives

ANTI-CORRUPTION POLICY

No form of bribery or corruption is tolerated within “Trace Group Hold” PLC. The entity abstains from any actions and behaviour that could be perceived as active or passive bribery. The policy is applicable to all types of corruption practices, including:

- Active bribery – granting, promising or offering bribes;
- Passive bribery – requesting, consenting to receive or accepting bribes;
- Bribery of public or State officials;

- Unjustified increase in one’s personal wealth – misuse of the entity’s assets;
- Unregulated private use of goods and assets.
- The entity has adopted a Code of Ethics, which is mandatory for all personnel.

The entities within the “Trace” Group observe the rules for crystalised, transparent donations and / or sponsorships throughout all cases. All donations are conducted through the “Trace for People” Foundation, which in turn prepares annual public reports on its activities.

No corruption-related risk assessment system has been implemented within the group. Nonetheless, all processes and procedures are conducted in a way that excludes any form of corruption within the entities. All transactions, conducted by the entities within the “Trace” structure, are individually pre-evaluated and those of significant value are approved both by the Holding’s Management and the Management of the entity, conducting the respective transaction.

CAREER DEVELOPMENT AND TRAINING

Personnel’s motivation is an important factor in the achievement of the development targets, set on the company. The Management of “Trace Group Hold” PLC has a clear development strategy for each person, appointed to work within the Holding’s structure. The strategy covers areas such as:

- Professional development of the specialists and workers by organising trainings that target to maintain and improve their qualifications, as well as by providing options for high specialisation in the specific professional fields;
- Providing opportunities and allowing the requisite time to increase one’s education and for him / her to acquire more qualification;
- Stimulating the initiative to learn foreign languages, work with specialised software, implement new technologies, acquire knowledge on new equipment and technologies;
- Stimulating innovative thinking, allowing creative people to apply their ideas in practice;
- Providing options for career growth within the group’s structure, depending on the personal and professional interest of each individual worker, employee and Manager.

PERSONNEL MOTIVATION AND GROWTH

All operational activities of “Trace” – design, construction, reporting, accounting, planning, supplies – are digitalised. The implementation of the system, designed exclusively for the company, leads to a fundamental change in the way the organisation works, in the task distribution, their implementation and control. At the same, the different teams of “Trace” undergo trainings.

Machines, asphalt bases and inert material quarries, as well as cars, owned by the Holding, have all been digitised. Mobile connection modules, as well as different sensors and detectors, allow automation of processes, monitoring, maintenance and detection of potential problems. The software allows the gathering of real-time data on the location, work load, fuel consumption and work performed by each of the machines; it also helps to control the construction process and achieve efficiency. Real-time data collection improves operational efficiency and allows for in-depth analysis and complex management decisions.

The ERP software of “Trace” allows interconnection of all units and systems within the company – from production to accounting and financial transactions. It supports reporting by making it easier, faster and more efficient. Any correspondence related to the construction projects and sites of “Trace” is done digitally and simultaneously, with each employee (depending on his / her role) receiving automated access to the electronic part of the projects and the administrative work on those, according to his assigned role within the team.

“Trace Group Hold” PLC strives to keep up with the current international market trends and market flows by relying exclusively on world-renowned and premium digital solutions, aimed at improving the entity’s processes. This in turn facilitates some processes, shortens the information flow and improves the Management’s awareness.

EU TAXONOMY RELATED DISCLOSURES

Regulation (EU) 2020/852, adopted by the European Parliament and the Council on 18 June 2020, establishes a framework for classifying economic activities as sustainable, in relation to six environmental objectives. This regulation aims to bring together the accumulated experience in the field of sustainable economic activities, systematise it and provide clear criteria for evaluating projects that will seek to be certified as sustainable.

An economic activity can be classified as sustainable if it is related to one of the following six environmental objectives:

- Climate change mitigation;
- Climate change adaptation;
- Sustainable use and protection of water and marine resources;
- Transition to a circular economy;
- Pollution prevention and control;
- Protection and restoration of biodiversity and ecosystems.

Pursuant to Art. 3 of the Regulation, an economic activity is classified as “ecologically sustainable” when:

(1) It significantly contributes to one or more of the six environmental goals; (2) does not cause significant harm to any of the other five environmental objectives (the DNSH framework); (3) It is carried out in accordance with the minimum guarantees relating with health and social working conditions at company level (social guarantees), (4) It meets the technical verification criteria, established by the Commission in accordance with Article 10 – 15 of the Regulation.

Article 8 of the Regulation requires entities to include in their “consolidated non-financial statement” information on “how” and “to what extent” the entity’s activities relate to economic activities that qualify as environmentally sustainable under Art. 3 and Art. 9 of the Regulation.

More specifically, entities are required to disclose:

- their proportion of turnover, obtained from products or services related to economic activities that qualify as environmentally sustainable;
- the proportion of their capital expenditure and operating expenses, related to assets or processes, which are connected to economic activities that qualify as environmentally sustainable

Delegated Regulation (EU) 2021/2178, adopted on 6 July 2021, supplementing Regulation (EU) 2020/852, defines the content and presentation of the information to be disclosed by entities on their sustainable economic activities. Pursuant to this Regulation and in terms of Taxonomy, an eligible economic activity (also referred to as an eligible activity) is an economic activity that is described in the Delegated Regulation (EU) 2021/2139, dated 4 June 2021, regardless of whether that activity meets some or all of the technical screening criteria set out in this delegated act. A taxonomically ineligible economic activity is any activity not described in the Delegated Regulation (EU) 2021/2139.

If an economic activity meets the specific criteria set out in Article 3 of the Regulation, it is considered a taxonomy-consistent activity.

In accordance with Art. 8 of Regulation (EU) 2020/852 for the establishment of a framework to facilitate sustainable investments and Delegated Regulation (EU) 2021/2178 (supplementing the Regulation by specifying the content and presentation of the information to be disclosed by non-financial entities with regards to environmentally sustainable economic activities and by specifying the methodology for the implementation of this disclosure obligation,) “Trace Group Hold” PLC prepared an analysis of the entity’s economic activities in order to identify which of them are eligible and which are not eligible for the EU Taxonomy.

This statement presents an analysis of the eligibility of the economic activities of “Trace Group Hold” PLC for the reporting period 2024. The Holding’s analysis and data for the period 01 January – 31 December 2024 are presented in Appendices 1, 2 and 3 here below.

Eligibility of the activities of “Trace Group Hold” PLC

“TRACE GROUP HOLD” PLC presents the proportion of its eligible and non-eligible economic activities (Table 1) as such are defined in compliance with Delegated Regulation (EU) 2021/2139, dated 4 June 2021 and Delegated Regulation (EU) 2021/2178, dated 6 June 2021.

Table 1. Percentage of taxonomy-eligible and taxonomy-ineligible economic activities in terms of total turnover, capital expenditure and operating expenses of “TRACE GROUP HOLD” PLC for 2024.

Financial reporting 2024	Total (BGN' 000)	Proportion of environmentally sustainable activities (taxonomy aligned)	Proportion of taxonomy-eligible economic activities that are not environmentally sustainable (taxonomy-unaligned)	Proportion of taxonomy-ineligible economic activities
Turnover	650 385.64	0 %	96.18 %	3.82 %
Capital expenditure (CapEx)	15 339.00	0 %	97.36 %	2.64 %
Operating expenses (OpEx)	19 412.74	0 %	98.77 %	1.23 %

TRACE GROUP HOLD PLC operates in the construction sector on the territory of the Republic of Bulgaria, of the Republic of Serbia and of the Republic of Romania, engaging in construction, reconstruction and rehabilitation of roads and highways, construction of buildings, airports, construction of subways (metro stations), water supply and gas supply systems; moreover it produces asphalt and aggregates, and trades in construction materials.

The taxonomy-eligible economic activities of the Group, as specified under Delegated Regulation (EU) 2021/2139, fall within the transport, construction, and manufacturing sectors.

Key performance indicators (KPIs)

The key performance (operating results) indicators (KPIs) include:

- KPI related to turnover
- KPI related to the Capital Expenditure (CapEx)
- KPI related to the Operating Expenses (OpEx)

The methodology, used by the Group to calculate the KPI related to turnover, capital expenditure and operating expenses, aligns and is in accordance with sections 1.1.1, 1.1.2 and 1.1.3 of Annex I to Delegated Regulation (EU) 2021/2178. In order to ensure the reliability and consistency of reporting of the three KPIs, the Group has eliminated any double reporting of (the same) amounts when referring them to turnover, CapEx and OpEx by employing the detailed analytical accounting reporting created for the purposes of preparing its financial statements.

According to Delegated Regulation (EU) 2021/2178 on disclosure of information in relation to the EU taxonomy, accounting criteria are taken into account when calculating the numerator and denominator of eligible and ineligible net turnover, CapEx and OpEx.

- Turnover (according to Article 8, paragraph 2 point a of the Regulation), is the proportion of the net turnover, derived from products or services, including intangible assets, associated with economic activities that qualify as environmentally sustainable – (numerator), divided by the net turnover as defined in Article 2, paragraph 5 of Directive 2013/34/EU (denominator).
- Capital expenditure – CapEx (according to Article 8, paragraph 2, item b of the Regulation). CapEx represents the funds, used to acquire (additions to) tangible and intangible assets during the relevant financial year considered before depreciation, amortization and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year, and excluding fair value changes. Capital expenditure reflects the following parameters: “Property, Plant and Equipment”, “Leases”, “Projects” and “Other Intangible Assets”.
- Operating expenses – OpEx (according to Article 8, paragraph 2, item b of the Regulation). OpEx covers direct non-capitalised costs that relate to research and development, short-term leases, maintenance and repairs, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or a third party to whom activities are outsourced that are necessary to ensure the continued and efficient functioning of such assets.

To determine the proportion of economic activities that are EU Taxonomy-eligible (net turnover, capital expenditure and operating expenses, defined under the three key performance indicators), “Trace Group Hold”

PLC calculates the ratio of (taxonomy) eligible turnover, CapEx and OpEx (numerator) to their total turnover, CapEx and OpEx (denominator) at the end of the financial reporting 2024.

KPI related to turnover

Delegated Regulation (EU) 2021/2178 defines the denominator of the KPI related to turnover based on the net turnover of the holding, determined in accordance with Article 2, item 5 of Directive 2013/34/EU (the amounts that are received from the sale of products and the rendering of services after deducting trade discounts, value added tax and other taxes directly related to turnover) and including revenue included in the scope of IFRS 15 and IFRS 16.

The results of the conducted analysis convey that 96,18% of the total value of the Holding's net turnover for 2024 refers to Taxonomy-eligible economic activities. These activities amount to BGN 625 509 thousand and are related to turnover.

It should be specified that these 96,18% include taxonomy-eligible, but not environmentally sustainable activities (i.e., activities that are not taxonomy-aligned). This statement is not a legal analysis of whether the economic activities comply to the taxonomy technical screening criteria and , respectively – whether these activities are environmentally sustainable. Therefore, the proportion of taxonomy-aligned activities is 0%.

The following taxonomy-eligible economic activities are identified within the numerator:

- **Construction, expansion and operation of water collection and purification systems, and water supply systems** (*taxonomy code 5.1*) – 2,20%. The activity is related to **the first two environmental goals**: climate change mitigation and climate change adaptation.
- **Infrastructure, including road and public transport** (*taxonomy code 6.15*) – 62,79 %. The activity taxonomy-eligible and is related to the second environmental objective: climate change adaptation.
- **Railway transport infrastructure** (*taxonomy code 6.14*) – 25,33%. The activity is taxonomy-eligible and it is related to the first two environmental objectives: climate change mitigation and climate change adaptation.
- **Construction of new buildings** (*taxonomy code 7.1*) – 5,85%. The activity is taxonomy-eligible and it is related to three of the environmental objectives: climate change mitigation, climate change adaptation and transition to a circular economy.

KPI related to CAPEX

KPI related to CAPEX is calculated by dividing the taxonomy-aligned capital expenditures (numerator) by the total capital expenditures (denominator).

Delegated Regulation (EU) 2021/2178 provides definition of total capital expenditure – total capital expenditure covered additions to tangible and intangible assets (acquisitions of fixed tangible and intangible assets), and investment property, considered before impairment, amortisation and any additional re-measurements, including those resulting from revaluations and impairments, for the financial year and excluding fair value changes. These include acquisition of property, plant and equipment (IAS 16), intangible assets (IAS 38), right-of-use assets (IAS 16), investment property (IAS 40).

The conducted analysis conveys that 97,4% of the total value of the capital expenditure of “TRACE GROUP HOLD” PLC for 2024, amounting to BGN 14 934 thousand, refer to the taxonomy-eligible economic activities.

It should be specified that these 97,4% include taxonomy-eligible, but not environmentally sustainable activities. This statement is not a legal analysis of whether the economic activities comply to the taxonomy technical screening criteria and , respectively – whether these activities are environmentally sustainable. Therefore, the proportion of taxonomy-aligned activities is 0%

The following taxonomy-eligible activities are identified within the numerator:

- **Infrastructure, including road and public transport** (*taxonomy code 6.15*) – 34%. The activity is related to the second environmental objective: climate change adaptation.

- **Construction of new buildings** (*taxonomy code 7.1*) – 53.7%. The activity is taxonomy-eligible and it is related to three of the environmental objectives: climate change mitigation, climate change adaptation and transition to a circular economy.
- **Construction, expansion and operation of water collection and purification systems, and water supply** (*taxonomy code 5.1*) – 0,8%. The activity is related to **the first two environmental goals**: climate change mitigation and climate change adaptation.
- **Railway transport infrastructure** (*taxonomy code 6.14*) – 8.9%. The activity is taxonomy-eligible and it is related to the first two environmental objectives: climate change mitigation and climate change adaptation.

KPI related to OPEX

KPI related to OPEX is calculated by dividing the taxonomy-aligned operating expenses (numerator) by the total the operating expenses (denominator).

Delegated Regulation (EU) 2021/2178 provides definition of total operating expenses – total operating expenses cover direct non-capitalised costs that relate to research and development, building renovation measures (used within the operating activities and investment properties), short-term leases, maintenance and repairs, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment assets and investment properties.

The conducted analysis conveys that 98,8% of the total operating expenses of “TRACE GROUP HOLD” PLC for 2024, amounting to BGN 19 174 thousand, refer to the taxonomy-eligible economic activities.

It should be specified that these 98,8% include taxonomy-eligible, but not environmentally sustainable activities. This statement is not a legal analysis of whether the economic activities are comply to the taxonomy technical screening criteria and , respectively – whether these activities are environmentally sustainable. Therefore, the proportion of taxonomy-aligned activities is 0%.

“TRACE GROUP HOLD” PLC has taken into account all operating expenses (excluding direct expenses related to salary payments, training and other needs for adapting human resources) and general administrative expenses (security, insurance, taxes, subscriptions, membership fees, commissions) when computing the numerator.

The following Taxonomy-eligible activities are identified within the numerator:

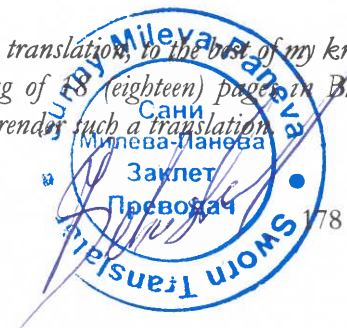
- **Construction, expansion and operation of water collection and purification systems, and water supply** (*taxonomy code 5.1*) – 2,4%. The activity is related to **the first two environmental goals**: climate change mitigation and climate change adaptation.
- **Infrastructure, including road and public transport** (*taxonomy code 6.15*) – 64,4%. The activity is related to the second environmental objective: climate change adaptation.
- **Railway transport infrastructure** (*taxonomy code 6.14*) – 27,8%. The activity is taxonomy-eligible and it is related to the first two environmental objectives: climate change mitigation and climate change adaptation.

Construction of new buildings (*taxonomy code 7.1*) – 4,2%. The activity is taxonomy-eligible and it is related to three of the environmental objectives: climate change mitigation, climate change adaptation and transition to a circular economy.

Eng. Boyan Delchev
Executive Director

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Date: 2025.04.30 18:51:28 +03'00'

I, Sunny Mileva – Paneva, hereby certify that the above is an exact and accurate translation, to the best of my knowledge and abilities, of the original “Non-financial Statement for 2024”, consisting of 18 (eighteen) pages in Bulgarian language, and that I am competent in both English and Bulgarian language to render such a translation.



Appendix 1. Proportion of turnover, derived from products or services related to taxonomy-aligned economic activities.

2024 Year				Criteria for substantial contribution						DNSH criteria ("Does not significantly harm")									
Economic activities (1)	Code (2)	Turnover (3)	% of turnover (4)	Climate change mitigation (5)*	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum protection (17)	Taxonomy-aligned (A.1) or taxonomy-eligible (A.2) share of the total turnover, year 2023 (18)**	Category (permitting activity) (19)	Category (transition activity) (20)
		BGN / 000	%	Yes, No, Unkn.	Yes, No, Unkn.	Yes, No, Unkn.	Yes, No, Unkn.	Yes, No, Unkn.	Yes, No, Unkn.	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. TAXONOMY – ELIGIBLE ACTIVITIES				%															
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Turnover of environmentally sustainable activities (aligned with the taxonomy) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
of which supportive			0%	0%	0%	0%	0%	0%	0%								0%	P	
of which transitional			0%	0%													0%		T
A.2 Taxonomy-eligible but not ecologically sustainable activities (not taxonomy-aligned activities)																			
infrastructure, including road transport and public transport	AIK 6.15	408 366	62.79%	Unkn.	Av.	Unkn.	Unkn.	Unkn.	Unkn.										
Construction of new buildings	SIK 7.1	38 036	5.85%	Av.	Av.	Unkn.	Unkn.	Av.	Unkn.										
Railway transport infrastructure	AIK 6.14	164 774	25.33%	Av.	Av.	Unkn.	Unkn.	Unkn.	Unkn.										
Construction, expansion and operation of systems for collection, purification and water supply	AIK 5.1	14 332	2.20%	Av.	Av.	Unkn.	Unkn.	Unkn.	Unkn.										
Turnover of taxonomy-eligible but non-environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		625 509	96.18%	25%	71%	0%	0%	0%	0%								92.44%		
A. Turnover of activities that are taxonomy-eligible		625 509	96.18%	25%	71%	0%	0%	0%	0%										
B. TAXONOMY – INELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-ineligible activities (B)		24 877	3.8%																
TOTAL AvB		650 386	100%																

Appendix 2. Proportion of capital expenditure (CapEx), for goods or services related to taxonomy-aligned economic activities.

2024 Year				Criteria for substantial contribution						DNSH criteria ("Does not significantly harm")									
Economic activities (1)	Code (2)	Turnover (3)	% of turnover (4)	Climate change mitigation (5)*	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum greenhouse (17)	Taxonomy-aligned (A.1) or taxonomy-eligible (A.2) share of the total turnover, year 2023 (1.8)**	Category (permitting activity) (19)	Category (transition activity) (20)
		BGN / 000	%	Yes; No; Unav.	Yes; No; Unav.	Yes; No; Unav.	Yes; No; Unav.	Yes; No; Unav.	Yes; No; Unav.	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. TAXONOMY – ELIGIBLE ACTIVITIES				%															
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Turnover of environmentally sustainable activities (aligned with the taxonomy) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
of which supportive			0%	0%	0%	0%	0%	0%	0%								0%	P	
of which transitional			0%	0%													0%		T
A.2 Taxonomy-eligible but not ecologically sustainable activities (not taxonomy-aligned activities)																			
Infrastructure, including road transport and public transport	AIK 6.15	5 213	34.0%	Unav.	Av.	Unav.	Unav.	Unav.	Unav.										
Construction of new buildings	SIR 7.1	8 244	53.7%	Av.	Av.	Unav.	Unav.	Av.	Unav.										
Railway transport infrastructure	AIK 6.14	1 359	8.9%	Av.	Av.	Unav.	Unav.	Unav.	Unav.										
Construction, expansion and operation of systems for collection, purification and water supply	AIK 5.1	118	0.8%	Av.	Av.	Unav.	Unav.	Unav.	Unav.										
Turnover of taxonomy-eligible but non-environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		14 934	97.4%	9%	88%	%	%	%	%								96.4%		
A. Turnover of activities that are taxonomy-eligible		14 934	97.4%	9%	88%	%	%	%	%										
B. TAXONOMY – INELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-ineligible activities (B)		405	2.6%																
TOTAL AvB		15 339	100%																

Appendix 3. Proportion of operating expenses (OpEx), for goods or services related to taxonomy-aligned economic activities.

2024 Year				Criteria for substantial contribution						DNSH criteria ("Does not significantly harm")									
Economic activities (1)	Code (2)	Turnover (3)	% of turnover (4)	Climate change mitigation (5)*	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum greenhouse (17)	Taxonomy-aligned (A.1) or taxonomy-eligible (A.2) share of the total turnover, year 2023 (1.8)**	Category (permitting activity) (19)	Category (transition activity) (20)
		BGN / 000	%	Yes; No; Unav.	Yes; No; Unav.	Yes; No; Unav.	Yes; No; Unav.	Yes; No; Unav.	Yes; No; Unav.	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. TAXONOMY – ELIGIBLE ACTIVITIES																			
				%															
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Turnover of environmentally sustainable activities (aligned with the taxonomy) (A.1)			0%	0%	0%	0%	0%	0%	0%								0%		
of which supportive			0%	0%	0%	0%	0%	0%	0%								0%	P	
of which transitional			0%	0%													0%		T
A.2 Taxonomy-eligible but not ecologically sustainable activities (not taxonomy-aligned activities)																			
Infrastructure, including road transport and public transport	AIK 6.15	12 498	64.4%	Unav.	Av.	Unav.	Unav.	Unav.	Unav.										
Construction of new buildings	SIR 7.1	807	4.2%	Av.	Av.	Unav.	Unav.	Av.	Unav.										
Railway transport infrastructure	AIK 6.14	5 399	27.8%	Av.	Av.	Unav.	Unav.	Unav.	Unav.										
Construction, expansion and operation of systems for collection, purification and water supply	AIK 5.1	470	2.4%	Av.	Av.	Unav.	Unav.	Unav.	Unav.										
Turnover of taxonomy-eligible but non-environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		19 174	98.8%	28%	71%	%	%	%	%								98.56%		
A. Turnover of activities that are taxonomy-eligible		19 174	98.8%	28%	71%	%	%	%	%										
B. TAXONOMY – INELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-ineligible activities (B)		239	1.2%																
TOTAL AvB		19 413	100%																

CONSOLIDATED REPORT ON PAYMENTS TO GOVERNMENTS

The Group executes activities in the extractive industry, and in particular – mining of underground natural resources, exploitation of mineral raw materials and mining and blasting activities. Pursuant to Art. 53, in conjunction with Art. 59 of the Accountancy Act, the Group is obliged to prepare a Consolidated Report on Payments to Governments and publish it together with its annual Consolidated Management Report.

In 2024, the following subsidiaries within the Group engaged mining activities:

Trace BG EOOD (LTD), Bulgaria (mining of underground natural resources)

Trace Yambol AD (JSC), Bulgaria (mining of underground natural resources)

Trace Serbia AD (JSC), Serbia (exploitation of mineral raw materials)

The Group discloses hereafter the information, required by the Accountancy Act (Chapter seven, Section V).

1. Payments under concession agreements

In accordance with 5 agreements, concluded in the Republic of Bulgaria, the Group has been granted concessions for the extraction of underground natural resources – construction materials – marble, marble limestone, limestone and dolomites. The concession agreements were signed in 2001, 2005 and 2011 by and between the Grantor – the Council of Ministers of the Republic of Bulgaria – and the Concessionaire – entities within the Group.

According to the agreements, the entities within the Group are granted with the exclusive right to develop and extract construction materials from fields within the Republic of Bulgaria, located in Topolovgrad, Zmeevo, Vinarovo (2 fields) and Boyanovo (within the concession area), and to acquire the extracted materials.

The extraction of construction materials from fields, located in the Republic of Bulgaria, is carried out through open-pit mining within the concession area, under the following conditions:

- Concession area frames – 831 thousand square meters;
- Extraction term – between 25 and 35 years, with the term starting as of the date on which the respective concession agreement enters into force;

Concession payments, amounting to BGN 428 thousand, were paid to the Ministry of Energy of the Republic of Bulgaria in 2024. Part of these include and amounts transferred to a special account, established to serve the purpose of the entities' obligation for subsequent re-cultivation of the exploited concession areas.

2. Payments with regards to granted approvals for exploitation of mineral raw materials

In accordance with the legislation, enacting in the Republic of Serbia, an entity within the Group has obtained approvals from the Ministry of Mining and Energy, dated 2008 and 2017, to exploit mineral raw materials (№310-02-00235/2008-06 and 310-02-00990/2012-02). In 2010, the aforementioned entity obtained an approval (by the same Ministry) to execute mining and blasting works on lands owned by it (№310-02-00616/2009-06).

The approvals, obtained by the entity, grant it the exclusive right to perform mining and blasting works and exploit mineral raw materials from the field, located in the village Dolac, Municipality of Bela Palanka, Republic of Serbia, within the area owned by the entity.

Extraction of construction materials from fields, located in the Republic of Serbia, is carried out through open-pit mining under the following conditions:

- Concession area frames – 180 thousand square meters;
- Extraction term – termless, with the term starting as of the date on which the approval is obtained;

BGN 90 thousand were paid, in the form of quarterly instalments, to the Ministry of Mining and Energy of the Republic of Serbia in 2024. The quarterly instalments are calculated based on the extraction performed within the respective quarter.

3. Taxes paid

The entities within the Group, engaging in mining activities (and in particular in the extraction of underground natural resources, exploitation of mineral raw materials and mining and blasting works), have paid BGN 4 008 thousand for “other taxes” to the National Revenue Agency of the Republic of Bulgaria in 2024 and BGN 844 thousand to the Tax Office of the Republic of Serbia, of which:

- BGN 677 thousand – corporate tax paid in Serbia as per the annual tax returns, submitted for 2023 (in Bulgaria: none);
- BGN 677 thousand – advance payments of corporate tax that shall be due in 2024 (in Bulgaria: none);
- BGN 14 thousand – withholding tax paid in 2024 (in Bulgaria: none);

The entities, engaged in mining activities, have also paid BGN 20 thousand for local taxes and fees to Municipalities in the Republic of Bulgaria and BGN 108 thousand – to Municipalities in the Republic of Serbia.

4. Payments under projects

In 2024, the entities within the Group engaging in mining activities have not implemented any projects, and have not, respectively, conducted any payments to persons and entities, representing Governments, within the legal meaning of the term.

Eng. Boyan Delchev
Executive Director

Digitally signed by Boyan Stoyanov Delchev
Date: 2025.04.30 18:52:11 +03'00'

I, Sunny Mileva – Paneva, hereby certify that the above is an exact and accurate translation, to the best of my knowledge and abilities, of the original “Consolidated Report on Payments to Governments for 2024”, consisting of 2 (two) pages in Bulgarian language, and that I am competent in both English and Bulgarian language to render such a translation.



DECLARATION

Under Art. 100 (n), paragraph 4, item 4 of the Public Offering of Securities Act (POSA)

The undersigned:

Desislava Ivanova Lyubenova, in her capacity of Chairman of the Managing Board (MB) of "Trace Group Hold" PLC

Boyan Stoyanov Delchev, in his capacity of Member of the Managing Board (MB) and Executive Director of "Trace Group Hold" PLC;

Manol Tanev Kavrakov, in his capacity of Member of the Managing Board (MB) of "Trace Group Hold" PLC and

Boyan Ivanov Hristov, in his capacity of compiler of the consolidated financial statements of "Trace Group Hold" PLC

Hereby declare that:

1. The set of financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets and liabilities, the financial position and profit / loss of "Trace Group Hold" PLC;
2. The annual Consolidated Management Report of "Trace Group Hold" PLC contains a reliable overview of the information under Art. 100 (n), paragraph 4, item 2 of POSA.

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Date: 2025.04.30 18:55:09 +03'00'

Desislava Ivanova Lyubenova

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Boyan Stoyanov Delchev

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Manol Tanev Kavrakov

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Boyan Ivanov Hristov – compiler

I, Sunny Mileva – Paneva, hereby certify that the above is an exact and accurate translation, to the best of my knowledge and abilities, of the original "Declaration Under Art. 100 (n), paragraph 4, item 4 of the Public Offering of Securities Act (POSA), consisting of 1 (one) page in Bulgarian language, and that I am competent in both English and Bulgarian language to render such a translation.





INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF "TRACE GORUP HOLD" PLC

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of "TRACE GROUP HOLD" PLC and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (IAS). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including the International Independence Standards) of the International Ethics Standards Board (IESBA Code), together with the ethical requirements of the Independent Financial Audit and Assurance of Sustainability Reporting Act (IFAASRA) that are relevant to our audit of the consolidated financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the requirements of IFAASRA and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that in our professional judgement were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How this key audit matter was addressed in our audit



Revenue from contracts with customers – Revenue from construction contracts (BGN 617 085 thousand in 2024)

Note I.2.22.1. and Notes II.2.1.1. to the consolidated financial statements

The Group's revenue from contracts with customers comprise mainly revenue from construction contracts. Such amount to a total of BGN 617 085 thousand in 2024 and form 92% of the total revenue, realised by the Group within the period.

Assets that are controlled by the customers are created and / or enhanced in the implementation of construction contracts and the Group identifies, performance obligations satisfied over time, respectively. The Group recognises the revenue that it expects to be entitled to in accordance with the satisfied performance obligations.

The Group recognises revenue from satisfied performance obligations under construction contracts, only if the Group can reasonably measure the progress towards complete satisfaction of those performance obligations. Depending on the specific circumstances and the terms and conditions of the contracts, the Group uses input methods and / or output methods to measure the progress towards complete satisfaction of performance obligations under construction contracts.

Estimations of revenue from construction contracts involve significant uncertainty as it requires Management to make key judgements and subjective assumptions.

Given the above-stated, we believe that the determination of revenue from construction contracts is a key audit matter.

- Our audit procedures in this field include, but are not limited to:
- Assessment of whether the accounting policies, applied by the Group in the recognition and measurement of revenue from construction contracts, are adequate and complete;
- Evaluation of the methods used, their consistency and appropriateness given the specific type of contract, as well as the related input data and assumptions, by reviewing the available actual and forecast information, remeasurement and preparation of comparative analysis;
- Comparison of the key assumptions, used in the estimation of revenue, with the terms of similar contracts, historical data and others;
- Review of selected data that have been used as a basis for assessment of progress towards complete satisfaction of performance obligations, including estimates and budgets, statements and reports, and direct assessment of transferred goods and services, in terms of their accuracy, reliability and completeness;
- Review the adequacy and completeness of the disclosures to the consolidated financial statements of the Group regarding the measurement of revenue from construction contracts, included under Note I.2.22.1. and Note II.2.1.1. to the consolidated financial statements.



Additional information, other than the consolidated financial statements and the auditor's report thereon

The Management is responsible for the additional information. The additional information, which we have obtained prior to the date of our auditor's report, comprises a consolidated management report, the Group's statement on corporate governance, a consolidated non-financial statement and a consolidated report on payments to Governments, prepared by the Management in accordance with Chapter Seven of the Accountancy Act, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the additional information and we do not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

In connection to our audit of the consolidated financial statements, our responsibility is to read the additional information and, in doing so, consider whether the additional information is materially inconsistent with the consolidated financial statements or our knowledge, obtained in the course of our audit, or whether it otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this additional information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Management and those charged with governance for the consolidated financial statements

The Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, as adopted by the EU, and for such internal control as the Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Management either intends to liquidate the Group or to cease the Group's operations, or the Management has in fact no alternative but to do so.

Those charged with governance are responsible for monitoring the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on these consolidated financial statements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit, conducted in accordance with IAS, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered



material if, individually or in the aggregate, they could reasonably be expected to influence the user's economic decisions, taken on the basis of these consolidated financial statements.

As part of an audit in accordance with IAS, we exercise professional judgements and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misinterpretations, statements to mislead the auditor, or neglecting or overriding internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosure notes to the consolidated financial statements, and whether the consolidated financial statements present fairly the significant transactions and events.
- Plan and conduct the Group's audit in order to obtain sufficient and appropriate audit evidence on the financial information of the entities and the economic activities within the Group, in order to express opinion on the consolidated financial statements. We are responsible for guiding, monitoring and conducting the Group's audit. We bear ultimate responsibility for our audit opinion.

Among other matters, we communicate with those charged with governance the planned scope and timing of the audit and the significant audit findings, including any significant deficiencies in internal control that we have identified in the course of our audit.

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and that we will communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions undertaken to eliminate the threats or the safeguards implemented.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless any law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a



matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Additional matters to be reported under the Accountancy Act and the Public Offering of Securities Act

In addition to our responsibilities and reporting in accordance with IAS, described above in the “Additional information, other than the consolidated financial statements and the auditor’s report thereon” section, we have also performed procedures with regards to the consolidated management report, the statement on corporate governance of the Group, the consolidated non-financial statement and the consolidated report on payments to Governments. In accordance with the “Guidelines on new and expanded auditor reporting and auditor communication” of the professional organisation of certified public accountants and registered auditors in Bulgaria – the Institute of Certified Public Accountants (ICPA)”, such procedures are additional to those required under IAS. These procedures refer to testing the existence, form and content of this additional information, so to assist us in forming opinions about whether the additional information includes the disclosures and reporting, provided for in Chapter Seven of the Accountancy Act and in the Public Offering of Securities Act (Art. 100 (n), paragraph 10 of POSA in conjunction with Art. 100 (n), paragraph 8 (3) and (4) of POSA) applicable in Bulgaria.

Opinion in connection with Art. 37, paragraph 6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

- a) The information, included in the consolidated management report for the financial reporting year for which the consolidated financial statements have been prepared, is consistent with those consolidated financial statements;
- b) The consolidated management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and of Art. 100 (n), paragraph 7 of the Public Offering of Securities Act;
- c) The statement on corporate governance of the Group for the financial reporting year for which the consolidated financial statements have been prepared provide the information, required in accordance with Art. 100 (n), paragraph 8 of the Public Offering of Securities Act;
- d) The consolidated non-financial statement for the financial reporting year for which the consolidated financial statements have been prepared is provided and has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act;
- e) The consolidated report on payments to Governments for the financial reporting year for which the consolidated financial statements have been prepared is provided and has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.



Opinion in connection with Art. 100 (n), paragraph 10 in conjunction with Art. 100 (n), paragraph 8 (3) and (4) of the Public Offering of Securities Act

Based on the procedures performed and the knowledge and understanding obtained about the Group's activity and the environment in which it operates, the description of the main characteristics of the Group's internal control and risk management systems relevant to the financial reporting process, which is part of the consolidated management report (as a component of the statement on corporate governance) and the information under Art. 10. paragraph 1 (c), (d), (f), (h) and (i) of Directive 2004/25/EC of the European Parliament and of the Council, dated 21 April 2004, on Takeover Bids, do not contain, in our opinion, any material misrepresentations.

Reporting on compliance of the electronic reporting format of the consolidated financial statements, included in the annual consolidated financial statements for the activities under Art. 100 (n), paragraph 5 of POSA, with the requirements of the ESEF Regulation

We have performed an assurance engagement (an engagement to express reasonable assurance) on the compliance of the electronic format of the consolidated financial statements of "TRACE GROUP HOLD" PLC for the year ended 31 December 2024, attached in the electronic file "8945006KNJB87NPK6P55-20241231-BG-CON.zip", with the requirements of the Commission's Delegated Regulation (EU) 2019/815 of 17 December 2018, supplementing Directive 2004/109/EC of the European Parliament and of the Council by means of regulatory technical standards for the determination of the single electronic reporting format ("ESEF Regulation"). Our opinion is limited only to the electronic reporting format of the consolidated financial statements and does not cover the additional information, included in the annual consolidated financial statements for the activities under Art. 100 (n), paragraph 5 of POSA.

Description of the engagement's subject and the applicable criteria

The Management has prepared an electronic format of the consolidated financial statements of the Group for the year ended 31 December 2024, in compliance with the ESEF Regulation, in order to comply with the requirements of POSA. The rules for preparing consolidated financial statements in this electronic reporting format are stipulated in the ESEF Regulation and, in our opinion, have the characteristics of appropriate criteria for forming an opinion with reasonable assurance.

Responsibilities of the Management and those charged with governance

The Group's Management is responsible for complying with the requirements of the ESEF Regulation in preparing consolidated financial statements in an electronic XHTML format. Such responsibilities include the selection and application of appropriate mark-ups (iXBRL tags), using the ESEF Regulation taxonomy, as well as the introduction and endorsement of such internal control system as the Management deems as necessary for the preparation of annual consolidated financial statements of the Group in an electronic reporting format that are free from any material inconsistencies with the requirements of the ESEF Regulation.



Those charged with the governance, are responsible to monitor the preparation of the annual consolidated financial statements of the Group, including application of the ESEF Regulation.

Auditor's responsibilities

Our responsibility is to express an opinion, with reasonable certainty, as to whether the electronic reporting format of the consolidated financial statements complies with the requirements of the ESEF Regulation. To this end, we have implemented the “Guidelines on expressing an audit opinion on the implementation of the European Single Electronic Format (ESEF) for financial statements of entities, whose securities are admitted to trading on a regulated market in the European Union (EU)” of the professional organisation of certified public accountants and registered auditors in Bulgaria – the Institute of Certified Public Accountants (ICPA)” and we have conducted an assurance engagement (an engagement to express reasonable assurance) in accordance with ISAE 3000 (amended) “Assurance Engagements, Other Than Audits or Reviews of Historical Financial Information” (ISAE 3000 (amended)). This standard requires us to comply with the ethical requirements, to plan and perform appropriate procedures, in order to obtain reasonable assurance whether the electronic format of the consolidated financial statements of the Group have been prepared, in all material respects, in compliance with the applicable criteria, disclosed hereabove. The nature, time and scope of the selected procedures depend on our professional judgement, including the risk assessment of significant inconsistencies with the requirements of the ESEF Regulation, regardless of whether such are a result of fraud or error.

Reasonable assurance is a high level of certainty, but it does not guarantee that an engagement, performed in compliance with ISAE 3000 (amended) shall always detect significant inconsistencies with the requirements, when such exist.

Quality control requirements

We apply the requirements of the International Quality Control Standard (IQCS) 1 that requires us to design, implement and maintain a thorough quality control system, including and documented policies and procedures on the adherence with the ethical requirements, the professional standards and the legal and regulatory requirements, applicable to the registered auditors in Bulgaria.

We comply with the ethical and independence requirements of the International Code of Ethics for Professional Accountants (including the International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), endorsed by IDES through the IFAASRA.

Summary of the activities performed

The planned and performed by us procedures aim to obtain reasonable assurance that the electronic reporting format of the consolidated financial statements has been prepared, in all material respects, in accordance with the requirements of the ESEF Regulation. As part of assessing compliance with the requirements of the ESEF Regulation on the electronic (XHTML) reporting format of the consolidated



financial statements of the Group, we maintained professional scepticism and employed our professional judgement. We also:

- Obtained understanding of the internal control and the processes, related with the application of the ESEF Regulation with regards to the consolidated financial statements of the Group and including the preparation of the consolidated financial statements of the Group in an XHTML reporting format and its mark-up in machine-readable language (iXBRL);
- Reviewed whether the applied XHTML format is valid;
- Reviewed whether the human-readable part of the electronic format of the consolidated financial statements corresponds to the audited consolidated financial statements;
- Assessed the completeness of the markings in the consolidated financial statements of the Group using machine-readable language (iXBRL) in accordance with the ESEF Regulation requirements;
- Assessed the appropriateness of the iXBRL mark-ups used, selected from the basic taxonomy, as well as the creation of an element of the extended taxonomy in accordance with the ESEF Regulation, when an appropriate element in the basic taxonomy is missing;
- Assessed the appropriateness of the correlation (fixation) of the elements of the extended taxonomy in accordance with the ESEF Regulation.

We believe that the evidence that we obtained are appropriate and sufficient to ensure a basis for our opinion.

Opinion on the compliance of the electronic format of the consolidated financial statements with the ESEF Regulation requirements

In our opinion, based on the procedures that we have performed, the electronic reporting format of the consolidated financial statements of the Group for the year ended 31 December 2024 that are part of the attached electronic file “8945006KNJB87NPK6P55-20241231-BG-CON.zip” has been prepared, in all material respects, in compliance with the ESEF Regulation requirements.

Reporting in accordance with Art. 10 of Regulation (EU) № 537/2014 with regards to the requirements of Art. 59 of the Independent Financial Audit and Assurance of Sustainability Reporting Act

In accordance with the requirements of the Independent Financial Audit Act with regards to Art. 10 of Regulation (EU) № 537/2014, we further report the disclosed hereafter information.

- We are appointed as statutory auditor of the consolidated financial statements of “TRACE GROUP HOLD” PLC for the year ended 31 December 2024. We were appointed by the General Meeting of Shareholders, held on 28 June 2024 for a period of one year;
- The audit of the Group’s consolidated financial statements for the year ended 31 December 2024 is the fourth complete, continuous, statutory audit engagement that we have conducted for this group;
- We hereby confirm that the audit opinion expressed is consistent with the additional report, submitted to the Audit Committee of “TRACE GROUP HOLD” PLC, in compliance with the requirements of Art. 60 of the Independent Financial Audit and Assurance of Sustainability Reporting Act;



- We confirm that other than the audit services rendered, we have not provided any of the prohibited services, stated under Art. 64 of the Independent Financial Audit and Assurance of Sustainability Reporting Act;
- We hereby confirm that in conducting our audit we have remained independent from the Group;
- In the period, subject to the conducted by us statutory audit, we have not rendered any services to the Group, including such which are to be disclosed in the consolidated management report and / or the consolidated financial statements of the Group, other than the performed by us audit.

Registered Auditor

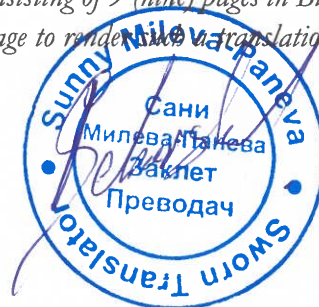
Digitally signed by Kalin Apostolov Apostolov

Kalin Apostolov Apostolov, Diploma № 0657 Date: 2025.04.30 21:08:36 +03'00'

30 April 2025

Sofia

I, Sunny Mileva – Paneva, hereby certify that the above is an exact and accurate translation, to the best of my knowledge and abilities, of the original "Independent Auditor's Report on the consolidated financial statements of "Trace Group Hold" PLC for the year ended 31 December 2024", consisting of 9 (nine) pages in Bulgarian language, and that I am competent in both English and Bulgarian language to render such a translation.



“КА ОДИТ” ЕООД

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