

**ANNUAL SEPARATE FINANCIAL STATEMENTS FOR THE
FINANCIAL REPORTING YEAR 2025**

TRACE GROUP HOLD PLC

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Declaration by the Independent Auditor

I, Sunny Mileva – Paneva, hereby certify that the foregoing is a true and accurate translation, to the best of my knowledge and abilities, of the original Bulgarian document entitled “Cover page and Contents to the financial statements of Trace Group Hold PLC”, consisting of 2 (two) pages, and that I am competent in both English and Bulgarian language to render this translation.



	Note	31.12.2025 BGN'000	31.12.2024 BGN'000
ASSETS			
Non-current assets			
Property, plant and equipment	1.1.	35 994	46 282
Investment property	1.2.	23 714	14 236
Non-current intangible assets	1.3.	116	184
Investments in subsidiaries, associates and joint ventures	1.4.	46 563	47 478
Non-current trade receivables	1.5.	10 745	20 324
Other non-current receivables and assets	1.6.	6 565	5 453
Deferred tax assets	1.7.	4 318	4 024
Total non-current assets		128 015	137 981
Current assets			
Inventories	1.8.	43 455	53 474
Current trade receivables	1.9.	263 155	352 951
Other current receivables and assets	1.10.	13 719	19 743
Current financial assets and finance leases	1.11.	2 477	577
Cash and cash equivalents	1.12.	19 047	4 456
Total current assets		341 853	431 201
Total assets		469 868	569 182

The separate financial statements on pages 1 to 92 were authorised for issue by the Managing Board of Trace Group Hold PLC on 31 March 2026 and signed on its behalf by:

Legal representative:

Boyan Delchev

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Kalin Apostolov - Registered Auditor / CPA, Audit Engagement Partner

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Sofia, 31 March 2026

SEPARATE STATEMENT OF FINANCIAL POSITION - continued

as at 31.12.2025

	Note	31.12.2025 BGN'000	31.12.2024 BGN'000
EQUITY AND LIABILITIES			
Equity			
Share capital	1.13.1.	24 200	24 189
Registered capital		24 200	24 200
Treasury shares		-	(11)
Share premium	1.13.2.	21 748	21 739
Translation reserve	1.13.3.	(938)	(800)
Reserves	1.13.4.	121 084	96 503
Retained earnings	1.13.5.	8 923	34 259
Accumulated profit / (loss)		(13)	-
Profit / (Loss) for the year		8 936	34 259
Total equity		175 017	175 890
Total equity		175 017	175 890
Non-current liabilities			
Non-current financial liabilities and leases	1.14.	9 474	12 349
Non-current trade payables	1.15.	6 085	9 853
Non-current provisions	1.16.	12 293	17 442
Other non-current payables and liabilities	1.17.	1 882	61
Total non-current liabilities		29 734	39 705
Current liabilities			
Current financial liabilities and leases	1.18.	59 483	77 534
Current trade payables	1.19.	180 235	247 979
Tax payables	1.20.	11 550	11 062
Employee benefit payables	1.21.	5 714	4 466
Current provisions	1.22.	5 196	10 156
Other current payables and liabilities	1.23.	2 939	2 390
Total current liabilities		265 117	353 587
Total equity and liabilities		469 868	569 182

The separate financial statements on pages 1 to 92 were authorised for issue by the Managing Board of Trace Group Hold PLC on 31 March 2026 and signed on its behalf by:

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Sofia, 31 March 2026

TRACE GROUP HOLD PLC
SEPARATE STATEMENT OF PROFIT OR LOSS
for 2025



	Note	2025 BGN'000	2024 BGN'000
Income			
<i>Revenue from contracts with customers</i>	2.1.1.	351 834	569 045
Revenue from construction contracts		351 229	568 467
Revenue from sales of goods		87	189
Revenue from sales of services		518	389
<i>Other operating income / (loss), net</i>	2.1.2.	20 939	4 813
<i>Finance income</i>	2.1.3.	6 439	6 161
Total income		379 212	580 019
Expenses			
<i>Expenses by nature</i>		(359 801)	(535 587)
Raw materials, materials and consumables	2.2.1.	(75 193)	(179 709)
Cost of external services	2.2.2.	(240 654)	(301 180)
Depreciation and amortisation expenses	2.2.3.	(3 886)	(3 651)
Employee benefits (salaries, wages and social insurance contributio	2.2.4.	(26 891)	(22 625)
Impairment losses	2.2.5.	(523)	(1 177)
Other expenses	2.2.6.	(12 654)	(27 245)
<i>Allowances</i>	2.2.7.	206	1 027
Capitalised costs		206	1 027
<i>Finance costs</i>	2.2.8.	(9 343)	(5 679)
Total expenses, excluding tax expenses		(368 938)	(540 239)
Profit / (Loss) before tax		10 274	39 780
<i>Tax expenses</i>	2.2.9.	(1 338)	(5 521)
Current tax expenses		(1 634)	(8 950)
Deferred tax adjustments		296	3 429
Profit / (Loss)		8 936	34 259

The separate financial statements on pages 1 to 92 were authorised for issue by the Managing Board of Trace Group Hold PLC on 31 March 2026 and signed on its behalf by:

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Sofia, 31 March 2026

TRACE GROUP HOLD PLC
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
for 2025



	Note	2025 BGN'000	2024 BGN'000
Profit / (Loss)		8 936	34 259
Other comprehensive income	2.3.1.	(151)	208
<i>Items that will not be reclassified subsequently to profit or loss, including:</i>			
Actuarial gains / (losses)		(13)	(57)
<i>Items that may be reclassified subsequently to profit or loss, including:</i>			
Gains / (Losses) from translation of foreign operations		(138)	265
Total comprehensive income		8 785	34 467

The separate financial statements on pages 1 to 92 were authorised for issue by the Managing Board of Trace Group Hold PLC on 31 March 2026 and signed on its behalf by:

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Sofia, 31 March 2026

TRACE GROUP HOLD PLC
SEPARATE STATEMENT OF CASH FLOWS
for 2025



	2025 BGN'000	2024 BGN'000
Cash flows from operating activities		
Proceeds from contractors	598 795	534 384
Payments to contractors	(512 002)	(621 587)
Net cash flows for employee benefits (salaries and wages, and social insurance contributions)	(25 823)	(20 118)
Tax paid (excluding corporate income tax)	(2 914)	(2 501)
Tax refunds received (excluding corporate income tax)	4 664	11 546
Corporate tax paid	(7 771)	(1 855)
Payments of guarantees and insurances	(2 240)	(3 503)
Foreign exchange gains / (losses), net	(695)	(200)
Other cash flows from operating activities	(16)	361
Net cash flows from operating activities	51 998	(103 473)
Cash flows from investing activities		
Payments for acquisitions of non-current assets	(1 328)	(2 555)
Proceeds from disposals of non-current assets	151	912
Proceeds from release / redemption of financial assets	1 070	-
Payments under loans granted	(2 140)	(1 064)
Proceeds from loans granted	250	949
Interest received on loans granted	36	21
Proceeds from dividends received	-	5 940
Net cash flows from investing activities	(1 961)	4 203
Cash flows from financing activities		
Payments of dividends	(10 097)	(6 108)
Proceeds under loans received	89 065	134 252
Repayment of loans received	(108 897)	(61 126)
Interest and fees paid on borrowings	(3 771)	(2 940)
Lease payments	(1 800)	(1 698)
Net cash flows from financing activities	(35 500)	62 380
Net cash increase / (decrease) in cash and cash equivalents	14 537	(36 890)
Cash and cash equivalents at 1 January	1 945	38 836
Translation reserves	(29)	(1)
Cash and cash equivalents at 31 December	16 453	1 945

The separate financial statements on pages 1 to 92 were authorised for issue by the Managing Board of Trace Group Hold PLC on 31 March 2026 and signed on its behalf by:

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Sofia, 31 March 2026

	Share capital BGN'000	Share premium BGN'000	Translation reserves BGN'000	General and other reserves BGN'000	Accumulated profit / (loss) BGN'000	Total equity BGN'000
Balance as at 31.12.2023	24 179	21 739	(1 065)	87 705	14 904	147 462
Transactions with owners and other changes in equity	10	-	265	8 798	19 355	28 428
<i>Other comprehensive income</i>	-	-	265	-	(57)	208
Actuarial gains/(losses)	-	-	-	-	(57)	(57)
Translation of foreign operations	-	-	265	-	-	265
Profit / (Loss) for the period	-	-	-	-	34 259	34 259
Total comprehensive income for 2024	-	-	265	-	34 202	34 467
<i>Treasury shares</i>	10	-	-	-	-	10
<i>Dividends</i>	-	-	-	-	(6 049)	(6 049)
<i>Profit distribution</i>	-	-	-	8 798	(8 798)	-
Balance as at 31.12.2024	24 189	21 739	(800)	96 503	34 259	175 890
Transactions with owners and other changes in equity	11	9	(138)	24 581	(25 336)	(873)
<i>Other comprehensive income</i>	-	-	(138)	-	(13)	(151)
Actuarial gains/(losses)	-	-	-	-	(13)	(13)
Translation of foreign operations	-	-	(138)	-	-	(138)
Profit / (Loss) for the period	-	-	-	-	8 936	8 936
Total comprehensive income for 2025	-	-	(138)	-	8 923	8 785
<i>Treasury shares</i>	11	9	-	-	-	20
<i>Dividends</i>	-	-	-	-	(9 678)	(9 678)
<i>Profit distribution</i>	-	-	-	24 581	(24 581)	-
Balance as at 31.12.2025	24 200	21 748	(938)	121 084	8 923	175 017

The separate financial statements on pages 1 to 92 were authorised for issue by the Managing Board of Trace Group Hold PLC on 31 March 2026 and signed on its behalf by:

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Sofia, 31 March 2026

“TRACE GROUP HOLD” PLC

ANNUAL SEPARATE FINANCIAL STATEMENTS AS AT 31.12.2025

The financial statements for the year ended 31.12.2025, pages 1 to 92, are approved and signed on behalf of “TRACE GROUP HOLD” PLC by:

Executive Director:

Boyan Stoyanov Delchev

Compiler:

Tanya Stoyanova Stancheva

I. GENERAL INFORMATION, ACCOUNTING POLICIES, BASIS

1. GENERAL INFORMATION ON THE ENTITY

Trace Group Hold PLC is a joint stock company, registered with the Stara Zagora District Court under company file №255/2005, and entered in the Registry Agency under UIC: 123682269. The Entity is domiciled, and has its registered office and principal place of business at: № 96 “Prof. Tsvetan Lazarov” Blvd., fl. 12, 1582, Sofia.

The principal activity of the parent involves acquisition, management, valuation and disposal of interests in Bulgarian and foreign entities; acquisition, management and disposal of bonds; acquisition, management and disposal of patents; assignment of licences for the use of patents to entities in which the Holding has an interest; financing entities in which the Holding has an interest; design, construction, reconstruction, rehabilitation and overhaul of roads, road facilities, facilities for highways, roads and streets (including bridges, tunnels and others) and road infrastructure facilities; design, construction, reconstruction, furnishing, repair and investor control of commercial and residential construction projects and sites; construction of railway lines and aircraft runways (including new construction, overhaul and rehabilitation); construction of metro stations; hydropower plants, hydro-ameliorative facilities and systems, water supply facilities and systems; ports and coastal protection facilities and systems; execution of all types of building and construction works; consulting services; trading activities; and rental (sublease) of non-current assets.

Trace Group Hold PLC is a public company within the meaning of the Public Offering of Securities Act (POSA).

The Entity has established branches in the Republic of Serbia, Ukraine, North Macedonia, Romania and Greece. The branch domiciled in the Czech Republic was terminated on 01.04.2025. All assets and liabilities of the branch were transferred to the parent.

A branch of the Entity was registered in Montenegro on 29.07.2025 under the corporate name „TRACE GROUP HOLD PLC” SOFIJA- DIO STRANOG DRUSTVA U CRNOJ GORI, with registered administrative address at: 16, “Kralja Nikole” Str., “Nikic Podgorica” Building, entr. 1/2, ap. 35, Podgorica. Stoyko Meshkov was appointed as Manager of the branch.

1.1. OWNERSHIP AND MANAGEMENT OF THE ENTITY

The share capital is distributed among 24,200,000 registered (dematerialized) shares with a nominal value of BGN 1 each.

The Entity’s ownership structure as at 31.12.2025 is distributed as follows:

	%
Nikolay Mihaylov	67,01%
Galini – N EOOD (LTD)	9,00%
Other individuals and legal entities	23,99%
	<u>100,00%</u>

The Entity operates under a two-tier management system, comprising a Supervisory Board and a Managing Board, as well as an Audit Committee, appointed by the General Meeting of Shareholders.

The members of the Supervisory Board as at 31.12.2025 are as follows:

Nikolay Mihaylov	Chairperson
Manol Denev	Member
Mariela Rounteva	Member

The members of the Managing Board as at 31.12.2025 are as follows:

Desislava Lyubenova	Chairperson
Boyan Delchev	Member
Manol Kavarakov	Member

As at 31.12.2025, Trace Group Hold PLC is managed and represented by the Executive Director – Eng. Boyan Delchev.

The members of the Audit Committee as at 31.12.2025 as follows:

Yordan Galabov	Chairperson
Prof. Dr. Hristina Nikolova	Member
Diana Deyanova – Rangelova	Member

Pursuant to a decision of the General Meeting of Shareholders dated 30.06.2025, Hristo Savchev was dismissed from the Audit Committee, and Yordan Galabov was elected to replace him.

1.2. OTHER INFORMATION

Compiler of the annual financial statements: Tanya Stancheva

Legal counsel: Hristina Arihteva

Auditor: Parker Russel Bulgaria EOOD (LTD) – Audit Company № 195

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

At the date of these annual financial statements, the average number of personnel, employed by Trace Group Hold PLC amounts to 230 employees.

Scope of the financial statements: The financial statements are the separate financial statements of the Entity, covering the annual period from 01.01.2025 to 31.12.2025.

Comparative information period (prior period): The year from 01.01.2024 to 31.12.2024.

Date of the financial statements: 31.03.2026.

1.3. MACROECONOMIC ENVIRONMENT

The Entity operates in conditions of increased geopolitical instability and within a continuing, albeit stabilising, inflationary environment. Management has managed to maintain the Entity's financial stability by indexing income and expenses in accordance with the prevailing

conditions and within reasonable limits, reflecting the public measures, undertaken by the countries in which the Entity operates. Direct effects of the altered macroeconomic environment include the increases in:

- Cost of direct materials and raw materials – due to disrupted global supply chains and increased prices, including higher logistics costs and cost of raw materials: increased volatility driven by geopolitical conflicts, necessitating the maintenance of higher inventory levels
- Energy costs (heating and electricity) – following significant increases in price levels;
- Discount rates applied by the Entity in testing its investments and other non-current assets for impairment.
- Personnel costs – increased pressure on operating expenses due to the indexation of remuneration aimed at retaining key human capital;
- Currency risk – increased exchange rates volatility in regions with restricted access to liquidity;

The Entity maintains a stable capital structure and leverage ratio.

1.4. MILITARY CONFLICTS – IMPACT AND EFFECTS

The military conflicts that have arisen, and the related economic sanctions and other measures undertaken by Governments worldwide, have a significant effect on both the local economies of individual countries and the global economy.

The Entity continues to monitor developments in the military conflict in Ukraine, as well as the related sanctions regimes and other measures taken by Governments worldwide, which have a significant effect on both the local economies of individual countries and the global marketplace.

The Entity has a registered branch in Ukraine, which is currently temporarily suspended from administrative functions and has no ongoing commercial activity, nor does it hold any assets. Initial Management's estimates indicate that the Russia – Ukraine military conflict does not have a significant impact on the Entity at present, as the Entity is not related and does not engage with individuals or entities subject to the aforementioned sanctions. Nevertheless, due to the unpredictable nature of the situation and the potential escalation of the conflict, it is currently not possible to reliably assess or measure its potential long-term effects.

1.5. CLIMATE-RELATED MATTERS

The Entity regards environmental protection and efforts to mitigate adverse climate changes as an integral part of its corporate social responsibility policy. The Entity operates, develops and expands its activities in compliance with environmental protection guidelines.

The Entity monitors and analyses climate change and the transition to a low-carbon economy to determine whether, and to what extent, such developments may generate risks to its financial position. Management reviews and analyses these risks within the context of two aspects:

Physical risks: Assessment of the potential damage to non-current assets and disruption of supply chains due to extreme weather events. No indicators of impairment of current assets directly related to physical weather risks have been identified to date.

Transition risks: Assessing of the impact of new environmental regulations, carbon taxes and changes in market demand. The Entity has analysed the useful lives of its production facilities and has confirmed that current decarbonisation plans and investments in renewable energy do not require accelerated depreciation or significant provisions for decommissioning.

The Entity has also analysed climate risks specific to the construction sector that could affect its financial position:

Assessment of physical risks to construction activities: Due to the nature of its projects and sites, the Entity assesses the risk of extreme weather conditions and events (e.g. floods, heatwaves and others), which may lead to physical damage or deterioration of projects and sites under construction and/or delays in construction schedules.

Transition risks related to mechanisation: The Entity owns a fleet of construction machinery and monitors regulations on emissions, as well as sensitivity to changes in the prices of energy-intensive materials (e.g., steel, concrete).

Green certification and financing: In line with sustainability requirements, the Entity seeks to participate in projects with a lower environmental footprint.

The Entity has not identified any significant climate-related risks that could have a material adverse effect on its assets and liabilities as at 31 December 2025. The Entity continues to monitor legislative developments related to climate matters and has not identified any direct impact on its future cash flows, financial results or financial position.

2. ACCOUNTING POLICIES – SIGNIFICANT INFORMATION

2.1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The annual separate financial statements of the Entity have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. These comprise IFRS Standards and Interpretations issued by the IFRS Interpretations Committee (IFRIC), approved by the International Accounting Standards Board (IASB), as well as International Accounting Standards (IAS) and Interpretations issued by the Standing Interpretations Committee (SIC) (SIC Interpretations), endorsed by the International Accounting Standards Committee (IASC). IFRS, as adopted by the EU, represents the general-purpose accounting framework equivalent to the “International Accounting Standards (IAS) as defined in § 1, item 8 of the Additional Provisions of the Accountancy Act.

The accounting policies of the Entity have been developed in compliance with the Accountancy Act and the International Financial Reporting Standards (IFRS).

The significant accounting policies applied in the preparation of these financial statements are presented hereafter.

The preparation of the separate financial statements in accordance with International Financial Reporting Standards (IFRS) requires Management to make judgements, estimates, and assumptions that affect the reported amounts of assets and liabilities, income and expenses, and the disclosure of contingent assets and liabilities at the reporting date of the separate financial statements.

These estimates and assumptions are based on information available at the reporting date; however, actual results may differ from those estimates.

For the current financial year, the Entity has adopted all new and / or revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC), respectively, which have been endorsed by the European Union (EU) and are relevant to its activities.

The Entity applies the following new Standards, amendments and Interpretations to IFRS, developed and issued by the International Accounting Standards Board, which have an effect on the financial statements of the Entity and are effective for annual periods beginning on or after 1 January 2025:

IAS 21 – The Effects of Changes in Foreign Exchange Rates (effective for annual periods beginning on or after 1 January 2024; applicable in the EU from 1 January 2025)

The amendments introduce requirements for entities to apply a consistent approach when assessing whether a foreign currency is exchangeable into another currency and in determining the applicable exchange rate, as well as enhanced disclosure requirements in this regard.

Standards, amendments and Interpretations that are not yet effective and have not been early adopted by the Entity

At the date of approval for issue of these financial statements, several new Standards, amendments and Interpretations to existing Standards have been issued but are not yet effective and have not been early adopted by the Entity.

IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2026)

The amendments relate to the settlement of liabilities using electronic payment systems and to the assessment of contractual cash flows characteristics, including ESG-related features. The also introduce additional disclosure requirements for equity instruments measured at fair value through other comprehensive income, including disclosures on non-credit-related contingencies.

Annual Improvements to IFRS Standards – 2024 Cycle (11th Edition) (effective for annual periods beginning on or after 1 January 2026)

These amendments include: IFRS 1 – clarification on hedge accounting requirements before and after transition to IFRS, with additional references to IFRS 9 minimum criteria for hedge accounting; IFRS 7 – refinement of disclosures of unobservable inputs in relation to the derecognition of assets with continuing involvement, clarifications of fair value and transaction price at initial recognition, and changes in credit risk and other disclosure requirements; IFRS 9 – clarifications on additions to the references on recognition and derecognition of lease liabilities, and on transaction price and alignment with IFRS 15 definitions; IFRS 10 – clarifications on additions to the definition of a de facto agent; IAS 7 – minor terminology amendments related to prior changes.

IFRS 9 – Financial Instruments and IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2026)

The amendments clarify the provisions related to contracts for the supply of electricity from renewable energy sources and introduce additional disclosure requirements.

Annual Improvements to IFRS Standards and Standards that are effective for subsequent periods and have not yet been adopted by the EU at the reporting date:

IFRS 18 – Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2027)

The draft introduces a completely new Standard, which will replace IAS 1 Presentation of Financial Statements. The objective of the new Standard is to improve the quality and consistency of financial reporting by introducing new and enhanced presentation and disclosure requirements in general purpose financial statements, thereby ensuring a more structured and transparent presentation of the financial position and financial performance of entities (i.e., assets, liabilities, equity, income and expenses). IFRS 18 does not fully replace all existing requirements of IAS 1, but rather places a stronger focus on the Statement of Profit or Loss, introducing specific requirements for the presentation of defined sub-totals and new principles for the aggregation and disaggregation of information. In addition, the Standard introduces enhanced requirements for the disclosure of management-defined performance measures. Despite these changes, certain provisions of IAS 1 are retained, while others are relocated to IAS 8 and IFRS 7.

IFRS 19 – Subsidiaries Without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)

The purpose of the draft is to introduce a simplified reporting regime for certain eligible subsidiaries, allowing the application of IFRS recognition and measurement requirements, while providing reduced presentation and disclosure requirements. The Standard aims to reduce the administrative burden and disproportionate costs associated with the preparation of financial statements of entities whose securities are not publicly traded, and which are not financial institutions, while preserving the usefulness of the information for users. The Standard also provides an opportunity for entities to maintain consistent accounting records, compatible with both group reporting requirements and the needs of external users. The introduced reliefs are applicable to non-publicly accountable subsidiaries whose parent entities prepare publicly available consolidated financial statements in accordance with IFRS.

IFRS 19 – Subsidiaries Without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)

The amendments to IFRS 19 expand the initially established reliefs for presentation and disclosure when reporting eligible subsidiaries, covering the requirements of IFRS that became effective between February 2021 and May 2024.

IAS 21 The Effects of Changes in Foreign Exchange Rates (effective for annual periods, beginning on or after 01 January 2027)

The amendments to the Standard clarify the rules for currency translation in situations where an entity presents its financial statements in a currency of a hyperinflationary economy, while its functional currency (or that of its foreign operations) is not that of a hyperinflationary economy. The objective is to enhance consistency in practice and improve the usefulness of the information presented, in an efficient and cost-effective manner.

2.2. GOING CONCERN

The financial statements of the Entity for the period 01.01.2025 – 31.12.2025 have been prepared on a going concern basis.

The Management continuously monitors the possible business and financial risks for the Entity, and, based on their assessed significance, considers and/or undertakes appropriate actions, including those arising in connection with the implementation and financing of the large-scale projects that the Entity is executing in Bulgaria and abroad. Management believes that the identified risks have been properly addressed, including through the securing of the necessary financing.

As a result of the inherent limitations, the assumptions underlying the going concern assessment do not fully take into account the potential effects that may arise from ongoing military conflicts, geopolitical developments and changes therein, as well as dynamic political processes and the situation in neighbouring countries, including those in which the Entity operates. These also include possible changes in the actions taken or planned by the relevant public authorities, to the extent that such circumstances are beyond the Entity's control. In this regard, Management continuously monitors the developments and analyses the operational, technical and financial adaptability of the Entity, as well as the progress of large-scale projects and their potential impact. This includes consideration of risks to its financial results, financial position and cash flows, in order to enable timely actions to mitigate or eliminate potential adverse effects, where 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 newly effective Standards and Interpretations and the requirements applied prospectively, with which the Entity has fully complied.

2.4. REPORTING CURRENCY

The accounting records have been prepared in Bulgarian lev (BGN), in compliance with the requirements of Bulgarian legislation.

The figures, disclosed in the financial statements are presented in thousands of Bulgarian leva (BGN '000).

The exchange rates of certain currencies against the Bulgarian lev as at 31.12.2025 are as follows:

Currency	31.12.2025
1 EUR	BGN 1,955830
1 RSD	BGN 0,016676
1 RON	BGN 0,383729
1 USD	BGN 1,66355

In accordance with Art. 2 of Regulation (EC) № 974/98 of the Council of the EU, dated 3 May 1998, Art. 3 of the Law on the Introduction of the Euro, and the Decision of the Council of the EU, dated 8 July 2025, the official currency of the Republic of Bulgaria is the euro, effective as of 01.01.2026, being the date of introduction of the euro as the official currency of the Republic of Bulgaria.

2.5. COMPARATIVE INFORMATION

The current reporting period is the period beginning on 01.01.2025 and ending on 31.12.2025. The prior reporting period is the period beginning on 01.01.2024 and ending on 31.12.2024. The Entity presents comparative information for one prior financial year. When necessary, comparative information is reclassified and/or restated to ensure comparability with the current year presentation.

2.6. CONSOLIDATED FINANCIAL STATEMENTS

The Entity has chosen to disclose information about its operating segments and earnings per share in its consolidated financial statements.

The consolidated financial statements will be prepared by 30.04.2026 and published on the Entity's website.

2.7. CURRENT AND NON-CURRENT ASSETS AND LIABILITIES**2.7.1. Current and non-current assets**

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

- The Entity expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

- The Entity holds the asset primarily for the purpose of trading;
- The Entity expects to realise the asset within twelve months after the reporting period; or
- The asset is cash or cash equivalents (as defined in 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 if it does not meet the criteria for classification as current.

2.7.2. Current and non-current liabilities

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

- The Entity expects to settle the liability in its normal operating cycle;
- The Entity 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 Entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Liabilities are classified as non-current if they do not meet the criteria for classification as current.

Liabilities are classified as current when they are 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.

2.8. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment of the Entity include assets that satisfy the recognition criteria of IAS 16 and have an acquisition cost equal to or higher than BGN 700.00. In accordance with the accounting policies adopted, assets with an acquisition cost below this threshold are recognised as an expense in profit or loss in the period of acquisition. On acquisition, each item of property, plant and equipment is measured at cost, as determined in accordance with the requirements of IAS 16.

Right-of-use lease assets are presented within Property, plant and equipment (refer to Note 2.27.1).

Property, plant and equipment are initially measured at cost, which comprises the purchase price, including custom duties and non-refundable purchase taxes, as well as all directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating as intended by Management. Right-of-use assets are initially measured in accordance with IFRS 16 (refer to Note 2.27.1).

In accordance with IAS 16, the Entity has adopted the policy to measure each item of Property, plant and equipment at cost less accumulated depreciation and accumulated impairment losses. Right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, adjusted for lease liability revaluations.

Subsequent costs relating to an item of property, plant and equipment are recognised in the carrying amount of the asset only when the recognition principle under IAS 16 has been applied and it is probable that economic benefits associated with the item and exceeding its initially estimated standard effectiveness 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 are depreciated using the straight-line method over their estimated useful lives, and the depreciable amount is systematically allocated over those periods. The estimated useful life of right-of-use assets does not exceed the lease term. Depreciation is recognised as an expense and reduces the carrying amount of the assets. The average useful life, in years, of the main groups of non-current tangible assets are as follows:

Group	Years
Buildings	50 years
Plant	25 years
Machinery, production equipment and facilities	20 years – 30 years
Transport vehicles, excluding cars	15 years
Motor vehicles (cars)	7 years – 10 years
All other depreciable assets	7 years
Right-of-use assets	For the duration of the lease term *

* when the right of use is terminated upon termination of the lease term

When acquiring assets that are not new, Management determines the useful life and residual value of each asset individually, based on its condition at the acquisition date.

Depreciation begins when the property, plant and equipment 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.

Depreciation of an asset ceases at the earlier of:

- the date the asset is classified as “held for sale” in accordance with IFRS 5; and
- the date the asset is 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 previous estimates, the changes are accounted for prospectively as changes in 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 its use or disposal.

When, in the course of its ordinary activities, the Entity routinely sells property, plant and equipment that it has held for rentals to others, such assets are transferred to inventories at their carrying amount when they cease to be rented and become held for sale. IFRS 5 does not apply in such 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 control passes to the customer and the performance obligation is satisfied.

Gains or losses arising from derecognition of an item of property, plant and equipment are recognised in profit or loss when the item is derecognised, unless IFRS 16 requires otherwise in relation to sale and leaseback transactions. Such gains or losses are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The result (gain or loss) is presented on a net basis in the Statement of Profit or Loss under “Other income”.

The capitalised costs of acquiring such assets, as well as the advance payments made in this respect, are recognised within Property, plant and equipment.

2.9. INVESTMENT PROPERTY

In accordance with IAS 40, land and/or buildings, or parts of buildings, held primarily to earn rentals or for capital appreciation, or both, are recognised as investment property. A property that is being constructed or developed for future use as 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 associated with it will flow to the Entity and the cost of the investment property can be measured reliably.

Transfers to, or from, investment property are 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 accordance with IAS 40, investment property is initially measured at cost, which includes and transaction costs directly attributable to the acquisition.

After initial recognition, investment property is carried under the cost model (i.e., at cost less accumulated depreciation and accumulated impairment losses), in accordance with the requirements of IAS 16 for this model.

Investment property is depreciated using the straight-line method over its estimated useful life, and the depreciable amount is systematically allocated over that period. Depreciation is recognised as an expense and reduces the carrying amount of investment property. The average useful life, in years, of investment property is:

Group	Years
Building	50 years

Investment property is derecognised on retirement (disposal or upon 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 the sale of such assets are recognised as revenue when the control over the assets is transferred to the customer and the performance obligation is 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 on a net basis in the Statement of Profit or Loss under “Other income”, unless IFRS 16 requires otherwise in relation to sale and leaseback transactions.

2.10. INTANGIBLE ASSETS

The Entity 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 attributable to the asset will flow to the Entity and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost (i.e., acquisition cost).

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

In accordance with IAS 38, the cost of an internally generated intangible asset is the cost of that asset, comprised of the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria.

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

The Entity 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 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 amortised.

Intangible assets with finite useful lives are amortised using the straight-line method over their estimated useful lives, and the amortisable amount is systematically allocated over those periods. Amortisation is recognised as expense and reduces 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
Programme products, software	5 years
All other assets, subject to amortisation	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 Management.

Amortisation ceases at the earlier of:

- the date the assets is classified as held for sale (or included in a disposal group classified as held for sale) in accordance with IFRS 5; and
- the date 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 control of the asset is transferred to the customer and the performance obligation is satisfied.

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 and are recognised in profit or loss for the period. Such gains or losses are presented on a net basis in the Statement of Profit or Loss under "Other income", unless IFRS 16 requires otherwise in relation to sale and leaseback transactions.

2.11. INVESTMENTS IN SUBSIDIARIES

Subsidiaries are all entities that are controlled by the Entity. The Entity's control over subsidiaries is defined as its power to govern the financial and operating policies of entities (i.e., subsidiaries) so as to obtain benefits from their activities.

Investments in subsidiaries are recognised in the separate financial statements of the Entity at acquisition cost (cost) less any impairment losses. Impairment losses are recognised in the Statement of Profit or Loss when there is objective evidence of impairment.

Purchases or disposals of investments in subsidiaries are recognised at the date of the transaction (trade date).

The Entity recognises dividends from subsidiaries in profit or loss in its separate financial statements when the Entity's right to receive dividends is established. Amounts received in excess of the subsidiary's post-acquisition profits are treated as a return of investment and are recognised as a reduction of the cost of the investment.

Investments are derecognised when the rights to receive cash flows from the investments are transferred to other parties, provided that there are legal grounds for such a transfer and control over the economic benefits from these investments is lost. The resulting gain or loss on disposal (i.e., net revenue), representing the difference between the proceeds, if any, and the carrying amount of the investment, is recognised in the Statement of Profit or Loss as "Finance income" or "Finance cost", as appropriate.

If the Entity retains an interest in an investee after loss of control, such interest is accounted for either as an investment in an associate or as a financial asset in accordance with IFRS 9, depending on the circumstances.

The carrying amount at the date of loss of control is used, respectively, as the acquisition cost on initial recognition of the investment in an associate, or is adjusted to fair value, where necessary, upon recognition of the non-controlling interest.

2.12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Associates are entities over which the Entity has significant influence, but which are neither subsidiaries nor joint ventures.

Investments in associates are recognised in the separate financial statements of the Entity at cost less any impairment losses.

A joint venture is a contractual agreement whereby the Entity and other independent parties undertake an economic activity that it is subject to joint control, and the parties that have joint control have rights to the net assets of the arrangement.

Investments in joint ventures are recognised in the separate financial statements of the Entity at cost less any impairment losses.

When the Entity's right to receive dividends is established, the Entity recognises dividends from associates or joint ventures in profit or loss in its separate financial statements.

Investments in associates and joint ventures are derecognised when significant influence over the associate or joint control over the joint venture is lost. The resulting gain or loss, representing the difference between the disposal proceeds, if any, and the carrying amount of the investment, is recognised in the Statement of Profit or Loss, under "Finance income" or "Finance cost", as appropriate.

Investments that are not classified as subsidiaries, associates or joint ventures are recognised as financial assets at fair value through other comprehensive income (FVOCI) in accordance with the requirements and optional designation criteria in IFRS 9 for the designation of equity instruments.

Investments that are classified as “held for sale” (or included in a disposal group classified as “held for sale”) in accordance with IFRS 5 are accounted for in accordance with that Standard.

2.13. IMPAIRMENT OF NON-CURRENT ASSETS

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

The amount by which the carrying amount exceeds the recoverable amount is recognised as an impairment loss in profit or loss. The recoverable amount is the higher of fair value less costs of disposal and value in use.

For the purpose of impairment testing, the Entity’s assets are grouped into the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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, in the form of materials or suppliers to be 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.

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 cost 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 directly engaged in providing the service, including supervisory personnel, as well as the attributable overheads. Labour and other costs relating to sales and the general administrative personnel are not included, but are rather 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.

Write-down of inventories to net realisable value are recognised whenever the carrying amount of inventories exceeds their net realisable value. Such write-downs are recognised in the

Statement of Profit or Loss. The cost of consumption (derecognition) of inventories is determined using the weighted average cost method.

Some inventories may be allocated to other asset categories, for example inventories used as a component of self-constructed property, plant and equipment. Such inventories are recognised as part of the cost of the respective asset and subsequently recognised as an expense through depreciation over the useful life of that asset.

2.15. ASSETS HELD FOR SALE

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

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

An impairment loss is recognised for any initial or subsequent write-down of the assets classified as held for sale.

In accordance with IAS 36 and IFRS 5, any subsequent increase in fair value less costs to sale is recognised as a gain, but only to the extent of the cumulative impairment losses previously recognised in respect of that asset.

2.16. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of the Entity and a financial liability or 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 another financial asset from another entity; a contractual right to exchange financial instruments with another entity under conditions that are potentially favourable to the Entity; or a contract that will be settled in the Entity's own equity instruments and is a non-derivative for which the Entity 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 Entity's own equity instruments.

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

2.16.1. FINANCIAL ASSETS

2.16.1.1. Recognition and classification of financial assets

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

The Entity classifies financial assets in the following categories for subsequent measurement: “financial assets at amortised cost”, “financial assets at fair value through other comprehensive income (FVOCI)”, and “financial assets at fair value through profit or loss (FVTPL)”, in accordance with IFRS 9, based on the contractual cash flow characteristics of the instruments and the business models within which the asset is held. Classification is determined at initial recognition and reflects the nature and purpose of financial assets.

In case of regular way purchases and sales, financial instruments are recognised and derecognised on a “trade basis” basis. The Entity consistently applies this method to all transactions in financial assets across all categories. In addition, the Entity distinguishes between: “financial assets designated at fair value through profit or loss (FVTPL) upon initial recognition”, separately from those for which this measurement is required under IFRS 9, and “investments in equity instruments for which the Entity has made an irrevocable election to present subsequent changes in fair value in other comprehensive income (FVOCI)”, separately from those that are mandatorily measured at fair value through profit or loss.

2.16.1.2. Initial recognition

Except for trade receivables, at initial recognition all financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, unless the financial asset is measured at fair value through profit or loss, in which case transaction costs are expensed in profit or loss. Trade receivables that do not contain a significant financing component, and for which the Entity applies the practical 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 Entity considers the transaction price to be the best evidence of fair value at initial recognition. Where the transaction price differs from fair value at initial recognition, financial instruments with quoted prices in active markets or based on observable market inputs are measured at fair value, and any difference (excess / deficit) between the transaction price and fair value is recognised in profit or loss. For all other financial instruments, fair value is adjusted to defer the difference, which is recognised in profit or loss only to the extent that it arises from a change in a factor that market participants would take into account when pricing the asset.

2.16.1.3. Subsequent measurement and presentation

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

I. Financial assets measured at amortised cost

The Entity measures its financial assets at amortised cost when they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Such financial assets include: cash and cash equivalents, trade receivables, loans receivable, receivables arising from cession arrangements, trade receivables and other receivables for which the Entity has a contractual right (as a party to a contract or an arrangement) to receive cash. These assets represent the most significant portion of the Entity’s financial instruments and overall asset base.

Subsequent measurement is carried out using the effective interest method, under which interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except for credit-impaired financial assets. For purchased or originated credit-impaired financial assets, the credit-adjusted effective interest rate is applied. For financial assets that subsequently become credit-impaired, interest income is calculated by applying the effective interest rate to the amortised cost (i.e. net carrying amount) of the asset.

Short-term trade and other receivables (up to 3 months) may not bear where the effect of discounting is immaterial. Financial assets measured at amortised cost are subject to impairment assessment at each reporting date (the date of the Entity's financial statements). Changes in impairment allowances are recognised in profit or loss.

ii. *Financial assets measured at fair value through other comprehensive income (FVOCI)*

The Entity 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 and selling those financial assets, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Entity applies the option 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 separately in the notes to the financial statements (from other financial assets that are mandatorily measured using this model).

Financial assets under this category include: equity instruments, representing minority shareholdings that are not held for trading and for which the Entity has made an irrecoverable election at initial recognition to present subsequent changes in fair value in other comprehensive income.

These financial assets are 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 prices, is determined using valuation techniques, typically by discounted cash flow analysis. In limited circumstances, where fair value cannot be determined using observable inputs (typically where there are no quoted prices for equity instruments measured at fair value through other comprehensive income and there is no available up-to-date information and/or a wide range of possible valuations exist), cost may be used as an approximation of fair value, where appropriate under IFRS 9.

Financial assets measured at fair value through other comprehensive income that meet the SPPI (solely payments of principal and interest) criterion and are held in a "hold to collect and sell" business model are subject to impairment assessment at each reporting date (i.e., the date of the Entity's financial statements). Impairment losses and reversals are recognised in profit or loss, while other changes in fair value are recognised in other comprehensive income (without reducing the carrying amount of the assets in the Statement of Financial Position).

iii. *Financial assets measured at fair value through profit or loss (FVTPL)*

The Entity measures all financial assets at fair value through profit or loss, except for those classified as measured at amortised cost or at fair value through other comprehensive income.

The Entity may, upon initial recognition, apply the option in IFRS 9 and irrevocably designate a financial asset at fair value through profit or loss, including contracts for the delivery of non-financial items, if doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise from measuring assets or

recognising gains and losses on different bases. Such financial assets are disclosed separately in the notes to the financial statements from those mandatorily classified in this category.

Financial assets in this category include equity and debt instruments (of issuer companies), traded in active markets.

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

iv. Composition of financial assets

The financial assets of the Entity at the end of the reporting period include:

- Cash and cash equivalents, loans granted, receivables arising from cession arrangements, and trade and other receivables, classified as “financial assets measured at amortised cost”; and

2.16.1.4. Impairment of financial instruments

The Entity measures and recognises impairment and loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income (FVOCI), contract assets arising from contracts with customers, and financial guarantee contracts.

The Entity recognises the amount of the expected credit losses, or their reversal, as an impairment gain or loss in profit or loss. ECLs represent the present value of cash shortfalls over the expected life of the financial instrument, being the difference between the contractual cash flows due to the Entity under a contract and the cash flows that the Entity expects to receive, discounted at the original effective interest rate, or where appropriate, a credit-adjusted effective interest rate in accordance with the contractual terms and the type of instrument. Expected cash flows include 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 using a three-stage expected credit loss model, as follows: Stages 1 and 2: as expected credit losses for losses that may result from default events; and Stage 3: as credit impairment (loss allowance) for which there is objective evidence of impairment as a result of potential or actual defaults of the instrument.

Expected credit losses for financial instruments for which there has 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 arising from those default events on the financial instrument that are possible within 12 months after the reporting date). For financial instruments (credit exposures) for which there has been a significant increase in credit risk since initial recognition, expected credit losses are recognised for all possible default events over the expected life of the financial instrument (full lifetime expected credit losses).

At each reporting date, the Entity assesses whether the credit risk of financial instruments has increased significantly since initial recognition, based on all reasonable and supportable information available without undue cost or effort. This assessment includes, but is not limited to, internal credit ratings of the borrower, modifications or restructuring on the borrower's obligations, and relevant external factors that the Entity considers may affect (separately or collectively) the recoverability of receivables. The Entity also assesses whether to apply a rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due.

The Entity considers a financial asset to be in default when the contractual payments are more than 90 days past due. However, in some cases, a financial asset may also be considered to be in default where internal or external information indicates that it is unlikely that the Entity will collect all outstanding contractual amounts, without taking into account any credit enhancements. Financial assets are written off when there is no reasonable expectation of recovering the contractual cash flows.

The Entity applies the simplified approach under IFRS 9 for trade receivables and contract assets from contracts with customers arising from transactions within the scope of IFRS 15 that do not contain a significant financing component (and for which the Entity 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, the Entity applies the practically expedient under IFRS 9 and uses a provision matrix to estimate expected credit losses on trade receivables and contract assets from contracts with customers. Receivables are classified in arrears and are grouped by type and customer segments with different credit loss models.

The Entity uses historical credit loss experience on trade receivables and contract assets from contracts with customers as output data in estimating the expected credit losses. Historic data (over a period of 3 to 5 years) is grouped by type and customer segment models, and is adjusted for forward-looking information, including macroeconomic forecasts.

Trade receivables and contract assets from contracts with customers are typically not interest-bearing and are generally settled within 60 to 180 days and 180 to 360 days, respectively. The Entity considers trade receivables and contract assets from a contract with a customer to be in default when they are past due for more than 360 days and 540 days, respectively. However, in some cases, receivables or contract asset from a contract with a customer may be considered to be in default where internal or external information indicates that it is unlikely that the Entity will collect all outstanding contractual amounts. The Entity also 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.

For cash and cash equivalents, including bank deposits and current accounts, Trace Group Hold PLC assesses ECLs based on external credit ratings and other publicly available information on the creditworthiness of the respective 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 losses and reversals, including changes in expected credit losses, are recognised in profit or loss. For debt instruments measured at FVOCI (Fair Value through Other Comprehensive Income), the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the instrument in the Statement of Financial Position.

2.16.1.5. Derecognition, gains and losses

Financial assets are derecognised when the contractual rights to receive cash flows expire or are transferred, and the Entity transfers substantially all risks and rewards of ownership, the latter being subject to evaluation.

If the Entity retains the rights to receive cash flows from a financial asset but assumes a contractual obligation to pass those cash flows to one or more end recipients without material delay, the financial asset is derecognised, provided that the Entity has no obligation to pay amounts to the end recipients unless it collects equivalent amounts and is restricted from selling or pledging the original asset other than as security for the obligation.

If the Entity neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, the Entity determines whether it has retained control of the financial asset.

If control is not retained, the Entity derecognises the financial asset and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer. If control over the financial asset is retained, the financial asset is recognised to the extent of the Entity's continuing involvement.

The gain or loss on 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 Statement of Profit or Loss under "Finance income" or "Finance cost", as appropriate.

When financial assets mandatorily measured at fair value through other comprehensive income are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified (recycled) to profit or loss. When equity instruments designated at fair value through other comprehensive income are derecognised, the cumulative gains and losses are transferred directly to retained earnings within equity and are not reclassified to profit or loss.

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

2.16.2. FINANCIAL LIABILITIES

2.16.2.1. Recognition and classification

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

The Entity classifies financial liabilities into the following categories for subsequent measurement: "financial liabilities subsequently measured at amortised cost", "financial guarantee contracts", "financial liabilities at fair value through profit or loss (FVTPL)", "liabilities arising from transfers of financial assets that do not qualify for derecognition or where the continuing involvement approach applies", and "loan commitments at a below-market interest rate".

2.16.2.2. Initial recognition

All financial liabilities are initially measured at fair value minus transaction costs that are directly attributable to the issue of the financial liability, except for financial liabilities at fair value through profit and loss, which are initially measured at fair value with transaction costs recognised in profit or loss. At initial recognition, the Entity considers the transaction price (quoted market prices) to be the best evidence of fair value for financial liabilities entered into under market conditions. Where the transaction price differs from fair value at initial recognition, financial instruments with quoted prices in active markets or based on relevant observable inputs are measured at fair value, and any difference between the transaction price and fair value is recognised in profit or loss. For all other financial liabilities, fair value is adjusted to defer the difference, which is recognised in profit or loss only to the extent that it arises from a change in a factor that market participants would take into account when pricing the liability.

2.16.2.3. Subsequent measurement

For subsequent measurement and presentation purposes, financial liabilities are classified into 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 (FVTPL)”, “liabilities arising from transfers of a financial assets that do not qualify for derecognition or where the continuing involvement approach applies”, and “loan commitments at a below-market interest rate”.

I. Financial liabilities measured at amortised cost

The Entity measures financial liabilities at amortised cost when they are not classified in any of the other categories under IFRS 9 and when, at initial recognition, the Entity has not applied the option to irrevocably designate them at fair value through profit and loss in accordance with IFRS 9.

Financial liabilities measured at amortised cost include borrowings, trade payables and other payables for which the Entity has a contractual obligation to deliver cash (i.e., it has become a party to a contract or a commitment that should be settled in net cash). These liabilities represent the most significant portion of the Entity’s financial instruments and overall liabilities base.

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

II. Financial guarantee contracts

The Entity measures financial liabilities as financial guarantee contracts when they meet the definition of such contracts, namely when the Entity has assumed an obligation to make payments to reimburse the holder for a loss incurred because a specified debtor fails to make payment when due in accordance with the terms of the debt instrument.

Financial guarantee contracts include guarantee agreements concluded with banks in respect of loans granted to related parties, as well as avalised promissory notes.

Financial guarantee contracts are subsequently measured at the higher of the loss allowance amount determined in the same way as a financial asset measured at amortised cost as described in note 2.16.1.4 “Impairment of financial instruments” (the expected credit loss model under IFRS 9), and the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with IFRS 15.

III. Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss upon initial recognition. Financial liabilities are classified as financial liabilities held for trading if they are incurred principally for the purpose of repurchasing them in the near term. Financial liabilities may be designated at fair value through profit or loss are determined at initial recognition, only if the criteria under IFRS 9 are met.

IV. Liabilities arising from transfers of financial assets that do not qualify for derecognition or where the continuing involvement approach applies

The Entity recognises financial liabilities in this category when a transfer of a financial asset does not qualify for derecognition, or when the Entity neither transfers nor retains

substantially all the risks and rewards of ownership but retains control of the financial asset, in which case the continuing involvement approach is applied.

The Entity measures financial liabilities in this category at the amount of the consideration received where the financial asset is not derecognised. Where the continuing involvement approach is applied, the financial liability is measured consistently with the measurement basis of the related financial asset (at amortised cost, or fair value of the rights and obligations), reflecting the extent of the Entity's continuing involvement.

V. *Loan commitments at below-market interest rates*

The Entity measures financial liabilities as loan commitments at below-market interest rates when they meet the relevant criteria, namely when the Entity has assumed a contractual obligation to provide such a loan.

Loan commitments at below-market interest rates are subsequently measured at the higher of the loss allowance amount determined in the same way as a financial asset measured at amortised cost as described in note 2.16.1.4 "Impairment of financial instruments" (the expected credit loss model under IFRS 9), and the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with IFRS 15.

VI. *Composition of the financial liabilities*

The financial liabilities of the Entity at the end of the reporting period include:

- Borrowings (loans obtained), trade and other payables measured at amortised cost; and
- Financial guarantee contracts issued to related parties in favour of commercial banks. Financial guarantee contracts are recognised and measured in the same way as loans granted, taking into account the credit risk of the underlying counterparty (i.e., the effect of the issued guarantee on the individual / legal entity to which such a guarantee has been granted).

2.16.2.4. Derecognition, gains and losses

A financial liability is derecognised when the obligation is discharged, cancelled, or expires. When an existing financial liability is exchanged with a new financial liability from the same lender under substantially different terms, or when the terms of an existing liability are substantially modified, such exchange or modification is accounted for as an extinguishment of the original liability and the 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, is 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 Lev (BGN) and foreign currencies.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

The Entity has adopted a policy to classify short-term deposits as cash and cash equivalents, namely deposits with an original maturity of up to 3-months. Accrued but not received interest at the reporting date on such deposits is also presented as part of "cash and cash equivalents" in the Statement of Financial Position.

Additionally, a reconciliation between the cash balances in the Statement of Financial Position and those presented in the Statement of Cash Flows is disclosed in the notes to the financial statements.

For the purposes of preparing the Statement of Cash Flows, lease payments (i.e., cash payments of principal and interest on right-of-use assets and lease liabilities recognised in the Statement of Financial Position) are classified as cash outflows from financing activities, while payments relating to short-term leases and of leases of low-value assets are classified as cash outflows from operating activities.

2.18. EQUITY AND RESERVES

The Entity's equity comprises share capital, share premium, translation reserves, general and other reserves, and retained earnings (financial result).

2.18.1. Share capital

The share capital of the Entity 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
- Treasury shares – presented at their acquisition cost.

If the Entity redeems 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.

When issuing or acquiring its own equity instruments, the Entity incurs various expenses. Such expenses typically include registration and other statutory fees, legal fees, accounting and other professional advisory costs and other similar expenses. In a capital transaction, transaction costs are accounted as a reduction of equity (net of any related income tax benefits) to the extent that they are incremental costs directly attributable to the capital transaction that would otherwise have been avoided. Cost relating to a capital transaction that is not completed are recognised as an expense in profit or loss.

2.18.2. Share premium

Share premium was formed on the initial public offering of the Entity's shares in 2007 as the difference between the issue price and the nominal value, less costs related to transactions involving treasury shares in subsequent periods.

2.18.3. Translation reserves

The Entity has established and registered branches in the Republic of Serbia, North Macedonia, Romania, Greece, Montenegro, and Ukraine. Their financial position and operating results are included in the financial statements through translation from their functional currencies into the presentation currency. The local currency of the branches is considered their functional currency to the extent that it reflects the primarily economic

environment in which the respective branches operate and generate cash flows with a significant degree of autonomy.

Foreign exchange differences (gains and losses) arise from the translation of income and expenses at average exchange rates for the period, the translation of assets and liabilities at the closing exchange rate at the reporting date, and the translation of opening net assets at exchange rates different from the prior closing rate.

2.18.4. General and other reserves

General reserves are formed through profit appropriations 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 to decisions taken by the General Meeting of Shareholders.

2.18.5. Financial result

The financial result includes retained earnings and accumulated losses from prior periods, adjusted (decreased / increased) to reflect corrections of errors, changes in accounting policies or transitions to new accounting standards, where such adjustments are explicitly permitted, as well as the current period's profit or loss.

2.19. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period by the weighted average number of ordinary shares outstanding during the period.

The weighted average number of shares is the number of ordinary shares outstanding at the beginning of the period, adjusted for the effects of shares repurchased or issued during the period, multiplied by a time-weighting factor.

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

The Entity presents earnings per share in its consolidated financial statements.

2.20. EMPLOYEE BENEFITS

The labour (employment) and social security activities relating to the employees of the Entity comply with the provisions of the Labour Code and the social security legislation effective in Bulgaria, as well as the applicable statutory requirements in the respective countries in which the Entity employs personnel.

A fundamental obligation of the employer is to pay statutory social security contributions in respect of employees, including contributions to pension, health and unemployment funds.

The amounts due for social security contributions are determined by law. Contributions are proportionately allocated between the employer and the insured employee. This proportion is subject to annual changes and is determined in accordance with the Social Insurance Code.

In addition to compulsory state social insurance, there are legally established options for voluntary supplementary pension and health insurance.

The Entity does not maintain any private voluntary insurance or pension funds.

The pension and social security schemes (plans) applied by the Entity, in its capacity as an employer, are based on Bulgarian legislation and the local legislation of the countries in which it employs personnel and are firmly predefined. By their nature, these pension and social security schemes (plans) are classified as defined contribution plans. Under these plans, the Entity (in its capacity as an employer) pays fixed monthly contributions to government funds and to universal and occupational pension funds.

The same applies and to contributions payable to the Health Insurance Fund. The Entity does not maintain any private insurance funds.

2.20.1. Short-term employee benefits

Short-term employee benefits (including salaries and wages, bonuses, social security contributions and other benefits), expected to be settled within 12 months after the end of the period in which the related service is rendered (or the conditions for their entitlement are met), are recognised as an expense in the Statement of Profit or Loss for the respective period and as a current liability at their undiscounted amount. Social security and health insurance contributions payable by the Entity are recognised both as an expense and a liability (at their undiscounted amount) in the period in which the related employee services are rendered.

At each reporting date, the Entity measures the accumulated compensated absences (paid annual leave) and recognises the related expenses based on the expected future payments arising from unused leave entitlements. The measurement includes estimates of remuneration and the related statutory social security and health insurance contributions payable by the employer.

2.20.2. Long-term employee benefits

In accordance with the Labour Code, the Entity is required to pay compensation to employees upon their retirement (retirement benefit obligations). The amount of these retirement benefit obligations depends on the length of service of the employee within the Entity and typically ranges between 2 and 6 gross monthly salaries, computed at their amount at the date of termination of employment. By their nature, these benefits represent defined benefit plans. The present value of the retirement benefit obligations is determined through an actuarial valuation at the reporting date.

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 the spot exchange rate between the Bulgarian Lev (BGN) and the respective foreign currency, as published by the Bulgarian National Bank (BNB), at the date of the transaction.

Foreign exchange gains and losses arising on the settlement of monetary items or on the translation of the Entity's monetary items at exchange rates different from those at which they were initially recognised, or recognised in prior financial statements, are recognised in profit or loss for the period in which they arise, except for foreign exchange gains or losses arising on monetary items that form part of a net investment in a foreign operation, which are recognised in accordance with IAS 21.

A foreign exchange gain or loss arises when monetary items denominated in a foreign currency are retranslated due to changes in exchange rates between the transaction date and the date of settlement or reporting. When a transaction is settled within the same accounting period in which it occurred, the resulting foreign exchange gain or loss is recognised entirely in that period. When settlement occurs in a subsequent accounting period, foreign exchange gains or losses are recognised in each intermediate period up to the date of settlement, reflecting the changes in exchange rates during each period.

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

When other IFRS require certain gains or losses to be recognised directly in equity and the related 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 fair value is determined, with the resulting foreign exchange differences (gains or losses) also recognised in other comprehensive income.

The entity remeasures foreign currency monetary items during the reporting period and at each reporting date.

2.21.2. Translations of foreign operations

In translating foreign operations, the functional currency of the foreign operation is determined as the currency of the primary economic environment in which the foreign entity operates and generates operating cash flows with a significant degree of autonomy.

When translating foreign operations from functional currency to presentation currency:

- Assets and liabilities are translated at the closing exchange rate at the reporting date,
- Income and expenses are translated at the exchange rates at the dates of the transactions or, where appropriate, at the average exchange rates for the period, when exchange rates do not fluctuate significantly.

Translation differences (gains or losses) are recognised as a component of “Other comprehensive income” in the Statement of Comprehensive Income and accumulated in equity under “Translation reserves” (refer to Note 2.18.3).

2.22. REVENUE, OTHER INCOME, FINANCE INCOME

The entity considers and presents the consideration received from customers and from other transactions, in three categories: as Income from ordinary activities (Revenue from contracts with customers); as Other income arising from activities, other than the principal activities, presented net of the related costs; and as Finance income arising from financial instruments and investments (net of the transaction costs), presented in accordance with the applicable accounting standards.

The entity accounts for a contract with a customer when, and only when, all of the following criteria are met: the parties to the contract have approved the contract and are committed to perform their obligations; the rights of each party regarding the goods or services to be transferred can be identified; the payment terms can be identified; the contract has commercial substance; and it is probable that the Entity will collect the consideration to which it expects to be entitled.

2.22.1. Revenue from contracts with customers

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

The ordinary activities of the Entity include construction, repair, reconstruction and maintenance of infrastructure and other projects and sites of general purpose; the sales of output and goods, including construction materials, machinery and equipment; as well as services, including project and site management, transport, mechanisation, design, geodesy, laboratory testing and other construction-related services. The Entity acts as a principal in its revenue arrangements, as it typically controls the goods or services before transferring them to the customer. This is particularly the case in construction contracts, whereby the Entity has discretion in pricing, is exposed to credit risk and bears primarily responsibility for fulfilling the contract.

2.22.1.1. Identifying a contract

I. Construction contracts

Construction services relating to building and construction, repair and reconstruction of infrastructure and other projects and sites are rendered in respect of assets that are not owned by the Entity, over which the Entity does not have control and which do not have an alternative used to the Entity. Goods and services under such contracts are typically sold together and represent a single promise to the customer, and accordingly a single performance obligation. These performance obligations are satisfied over time and extend over more than one reporting period. Construction contracts represent the most significant contracts for the Entity and have a material impact on its financial statements.

ii. Sales of output, goods and services

Sales of output, goods and services are performed separately, and in some cases, such outputs, goods or services do not significantly replace, modify or customise other outputs, goods or services. The Entity transfers control of goods and services to customers, who are able to benefit from them by using, consuming or selling them. Goods or services, provided under certain framework agreements (such as consulting, project and site management, and transport) are transferred in a series, and control over them is transferred over time, with customers receiving and simultaneously consuming the benefits provided by the Entity's performance.

2.22.1.2. Identifying performance obligations

i. Construction contracts

Construction contracts specify the goods or services promised to the customer, and the Entity uses this as a basis to identify and evaluate the performance obligations under the contract. Assets are created and/or enhanced in the execution of these contracts and, as a result of the Entity's activities, such assets are controlled by the customer as they are created or enhanced. In this regard, the Entity identifies performance obligations under these contracts as being satisfied over time, and recognises revenue over time to the extent of progress towards complete satisfaction of those obligations.

ii. *Sales of output, goods and services*

Separate performance obligations that are distinct from others are identified in sales where the output, goods or services are capable of being used, consumed or sold by customers on their own. Such performance obligations are satisfied at a point in time, and revenue is recognised in the amount to which the Entity expects to be entitled. In sales of goods or services under framework agreements, control is transferred over time when such goods or services form part of one or more performance obligations satisfied over time. Performance obligations satisfied over time are accounted for in a manner consistent with construction contracts.

2.22.1.3. Transaction price – determination and allocation

i. *Construction contracts*

Transaction price is the amount of consideration that the Entity expects to be entitled to in exchange for transferring the promised goods or services, which are typically part of a single performance obligation. Consideration under construction contracts is generally fixed; however, it may change as a result of contractual modifications, price variations and changes in the scope of work.

A contract modification is accounted for as a separate contract, when it adds distinct goods or services at a price that reflects their standalone selling price, from which the customer can benefit. In cases where the modification relates to goods or services that are not distinct and therefore form part of a single performance obligation, the modification is accounted for as part of the existing contract, with the cumulative effect on the transaction price and the measurement of progress towards complete satisfaction of the performance obligation recognised on a cumulative catch-up basis at the date of modification.

ii. *Sales of output, goods and services*

The transaction price for sales of output, goods or services is the amount of consideration that the Entity expects to be entitled to in exchange for those outputs, goods or services. Goods and services may be sold separately or in series and may therefore constitute distinct performance obligations or form part of a single performance obligation. Contracts may be modified with respect to price and/or scope, which may affect the identification and measurement of performance obligations. Consideration from such sales is typically fixed and does not generally include significant variable consideration.

Contract modifications (including changes in transaction price and the scope of work) are accounted for as a separate contract when they add distinct goods and services at their standalone prices, from which the customer can benefit. Contract modifications that modify the goods and services under an existing contract are accounted for as a termination of the contract. Changes in transaction price that do not affect the scope of the contract are allocated to performance obligations that are unsatisfied or partially unsatisfied. When the scope and/or price of contracts involving goods or services that are not distinct and form part of a single (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 on a cumulative catch-up basis at the date of modification.

2.22.1.4. Recognising revenue*i. Construction contracts*

The Entity recognises revenue from construction contracts over time, as the performance obligation is satisfied, provided that the Entity 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.

A single method of measuring progress is applied consistently to each performance obligation satisfied over time and is applied consistently to similar performance obligations in similar circumstances.

Input methods, in particular those based on estimates of expected and actual costs incurred, adjusted for costs that do not contribute (or are not proportionate) to the Entity's progress in satisfying the performance obligation, are typically used to measure progress to measure progress towards complete satisfaction of performance obligations. These methods are generally applied to fixed-price construction contracts. The Entity considers input methods to be more appropriate than the output methods, as the latter require additional resources (in particular time resources) to ensure the requisite information. Input methods are also appropriate as they provide a reliable measure of performance, particularly in circumstances where contract modifications (of the goods or services) may occur without directly affecting the transaction price or performance obligation. Accordingly, input methods enable a more faithful depiction of the cumulative effect of such modifications and of the contract as a whole. Output methods, based on direct measurement of the value transferred to the customer, are applied for certain contracts where the Entity acts as a direct contractor. Such output methods rely on surveys of work performed or stages of completion at the respective reporting dates, where appropriate and in accordance with the applicable framework. The Entity considers output methods appropriate for measuring progress towards complete satisfaction where reliable and up-to-date information on the value and the quantities of the goods and services transferred to clients is available.

The Entity 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 expects to recover those costs. This approach is applied to ensure faithful depiction of the Entity's performance, particularly where the costs incurred are not proportionate to the progress in satisfying the performance obligation.

ii. Sales of output, goods and services

Revenue from the sale of output, goods or services is recognised when (or as) performance obligations are satisfied, either at a point in time or over time. Revenue from performance obligations satisfied over time is recognised only when the Entity can reasonably measure its progress towards complete satisfaction of the performance obligation, with progress remeasured at the end of each reporting period.

Output methods are generally used to measure progress for output and goods, while services are measured using appropriate input or output methods, including direct estimates of the value of output and goods transferred or estimated costs, adjusted for costs that do not contribute to the progress towards complete satisfaction of the performance obligation or are not proportionate to it. The Entity considers the methods applied to be appropriate to provide a reliable measure of performance, as they do not require additional resources and the Entity controls the outputs and goods before transferring them to customers. When measuring progress towards complete satisfaction of performance obligations in the provision of services, the Entity does not invest resources but applies methods that provide a faithful depiction of performance, enabling appropriate recognition of cumulative effects where necessary.

If the Entity has a right to consideration from a customer in an amount that corresponds directly to the value of the performance completed to date (i.e., the “right to invoice” practical expedient), the Entity recognises revenue in the amount to which it has a right to invoice.

The Entity recognises revenue for a performance obligation satisfied over time only to the extent of costs incurred when it cannot reasonably measure its progress towards complete satisfaction but expects to recover those costs. This approach is applied to ensure a faithful depiction of performance, particularly where costs incurred are not proportionate to the progress in satisfying the performance obligation.

2.22.1.5. Contract costs

The Entity recognises non-current assets for the incremental costs of obtaining a contract with a customer when it expects to subsequently recover those costs. Such costs may include commissions, bonuses or other similar service payments that would not have been incurred if the contract had not been obtained. These assets are recognised as non-current assets and are separately disclosed in the notes to the financial statements. The Entity applies the practical expedient provided by IFRS 15 and does not recognise an asset for the incremental costs of obtaining a contract with a customer if the amortisation period of the asset that would otherwise have been recognised is one year or less.

The Entity recognises assets for costs incurred in fulfilling a contract when such costs are not within the scope of another Standard and are directly attributable to a contract or to an anticipated contract, they generate or enhance resources of the Entity that will be used in satisfying performance obligations in the future, and are expected to be recovered.

2.22.1.6. Contract balances

The Entity recognises and presents any unconditional rights to considerations as receivables from contracts with customers. If a customer pays consideration, or the Entity has a right to consideration that is unconditional before the transfer of goods or services, the amounts are presented as contract liabilities from contracts with customers. When the Entity fulfils its obligation and transfers goods and services to customers before receiving payment, the amounts, other than unconditional receivables, are presented as contract assets from contracts with customers.

Unconditional receivables, contract assets and contract liabilities from contracts with customers are presented in the Statement of Financial Position under “Trade receivables” and “Trade payables” and are separately disclosed in the notes to the financial statements. Contract assets from contracts with customers are subject to impairment assessment in accordance with IFRS 9 and the accounting policy described in note **Error! Reference source not found.-2.16.1.4. “Impairment of financial instruments”**.

The timing of satisfaction of performance obligations and related cash flows differs significantly between construction contracts and contracts for the sale of output, goods or services. Under construction contracts, the Entity satisfies the performance obligations over time, typically over more than one reporting period. Revenue is recognised at the end of each reporting period based on the progress towards complete satisfaction of the performance obligation, while customer approval is generally not required at interim stages. However, projects and project-related activities are subject to specific regulatory requirements, and formal acceptance or approval by the customer and/or a third party is often required upon completion of the contract. As a result, part of the contract balances become unconditional receivables and are subsequently paid. When an asset controlled by the customer is enhanced through construction, the Entity is able to unambiguously determine that control of the goods

or services has been transferred and, accordingly, recognise revenue as the performance obligation is satisfied. As a result, there is often a timing difference between the revenue recognition time (i.e., the time when revenue from construction contracts is recognised, thereby recognising and the unconditional receivables and contract assets from those contracts with customers) and cash collection. Payment terms typically range between 60 and 180 days for unconditional receivables and between 180 and 360 days for contract assets from contracts with customers. Sales of output, goods or services are generally not subject to specific regulatory requirements, and control is typically transferred to the customer at a point in time upon delivery or consumption, thereby satisfying the performance obligations. In certain cases involving sales of goods and service, performance obligations are satisfied over time and may require staged or final customer acceptance and/or approval. The related payment terms vary but are within the normal commercial practice.

Payments under construction contracts, which are most significant to the financial statements and to the Entity as a whole, are typically defined in terms of timing and amounts, depending on the type and size of the project, and, in certain cases, also based on the contracting authority (assignor) and the source of financing. Payments under construction contracts typically include advance payments of 10% – 20%, interim payments of 60% – 80% and a final payment. Where the Entity acts as a subcontractor, the direct or ultimate assignors are public entities, and the main contracts and contractual conditions vary. Accordingly, payment terms and conditions may differ for similar projects. Performance bonds are commonly required by law under construction contracts. These performance bonds represent amounts retained by the customer for specific period, typically for 12 – 24 months, and form part of the Entity's unconditional receivables. The Entity considers that such retained amounts do not contain a significant financing component, as they are required by law and serve as a protection mechanism for the customer rather than a financing arrangements, in accordance with IFRS 15. This assessment is also supported by the fact that, in most cases, the (direct or ultimate) contract parties are public authorities, which are not permitted to engage in financing arrangements of this nature or in general. Where a significant financing component exists (i.e., when the timing of payments differs from the transfer of goods or services by more than one year), the Entity adjusts the transaction price to reflect the time and value of money. The effect is recognised as interest expense under Finance costs in the Statement of Profit or Loss. In some cases, construction contract terms are extended beyond the original expectations for reasons outside the control of the Entity, and payments under some of those extended contacts have been received based on the original expectation that the goods or services would be transferred within one year. In such cases, adjustments are made prospectively when the revised timing exceeds one year.

The Entity discloses the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or are partially satisfied at the reporting date (part of a contract with an original expected duration of one year or less), together with the expected timing of revenue recognition. This disclosure primarily relates to construction contracts. For sales of output, goods or services, the Entity generally applies the practical expedient whereby the amount of consideration to which it is entitled at a given date corresponds directly to the value of performance completed (i.e., the value of goods or services transferred to the customer) to date (i.e., the right-to-invoice approach).

2.22.2. Other income

Net gains (i.e., net positive results) and gross income, other than revenue from the Entity's ordinary activities, and / or income from incidental activities is recognised as "other income". Other income also includes operating lease income recognised in accordance with the accounting policies and IFRS 16 Leases (refer to note 2.27.), as well as income from the sale of materials and gains on disposals of non-current assets, measured as the difference between the proceeds and the carrying amount of the asset. Such gains are recognised in accordance with

IFRS 15, when control of the asset is transferred to the customer and the performance obligation is thereby satisfied. Related expenses are recognised in profit or loss in the period in which the related income is recognised, in accordance with the applicable accounting policies and relevant Standards (refer to notes 2.8, 2.9, 2.10, 2.14). Other income further includes income arising from the derecognition of liabilities (including financial liabilities and other liabilities) when such liabilities are extinguished or expire (refer to note 2.16.2.4), as well as reversals of provisions and other amounts recognised in accordance with IAS 37, and surpluses identified on assets and inventories.

2.22.3. Finance income

Interest income on all financial instruments of the Entity, recognised using the effective interest rate method, as well as effects arising from contracts with customers that include significant financing components, are recognised as “finance income”. Finance income includes interest income on leases, net gains from transactions in financial instruments and investments (refer to notes 2.11, 2.12, 2.16.1.5), as well as foreign exchange gains and translation gains recognised in accordance with IAS 21, and other income associated with financial instruments.

2.23. EXPENSES

Expenses of the Entity are recognised as they are incurred, in accordance with the accruals basis of accounting and the matching principle, to the extent that this does not result in the recognition of reportable items of assets or liabilities that do not meet the recognition criteria under IFRS and the respective framework.

Deferred expenses are deferred for recognition as current expense in the period to which they relate (i.e. the period in which the contracts to which these expenses relate will be executed). Deferred expenses mainly include prepaid subscriptions, insurance, bank guarantees, loan fees and other similar items, and are presented in the Statement of Financial Position under “Other assets and receivables”.

2.23.1. Operating expenses

The Entity recognises operating expenses by nature and subsequently allocates them by function in order to present expenses by activity and line of business.

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

Expenses for the current period are recognised in the same period in which the related revenue is recognised.

Expenses are recognised on the basis of systematic and rational allocation procedures 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 in the Statement of Profit or Loss immediately when they do not generate 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 Statement of Financial Position.

Expenses are recognised in accordance with the accrual basis of accounting. They are measured at the amount of consideration paid or payable (i.e., transaction price), where applicable.

2.23.2. Finance costs

Interest expenses on all financial instruments of the Entity, recognised using the effective interest rate method, as well as effects arising from contracts with customers that contain significant financing components, are recognised as “finance costs”. Finance costs include interest expense on leases, net losses from transactions in financial instruments and investments (refer to notes 2.11, 2.12, 2.16.1.5), as well as foreign exchange losses and translation losses in accordance with IAS 21, and other costs associated with financial instruments, including bank fees and commissions.

2.24. PROFIT OR LOSS FOR THE PERIOD

The Entity recognises all items of income and expenses in profit or loss for the period, unless IFRS requires or permits otherwise.

Some IFRS require or permit specific items to be recognised outside profit or loss in the current period. Other IFRS define circumstances in which components of other comprehensive income, although meeting the definition of income and expense under the Conceptual Framework, are excluded from profit or loss.

2.25. CORPORATE TAX

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

2.25.1. Current tax

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

Income tax for the current and prior periods is recognised as a liability to the extent that it has not been 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.

Tax benefits relating to tax losses carried forward to cover tax in future periods are recognised as deferred tax assets, to the extent that it is probable that future taxable profits will be available against which those losses can be utilised. Such deferred tax assets will result in a reduction of current tax in those future periods.

Current tax expense is recognised in profit or loss for the period as an expenses, reducing accounting profit or increasing accounting loss.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using tax rates and applying tax laws that have been enacted or substantively enacted at the end of the reporting period.

The applicable tax rate in Bulgaria during the reporting period is 10%. The applicable tax rate in the Republic of Serbia during the reporting period is 15%. The applicable tax rate in Romania during the reporting period is 16% and in Greece is 22%.

2.25.2. Deferred tax assets and deferred tax liabilities

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

- Deductible temporary differences;
- The carry-forward of unused tax losses;
- The carry-forward of unused tax credits.

Temporary differences are differences between the carrying amount of an asset or liability and its tax base. Temporary differences may be either:

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

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

Deferred tax assets are recognised for all deductible temporary 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 unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits may be utilised.

The Entity reassesses unrecognised deferred tax assets at the end of each reporting period. The Entity recognises previously unrecognised deferred tax assets to the extent that it becomes probable that sufficient taxable profits will be realised to allow the deferred tax assets to be utilised.

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

Deferred tax liabilities are recognised for all taxable temporary 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 that:
 - o Is not a business combination;
 - o At the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

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

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 they relate to:

- 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 appropriate; and
- A business combination representing an acquisition.

2.26. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES**2.26.1. Provisions**

Provisions are liabilities of uncertain timing or amount. In accordance with the requirements of IAS 37, provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event. Legal and constructive obligations arise from contracts, legislation or from an established pattern of past practice, published policies or specific statements of the Entity that create a valid expectation in third parties.

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations; and when the amount of the obligation can be estimated reliably. If these conditions are not met, no provision is recognised. Present obligations include obligations arising from onerous contracts, whereby the unavoidable costs of meeting the contract obligations exceed the expected economic benefits to be received from it.

Provisions are measured at Management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.26.2. Contingent assets and contingent liabilities

A contingent liability is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity; or a present obligation arising from past events that is not recognised because either 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 reliably.

A contingent asset is a possible asset arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity. Contingent assets and contingent liabilities are not recognised, but are disclosed as appropriate.

2.27. LEASES

At the commencement date of each contract agreement, the Entity assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset, or group of assets, for a period of time in exchange for consideration. The Entity reassesses this determination in the event of contract (lease) modifications.

The Entity determines the lease term by taking into account the non-cancellable period of the lease, together with periods covered by options to extend the lease or terminate the lease, where it is reasonably certain that such options will be exercised, together all relevant facts and circumstances that create an economic incentive to exercise, or not to exercise, the options. The lease term is reassessed upon the occurrence of a significant event or change in circumstances that may affect its assessment of whether it is reasonably certain to exercise an option.

2.27.1. The Entity as a lessee

The Entity uses assets not owned by it under contracts (leased assets) in accordance with IFRS 16. Right-of-use assets primarily include machinery and equipment, transport vehicles and real estate. Lease agreements are concluded with both unrelated parties (lessors and lessor-manufacturers, or traders and related parties (both related parties within the Group and related parties outside the Group)).

At the commencement date, right-of-use assets are initially measured at cost, comprising: the initial measurement (amount) of the lease liability; any lease payments made at or before the commencement date; any initial direct costs; and an estimate of costs to be incurred in dismantling and removing the assets, where applicable.

At the commencement date, the lease liability is measured at (and reflects) the present value of the lease payments that are not paid at that date. These include: fixed payments under the lease; variable lease payments that depend on an index or a rate; amounts expected to be payable under residual value guarantees; the exercise price of purchase options; payments of penalties for terminating the lease.

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

- Fixed payments less the lease incentives receivable;
- Variable payments that depend on an index or a rate;
- The exercise price of a purchase option, if the Entity is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease;
- Amounts expected to be payable under residual value guarantees.

Lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determinable, or otherwise using the Entity's incremental borrowing rate that being the interest rate that would be applicable in borrowing funds over a similar timing, with similar security and in a similar economic environment.

Lease payments are allocated between the finance cost (interest on the principal amount outstanding) and the deductible part of the lease liability (principal). Finance costs are recognised in the Statement of Profit or Loss on a periodic basis, over the lease term, so as to produce a constant periodic rate of interest on the remaining balance (principal amount outstanding) of the lease liability.

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment losses, in the same way as the entity's own assets, and adjusted for any remeasurement of the lease liability when the right-of-use is not terminated upon the expiration of the lease. Operating lease assets are depreciated on a straight-line basis over the shorter of their useful life and the lease term.

After the commencement date, the lease liability is remeasured to reflect changes in the lease arising from changes in the lease scope and/or lease term, and/or changes in lease payments, including changes in indices, rates or market levels. Such remeasurement results in a corresponding adjustment to the carrying amount of the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero, any further adjustments are recognised in profit or loss. Interest expense on the lease liability and variable payments not included in the measurement of the lease liability are also recognised in profit or loss for the period. Where a lease modification increases the scope of the lease and the consideration is commensurate with the stand-alone price of the lease, the modification is accounted for as a separate lease.

The Entity's leasing activities (as a lessee) primarily relate to leases for the use of transport vehicles, machinery and equipment, and real estate. Purchase options are typically included in certain lease agreements (mainly for leases of transport vehicles, and particularly cars) and are considered in the measurement of lease liabilities when reasonably certain to be exercised.

Lease agreements generally include fixed payments, and there are no variable lease payments. 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 Entity is a lessee, do not contain residual value guarantee and termination options are generally not exercised and cover up to three lease payments. Termination options are not significant and therefore are considered when measuring the lease liability.

The Entity presents right-of-use assets within the same line items in the Statement of Financial Position as the corresponding Entity-owned assets and it discloses additional detailed information in this regard in the notes to the financial statements. Depreciation of right-of-use assets is presented in the Statement of Profit or Loss under “Depreciation and amortisation costs”.

The Entity applies the recognition exemptions under IFRS 16 for short-term leases and leases of low-value assets. Lease payments under such leases are recognised as an expense on a straight-line basis over the lease term. Short-term leases typically include leases of transport vehicles, machinery and equipment, and real estate used for specific activities performed under construction, reconstruction, repair or maintenance contracts (including as part of the execution of such contracts), with a lease term of up to one year. Leases of low-value assets include contracts related to the use of office fixtures and fittings (furniture), consumables and IT equipment. Expenses under such leases are presented in the Statement of Profit or Loss under “Costs of external services”, and the Entity discloses detailed information on type of underlying asset in the notes to the financial statements.

2.27.2. The Entity as a lessor

The Entity has adopted the practice to lease its own assets and, in limited cases, subleases right-of-use assets. A lease is classified as a financial lease if the lease (of the entity's own assets) transfers substantially all the risks and rewards incidental to ownership of the underlying asset. 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, assets leased under finance leases are recognised as a receivable at an amount equal to the net investment in the lease, comprising: fixed lease payments; variable lease payments that depend on an index or a rate; amounts expected to be payable under residual value guarantees; the exercise price of a purchase option; and payments of penalties for terminating the lease, where applicable.

The derecognition and impairment requirements of IFRS 9 relating to net investment in the lease are subsequently applied to finance leases. Estimated unguaranteed residual values used in calculating the gross investment in the lease are reviewed regularly. If there is a reduction in the estimated unguaranteed residual value, the allocation of income over the lease term is revised, and any reduction in amounts previously recognised is recognised immediately in profit or loss.

Modifications to finance leases are accounted for as a separate lease when the scope of the lease increases (by adding the right to use on one of more underlying fixed assets) and the consideration increases commensurately with the stand-alone price.

Assets owned by the Entity and subject to operating leases are recognised in accordance with their nature and the applicable accounting policies, adopted by the Entity in this regard. Lease income is recognised on a straight-line basis over the lease term.

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

The Entity's leasing activities as a lessor primarily relate to real estate (buildings), machinery and equipment, and transport vehicles, predominantly under operating leases.

The following information is disclosed in the notes to the financial statements in relation to finance leases: gains on disposal of the underlying asset, title carrying amount derecognised, the resulting net gain or loss, finance income recognised over the lease term, and income from variable lease payments. Income from variable lease payments is presented in the Statement of Profit or Loss under “Other income”, while finance income is presented under “Finance income”.

Operating lease income is presented in the Statement of Profit or Loss under “Other income”. Assets owned by the Entity and leased under operating leases are disclosed separately in the notes to the financial statements from assets used in the Entity’s own operations.

2.28. SEGMENT REPORTING

The Entity identifies its reportable segments and discloses information about each segment in both its separate and consolidated financial statements in accordance with its organisational and internal reporting structure (at both Entity and Group level). Operating segments are components of the Entity that are regularly reviewed by the chief operating decision makers for the purpose of monitoring performance and allocating resources, based on financial and operational information prepared specifically for each segment. Segment information disclosed in the publicly available financial statements is presented on the same basis as that used for internal reporting to Management, allowing users (including investors) to assess the Entity’s performance from a management perspective.

The Entity and the Group operates in a single business sector. The main services rendered, and output produced by all entities are interrelated and represent different stages of the core business activity. Materials and goods produced also form a significant part of the inputs used in building and construction works. Due to the similarity in the nature of activities, customer base and economic environment, the risks and rewards associated with the Entity’s and the Group’s operations cannot be meaningfully distinguished by business lines. Accordingly, the Entity presents segment information based on geographical areas in its separate and consolidated financial statements.

The accounting policies applied in segment reporting are consistent to the accounting policies used by the Entity in preparing its public financial statements, as required by the respective laws.

The operating segments of the Entity are regularly monitored and separately managed, with each operating segment representing a distinct geographical area, serving different markets and customer groups and therefore bearing different business risks and returns depending on its location. These segments are defined as geographical zones based on their economic characteristics and ability to generate cash flows, as follows:

- ✓ Bulgaria
- ✓ Republic of Serbia
- ✓ Ukraine
- ✓ North Macedonia
- ✓ Romania
- ✓ Greece
- ✓ Republic of Montenegro
- ✓ United States of America
- ✓ The Czech Republic (until 31.03.2025; operations terminated in April 2025)

2.29. FAIR VALUE MEASUREMENT

For financial reporting purposes, certain assets and liabilities of the Entity are measured, presented and / or disclosed at fair value. These primarily include long-term investments in

equity instruments classified as “financial assets at fair value through other comprehensive income (FVOCI)”.

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 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 Entity must have access.

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

For non-financial assets, fair value measurement is always based on the assumption of what would be the highest and best use of a given asset for the market participants. In certain cases, the transaction price may be used as an approximation of fair value for equity instruments classified as measured at fair value through other comprehensive income (FVOCI), where this is appropriate in accordance with IFRS 9 (refer to note 2.16.1.3).

The Entity applies valuation techniques that are appropriate to the specific circumstances, projects and sites, and for sufficient data is available, maximising the use of the observable inputs and minimising the use of unobservable inputs.

The Entity uses the following valuation approaches: market approach, income approach and cost approach.

All assets and liabilities measured or disclosed at fair value in the financial statements are categorised within the three-level fair value hierarchy, as follows:

- Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques using observable inputs, other than quoted market prices in active markets, either directly or indirectly observable, including cases where quoted prices are subject to significant adjustments; and
- Level 3 – Valuation techniques using significant unobservable inputs.

The Entity predominantly applies Level 2 and Level 3 fair value inputs.

At each reporting date, the Entity assesses whether transfers between levels of the fair value hierarchy are required for assets and liabilities measured at fair value on recurring basis, based on the lowest level of input data that is available and significant to the fair value measurement at that date.

2.30. ACCOUNTING ASSUMPTIONS AND ACCOUNTING ESTIMATES, ERRORS

2.30.1. Accounting assumptions and accounting estimates

Due to uncertainties inherent in business activities, many items in the financial statements cannot be measured with precision and are therefore estimated. Estimates are based on Management’s judgement and the most recent, reliable information available on 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 of the preparation of financial statements and does not undermine their reliability. The application of International Financial Reporting Standards (IFRS) requires Management to make assumptions and estimates in preparing the financial statements and in measuring certain assets, liabilities, income and expenses. All these

estimates are based on Management's best estimate at the end of the reporting period. Actual results may differ from those estimates, presented in the financial statements.

An estimate may need revision if circumstances on which it was based change, or as a result of new information or increased experience. A revision of an estimate does not relate to prior periods and does not constitute the correction of an error.

Any change in the measurement basis applied is treated as a change in accounting policy, rather than a change in accounting estimate.

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

The effect of a change in accounting estimates is recognised prospectively 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 an accounting estimate is recognised to the extent that it results in changes in 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.

2.30.2. Errors

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

- Was available when the financial statements for those periods were authorised for issue; and
- Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

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, may arise in the recognition, measurement, presentation or disclosure of elements of the financial statements. Errors identified in the current period are corrected before the financial statements are authorised for issue. However, errors are sometimes not discovered until a subsequent period, in which case such prior period errors are corrected in that subsequent period.

The Entity corrects material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

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

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

II. ADDITIONAL EXPLANATORY NOTES TO THE ITEMS IN THE SEPARATE FINANCIAL STATEMENTS

1. SEPARATE STATEMENT OF FINANCIAL POSITION

1.1. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant	Machinery and equipment	Transport vehicles	Other assets	Capitalised costs	Total
Carrying amount								
Balance as at 31.12.2023	4 364	1 026	1 115	25 820	9 141	4 246	13 772	59 484
Additions	-	-	213	4 023	161	686	7 973	13 056
Disposals	(3 177)	(197)	-	-	(916)	(13)	(677)	(4 980)
Foreign exchange differences	-	-	-	(1)	(1)	-	-	(2)
Balance as at 31.12.2024	1 187	829	1 328	29 842	8 385	4 919	21 068	67 558
Additions	80	8 762	285	4 632	68	783	3 505	18 115
Disposals	-	-	-	(722)	(1 138)	(179)	(24 220)	(26 259)
Foreign exchange differences	-	-	-	-	(1)	-	-	(1)
Balance as at 31.12.2025	1 267	9 591	1 613	33 752	7 314	5 523	353	59 413
Depreciation								
Balance as at 31.12.2023	-	839	373	9 396	6 012	2 197	-	18 817
Additions	-	-	49	1 921	799	460	-	3 229
Disposals	-	(10)	-	-	(777)	(9)	-	(796)
Foreign exchange differences	-	-	-	15	1	10	-	26
Balance as at 31.12.2024	-	829	422	11 332	6 035	2 658	-	21 276
Additions	-	145	63	2 094	493	507	-	3 302
Disposals	-	-	-	(108)	(1 003)	(75)	-	(1 186)
Foreign exchange differences	-	-	-	17	-	10	-	27
Balance as at 31.12.2025	-	974	485	13 335	5 525	3 100	-	23 419
Net carrying amount								
Net carrying amount as at 31.12.2024	1 187	-	906	18 510	2 350	2 261	21 068	46 282
Net carrying amount as at 31.12.2025	1 267	8 617	1 128	20 417	1 789	2 423	353	35 994

Capitalised costs include accumulated expenditures relating to assets that, as at the reporting date, are in the process of construction or acquisition.

The administrative building “Atana”, with accumulated construction costs of BGN 17,893 thousand (included within capitalised costs), was recognised as part of the Entity’s assets at 12.02.2025 pursuant to Permit for Use № CT 05-53/12.02.2025. The value of the asset was increased in the second quarter of 2025 by BGN 293 thousand as a result of finishing works performed. Accordingly, the total carrying amount of the asset amounts to BGN 18,186 thousand. Part of this amount, namely BGN 9,424 thousand, was classified as investment property in accordance with its intended use for rental purposes.

A tamping machine PLASSER&THEURER 08-275 UNIMAT 36, with a total acquisition cost (including additional costs incurred in 2025) of BGN 3,234 thousand, was transferred from capitalised costs (as at 31.12.2024) and recognised under “Machinery” during the reporting period.

The carrying amounts presented under “Land” and “Buildings” include:

- Land (BGN 1,091 thousand) mortgaged in favour of UniCredit Bulbank AD as collateral under Contract No. 00085/730 dated 22(23).10.2025, relating to an overdraft credit facility, including the issuance of bank guarantees;
- Building (carrying amount of BGN 8,616 thousand) mortgaged in favour of UBB AD as collateral under Contract 51 dated 10.09.2014 (relating to a credit line for issuance of bank guarantees and an overdraft facility) and Contact № 22F-000134 dated 11.02.2012 (relating to an obtained investment loan facility).

The carrying amounts of “Machinery and equipment”, “Plants” and “Transport vehicles” include:

- Machinery and equipment (BGN 3,651 thousand) and Transport vehicles (BGN 166 thousand) pledged in favour of DSK Bank EAD under a credit line agreement for issuance of bank guarantees dated 20.12.2013.
- Plant (BGN 388 thousand) and Machinery and equipment (BGN 609 thousand) pledged as collateral in favour of UniCredit Bulbank AD under Contract No. 00085/730 dated 22(23).10.2025, relating to an overdraft facility, including the issuance of bank guarantees;
- Machinery and equipment (BGN 1,625 thousand) and Transport vehicles (BGN 725 thousand) pledged in favour of Eurobank Bulgaria AD under Contract № 100-5524 dated 05.12.2024, relating to a credit line for issuance of bank guarantees and an overdraft facility.

The carrying amount of fully depreciated property, machinery, plant and equipment included in the Entity’s Statement of Financial Position is as follows: Machinery – BGN 412 thousand; Transport vehicles – BGN 1,385 thousand; Other non-current tangible assets – BGN 1,794 thousand.

The Entity leases certain items of property, plant and equipment (non-current tangible assets) to third parties and to related parties, as follows:

	Land	Machinery and equipment	Transport vehicles	Other assets	Total
<i>Carrying amount</i>					
Balance as at 31.12.2023	106	13 487	4 618	85	18 296
Additions	95	2 066	1 676	-	3 837
Disposals	-	(2 297)	(2 485)	(85)	(4 867)
Balance as at 31.12.2024	201	13 256	3 809	-	17 266
Additions	-	3 249	58	-	3 307
Disposals	(95)	(14)	(918)	-	(1 027)
Balance as at 31.12.2025	106	16 491	2 949	-	19 546
<i>Depreciation</i>					
Balance as at 31.12.2023	-	4 866	3 256	-	8 122
Additions	-	772	1 828	-	2 600
Disposals	-	(519)	(1 916)	-	(2 435)
Balance as at 31.12.2024	-	5 119	3 168	-	8 287
Additions	-	891	93	-	984
Disposals	-	(1)	(836)	-	(837)
Balance as at 31.12.2025	-	6 009	2 425	-	8 434
<i>Net carrying amount</i>					
Net carrying amount as at 31.12.2024	201	8 137	641	-	8 979
Net carrying amount as at 31.12.2025	106	10 482	524	-	11 112

1.2. INVESTMENT PROPERTY

	Land	Buildings	Plant	Other assets	Capitalised costs	Total
<i>Carrying amount</i>						
Balance as at 31.12.2023	4 196	9 488	-	-	-	13 684
Additions	3 177	27			677	3 881
Disposals	(185)	(175)			-	(360)
Impairment losses recognised in profit or loss	(824)	-			(176)	(1 000)
Balance as at 31.12.2024	6 364	9 340	-	-	501	16 205
Additions	85	9 424	308	165	-	9 982
Balance as at 31.12.2025	6 449	18 764	308	165	501	26 187
<i>Depreciation</i>						
Balance as at 31.12.2023	-	1 685	-	-	-	1 685
Additions	-	341			-	341
Disposals	-	(57)			-	(57)
Balance as at 31.12.2024	-	1 969	-	-	-	1 969
Additions	-	492	8	4	-	504
Balance as at 31.12.2025	-	2 461	8	4	-	2 473
<i>Net carrying amount</i>						
Net carrying amount as at 31.12.2024	6 364	7 371	-	-	501	14 236
Net carrying amount as at 31.12.2025	6 449	16 303	300	161	501	23 714

The carrying amounts presented under “Investment property” include:

- A building with a carrying amount of BGN 398 thousand and Land with a carrying amount of BGN 3,984 thousand, mortgaged in favour of UniCredit Bulbank AD as collateral under Contract N 00085/730 dated 22(23).10.2025, relating to an overdraft facility and the issuance of bank guarantees;
- Buildings with a carrying amount of BGN 1,216 thousand and Land with a carrying amount of BGN 828 thousand, mortgaged in favour of UniCredit Bulbank AD as collateral under Contract N 00005/730 dated 28.07.2014, relating to a credit line for issuance of a bank guarantee;
- Landed properties with a carrying amount of BGN 1,537 thousand and Buildings with a carrying amount of BGN 4,100 thousand, mortgaged in favour of DSK Bank EAD under an agreement dated 20.12.2013 relating to project financing and the provision of a credit line.
- Land with a carrying amount of BGN 10 thousand and Buildings with a carrying amount of BGN 1,114 thousand, mortgaged in favour of Eurobank Bulgaria AD under Contract N 100-5524 dated 05.12.2024, relating to a credit line for the issuance of bank guarantee and an overdraft facility.
- A building with a carrying amount of BGN 9,268 thousand, mortgaged in favour of UBB AD as collateral under Contract N 51 dated 10.09.2014 relating to a credit line for the issuance of bank guarantees and an overdraft facility and an investment loan agreement N 22F-000134 dated 11.02.2012.

1.3. NON-CURRENT INTANGIBLE ASSETS

	Software products	Other assets	Total
Carrying amount			
Balance as at 31.12.2023	325	2	327
Additions	103	-	103
Balance as at 31.12.2024	428	2	430
Additions	12	-	12
Disposals	(9)	-	(9)
Balance as at 31.12.2025	431	2	433
Amortisation			
Balance as at 31.12.2023	162	2	164
Additions	81	-	81
Foreign exchange differences	1	-	1
Balance as at 31.12.2024	244	2	246
Additions	80	-	80
Disposals	(9)	-	(9)
Balance as at 31.12.2025	315	2	317
Net carrying amount			
Net carrying amount as at 31.12.2024	184	-	184
Net carrying amount as at 31.12.2025	116	-	116

The non-current intangible assets include fully amortised software products with a carrying amount of BGN 91 thousand and fully amortised other non-current intangible assets with a carrying amount of BGN 2 thousand.

1.4. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Investments in subsidiaries and associates	31.12.2025	31.12.2024
Investments in subsidiaries	46 563	47 477
Investments in associates	-	1
Total	46 563	47 478

1.4.1. Investments in subsidiaries

Type	31.12.2025		31.12.2024	
	Volume	Amount	Volume	Amount
Trace BG EOOD (LTD)	100%	12 661	100%	12 661
Trace Yambol AD (JSC), Bulgaria	99%	2 974	99%	2 974
USM AD (JSC) – in liquidation as from 24.06.24			100%	1 862
Trace Mechanization EAD (JSC)	100%	6 193	100%	6 193
Infra Commerce EOOD (LTD), Bulgaria	100%	740	100%	740
Asphalt Commerce EOOD (LTD)	100%	1	100%	1
Trace Properties EOOD (LTD), Bulgaria	100%	13 908	100%	13 908
Trace Build OOD (LTD), Serbia	100%	4 364	100%	4 364
Trace Serbia AD (JSC) Nis, Serbia	100%	17 153	100%	17 153
Trace Rent EOOD (LTD)	100%	-	100%	
Trace Group Hold, USA	100%		100%	
Impairment of investment in USM AD (LTD)				(948)
Impairment of investment in Trace Mechanization EAD (JSC)		(3 152)		(3 152)
Impairment of investment in Trace BG EOOD (LTD)		(6 879)		(6 879)

Impairment of investment in Trace Yambol AD (JSC)	(1 400)	(1 400)
Metro Trace Alliance – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	-	55%
Magistrala (transl. Highway) Trace – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	-	75%
Hemus A2 – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	-	60%
Trace Svoqe – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	60%	60%
Trace SOP – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	-	60%
Serdika – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	-	90%
Lyulin Trace – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	55%	55%
Trace Mostovik Joint Venture, Serbia	90%	90%
Trace Pribor – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	-	51%
Chepelare – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	-	51%
Markirovka (transl. Marking) 2014 – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	85%	85%
Tsarigradsko – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria		100%
Samara 2015 – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	70%	70%
Pomorie 2018 – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria		60%
Drum 2022 – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	50%	50%
Gara (transl. Station) Pliska – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	100%	100%
Poddarzhane (transl. Maintenance) 2022 – a Company under the Law on Obligations and Contracts, Bulgaria	70%	70%
Metro Slatina – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	50%	50%
Metro Shipkka – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	98%	98%
Bratovo – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	50%	
Skobelevko 2022 – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	50%	
Zhelezopatna infrastruktura (transl. Railway		51%

infrastructure) – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria		
Dragalevtsi 2021 – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	50%	50%
KR Svoqe – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	100%	100%
Trace Vlasotintse Alliance, Bulgaria	75%	75%
Trace Build – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	80%	80%
Metro Stroitelstvo (transl. Construction) – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	98%	98%
Trace Zona (transl. Zone) 1 – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	100%	100%
Ulitsi (transl. Streets) Borovan Alliance, Bulgaria	50%	50%
ViK (transl. Water and Sewerage) Stara Zagora – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	60%	60%
Proekt (transl. Project) Plovdiv – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	90%	90%
Pomories 2020 – a Civil Company under the Bulgarian Law on Obligations and Contracts, Bulgaria	50%	50%
Total	46 563	47 477

Detailed movements in impairment losses are disclosed in Note 3.6.5 “Impairment of financial assets”.

The termination of USM AD (JSC) as a commercial entity was registered in the Commercial Registry of the Republic of Bulgaria on 20.03.2025.

Civil Companies under the Bulgarian Law on Obligation and Contracts that do not carry out activities and for which the warranty period of the contracts executed by them has expired have been terminated.

1.4.2. Investments in associates

Type	31.12.2025		31.12.2024	
	Volume	Amount	Volume	Amount
Voden Proekt (transl. Water Project) Stara Zagora – a Civil Company under the Bulgarian Law on Obligations and Contracts	-	-	30%	1
Expo Tech Park – a Civil Company under the Bulgarian Law on Obligations and Contracts	-	-	48%	-
Obedinenie Evropeyski Zheleznitsi (transl. European Railways Alliance) – a Civil Company under the Bulgarian Law on Obligations and Contracts	34%	-	34%	-
Zebra-Trace – a Civil Company under the Bulgarian Law on Obligations and Contracts	49%	-	49%	-
Traffic Management Sofia Consortium	30%	-	30%	-
Putishta (transl. Roads) Bourgas – a Civil Company under the Bulgarian Law on Obligations and Contracts	40%	-	40%	-

Patna Infrastruktura (transl. Road Infrastructure) Avren – a Civil Company under the Bulgarian Law on Obligations and Contracts	25%	-	25%	-
GCF – SK – 13 – Trace Railinfra Consortium	30%	-	30%	-
Opalchenska – a Civil Company under the Bulgarian Law on Obligations and Contracts	40%	-	40%	-
Irinopolis – a Civil Company under the Bulgarian Law on Obligations and Contracts	25%	-	25%	-
Gorna Banya – a Civil Company under the Bulgarian Law on Obligations and Contracts	50%	-	50%	-
Markirovka Yug (transl. South Marking) – a Civil Company under the Bulgarian Law on Obligations and Contracts	40%	-	40%	-
Poddarzhane (transl. Maintenance) Montana 2023 – a Civil Company under the Bulgarian Law on Obligations and Contracts	33%	-	-	-
TRP Bourgas 2023 – a Civil Company under the Bulgarian Law on Obligations and Contracts	50%	-	-	-
Total		-		1

1.5. NON-CURRENT TRADE RECEIVABLES

Type	31.12.2025	31.12.2024
Receivables from related parties within the Group (net)	3 729	8 190
Contract receivables from contracts with customers	3 729	8 190
Contract receivables from contracts with customers (net)	6 964	12 082
Contract receivables from contracts with customers	6 964	12 082
Other trade receivables (net)	52	52
Other trade receivables	52	52
Total	10 745	20 324

Performance bonds under construction contracts with maturity exceeding one year, amounting to BGN 3,729 thousand relating to related parties within the Group and BGN 6,964 thousand relating to external parties (i.e. outside the Group), are included within non-current receivables from related parties and contract receivables from contracts with customers as at year-end. Of the total receivables, BGN 4,058 thousand relates to receivables of the Entity domiciled in Bulgaria, while BGN 6,687 thousand relates to receivables of the branch in Serbia.

1.6. OTHER NON-CURRENT RECEIVABLES AND ASSETS

Type	31.12.2025	31.12.2024
Other non-current receivables and assets (net)	6 565	5 453
Guarantees issued and deposits placed	195	32
Prepaid expenses	6 370	5 421
Total	6 565	5 453

Non-current guarantees issued include cash collaterals relating to performance bonds issued in connection with projects and construction sites with maturities extending until 2035. Prepaid expenses mainly relate to performance bonds issued for projects and construction sites, as well as insurance expenses, with validity periods extending until 2037.

1.7. DEFERRED TAX ASSETS

Temporary differences	31 December 2024		Modifications in deferred tax recognised in IS for 2025				31 December 2025	
			increase		decrease			
	Temporary difference	Deferred tax	Temporary difference	Deferred tax	Temporary difference	Deferred tax	Temporary difference	Deferred tax
Deferred tax assets								
Impairment losses	10 048	1 005	96	10	(3 559)	(356)	6 585	659
Leave benefits (compensated absences)	629	63	138	14	(87)	(9)	680	68
Employee benefits (personal income)	2 898	290	2 429	242	(2 013)	(201)	3 314	331
Provisions	35 922	3 593	33 273	3 326	(26 362)	(2 636)	42 833	4 283
Long-term employee benefits	112	11	505	50			617	61
Right-of-use assets (IFRS 16)	(240)	(23)	240	23			-	-
Lease liabilities	246	24			(246)	(24)	-	-
Amortisation	(9 766)	(975)	(4 651)	(458)	3 973	396	(10 444)	(1 037)
Withholding tax	(1 143)	(62)	(1 527)	(83)			(2 670)	(145)
Deferred tax under Bulgarian legislation (net)	38 706	3 926	30 503	3 124	(28 294)	(2 830)	40 915	4 220
Recognised revenue	656	105					656	105
Withholding tax	(46)	(7)					(46)	(7)
Deferred tax under foreign legislation (net)	610	98	-	-	-	-	610	98
Total assets:	39 316	4 024	30 503	3 124	(28 294)	(2 830)	41 525	4 318

Deferred tax assets and deferred tax liabilities are presented in the Statement of Financial Position on a net basis by tax jurisdiction, with the Entity identifying taxable and deductible temporary differences for each jurisdiction in which it operates.

1.8. INVENTORIES

Type	31.12.2025	31.12.2024
Materials (net), including:	43 455	53 474
Direct materials	43 161	52 290
Fuel, oil and lubricants	131	232
Auxiliary materials	72	84
Materials held in custody	-	801
Other materials	89	49
Overheads	2	18
Total	43 455	53 474

1.9. CURRENT TRADE RECEIVABLES

Type	31.12.2025	31.12.2024
Receivables from related parties within the Group (net)	78 383	35 375
Contract receivables from contracts with customers	35 825	27 772
<i>Impairment of contract receivables from contracts with customers</i>	(157)	(306)
Contract assets from contracts with customers	41 017	4 336
Advance payment receivables	173	577
Operating lease receivables	1 496	2 942
Other trade receivables	29	54
Receivables from related parties outside the Group (net)	15 126	482
Contract receivables from contracts with customers	578	584
<i>Impairment of contract receivables from contracts with customers</i>	-	(154)
Contract assets from contracts with customers	14 493	-
Operating lease receivables	26	25
Other trade receivables	29	27
Contract receivables from contracts with customers (net)	28 235	90 970
Contract receivables from contracts with customers	28 429	91 359
<i>Impairment of contract receivables from contracts with customers</i>	(194)	(389)
Contract assets from contracts with customers (net)	122 761	205 229
Contract assets from contracts with customers	122 761	205 229
Advance payment receivables (net)	16 449	18 935
Advance payment receivables	16 492	18 978
<i>Impairment of advance payment receivables</i>	(43)	(43)
Operating lease receivables (net)	654	365
Operating lease receivables	654	365
Other trade receivables (net)	1 547	1 595
Other trade receivables	1 547	1 595
Total	263 155	352 951

Performance bonds under construction contracts amounting to BGN 12,350 thousand (relating to related parties within the Group), BGN 1 thousand (relating to related parties outside the Group) and BGN 7,070 thousand (relating to relating to external parties) are included within receivables from related parties and contract receivables from contracts with customers disclosed as at year-end.

Contract assets from contracts with customers include the right to consideration in exchange for goods and services transferred to the customer where the performance obligation has been satisfied based on the measurement of progress towards complete satisfaction. Such assets relate to performed and/or partially performed services that have not yet been approved by the customer as at year-end and for which the Entity does not yet have an unconditional right to payment. Assets and liabilities arising under the same contract are presented on a net basis. Net assets with liabilities under a contract amounted to BGN 10,344 thousand as at 31.12.2025 and include assets and liabilities under a contact executed in Bulgaria amounting to BGN 150 thousand (relating to related parties within the Group) and BGN 199 thousand (relating to unrelated parties), as well as under a contact executed in Serbia amounting to BGN 9,995 thousand (relating to unrelated parties).

Detailed movements in impairment losses are disclosed in Note 3.6.5 “Impairment of financial assets”.

1.10. OTHER NON-CURRENT RECEIVABLES AND ASSETS

Type	31.12.2025	31.12.2024
Receivables from related parties within the Group (net)	2 998	2 238
Dividend receivables	2 998	2 238
Litigation receivables (net)	959	959
Litigation receivables	1 014	1 014
<i>Impairment of litigation receivables</i>	(55)	(55)
Social insurance receivables	-	7
Social insurance	-	7
Other current receivables and assets	6 396	7 783
Guarantees issued and deposits placed	3 255	4 129
Prepaid expenses	2 634	3 574
Interest receivables	354	-
Other receivables	153	80
Recoverable taxes, including:	3 366	8 756
Value Added Tax	2 814	8 203
Corporate income tax	552	553
Total	13 719	19 743

The guarantees issued include cash collateral relating to performance bonds issued in connection with projects and construction sites with maturities extending until 31.12.2026. Prepaid expenses mainly relate to performance bonds issued in connection with projects and construction sites, as well as insurance expenses, with validity periods of up to one year.

1.11. CURRENT FINANCIAL ASSETS

Current financial assets and finance leases	31.12.2025	31.12.2024
Financial assets measured at amortised cost	2 477	577
Total	2 477	577

1.11.1. Loans – current

Type	31.12.2025	31.12.2024
Loan receivables from related parties within the Group (net)	2 022	577
Loan receivables from related parties within the Group	2 007	567
Interest receivables on loans – related parties within the Group	15	10
Loan receivables from unrelated parties (net)	455	-
Loan receivables from unrelated parties	894	444
Interest receivables on loans from unrelated parties	109	84
Impairment of loan receivables from unrelated parties	(548)	(528)
Total	2 477	577

Detailed information on loans granted to related parties is disclosed in Note 3.3 “Related parties and related party transactions”.

Loans granted, excluding related parties:

Borrower	Contracted loan amount	Interest rate%	Maturity	Securities / Guarantees
Smart Build Digital EOOD (LTD)	600	4,5%	30.6.2023	Promissory note
Exclusiva OOD (LTD)	450	4,7%	2.4.2026	-

Balance of loans granted, excluding related parties:

Borrower	Current portion at amortised cost		Non-current portion at amortised cost	
	Principal	Interest	Principal	Interest
Smart Build Digital EOOD (LTD)	444	104	-	-
Impairment	(444)	(104)	-	-
Exclusiva OOD (LTD)	450	5	-	-
Total	450	5	-	-

1.12. CASH AND CASH EQUIVALENTS

Type	31.12.2025	31.12.2024
Cash in hand	11	17
Denominated in Bulgarian lev (BGN)	5	6
Denominated in foreign currencies	6	11
Cash at bank (current accounts)	16 295	1 799
Denominated in Bulgarian Lev (BGN)	10 927	407
Denominated in foreign currencies	5 368	1 392
Cash equivalents	34	16
Receivables from employees	34	16
Restricted amounts	2 611	2 515
Current deposits	113	113
Impairment of cash balances, deposits and current accounts	(17)	(4)
Total	19 047	4 456

“Cash” includes restricted cash balances amounting to BGN 2,611 thousand in total. Of these amounts: BGN 2,350 thousand relates to collateral provided in connection with a bank guarantee issued to the branch in the Republic of Serbia; BGN 251 thousand relates to undistributed dividends payable to shareholders through UniCredit Bulbank AD, retained in the Entity’s operating account pending payment upon shareholders’ request; and BGN 10 thousand relates to restricted cash associated with bank guarantees issued in Romania.

Cash flows from financing activities

Liabilities arising from financing activities	Balance as at 31.12.2024	Cash flows from financing activities		Modifications of non-cash nature – non-monetary				Balance as at 31.12.2025
		Proceeds from financing activities	Outflows from financing activities	Set-offs	Newly incurred liabilities during the period	Accrued interest	Other changes	
Non-current bank loans	8 250	-	-	-	-	-	(1 833)	6 417
Current bank loans	72 101	89 065	(108 779)	(94)	40	3 474	2 190	57 997
Lease liabilities – non-current (finance lease)	3 940	-	(187)	-	25	4	(803)	2 979
Lease liabilities – current (finance lease)	1 539	-	(1 522)	-	840	164	401	1 422
Lease liabilities – non-current (operating lease)	158	-	(81)	-	-	-	-	77
Lease liabilities – current (operating lease)	36	-	-	-	13	5	5	59
Current trade loans – related parties	3 857	-	(3 866)	-	-	13	-	4
Financial guarantees – non-current	1	-	-	-	-	-	-	1
Financial guarantees – current	1	-	-	-	-	-	-	1
Dividends payables	1 746	-	(10 097)	-	9 678	-	(20)	1 307
Total payables arising from financing activities:	91 629	89 065	(124 532)	(94)	10 596	3 660	(60)	70 264

1.13. EQUITY**1.13.1. Share capital**

Type of shares	31.12.2025			31.12.2024		
	Number of shares	Value	Nominal	Number of shares	Value	Nominal
Issued and paid	24 200 000	24 200 000	1	24 200 000	24 200 000	1
Treasury shares	-	-	-	(3 739)	(11 076)	2.96
Total:	24 200 000	24 200 000		24 196 261	24 188 924	

Shareholder	31.12.2025				31.12.2024			
	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	16 216 646	16 216 646	16 216 646	67,01%	16 276 755	16 276 755	16 276 755	67,26%
Manol Denev	33 941	33 941	33 941	0,14%	-	-	-	0,00%
Boyan Delchev	10 068	10 068	10 068	0,04%	-	-	-	0,00%
Manol Kavrakov	11 890	11 890	11 890	0,05%	-	-	-	0,00%
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	4 547 399	4 547 399	4 547 399	18,79%	4 539 450	4 539 450	4 539 450	18,76%
Treasury shares at nominal value				0,00%	3 739	3 739	3 739	0,02%
Total	24 200 000	24 200 000	24 200 000	X	24 200 000	24 200 000	24 200 000	X
Treasury shares at acquisition cost					(3 739)	(11 076)	(11 076)	
Total:	24 200 000	24 200 000	24 200 000	100%	24 196 261	24 188 924	24 188 924	100%

1.13.2. Share premium

Share premium amounting to BGN 21,748 thousand as at 31.12.2025 (BGN 21,763 thousand at 31.12.2024) arose from the share capital issued by the Entity in 2017 . The change during the reporting period resulted from the sale of treasury shares.

1.13.3. Translation reserves

Translation reserve amounting to BGN (938) thousand as at 31.12.2025 comprises foreign exchange gains and losses arising from the translation of the financial statements of foreign-based branches from their functional currencies into the presentation currency of the parent company.

1.13.4. Reserves

	Translation reserves	General reserves	Other reserves	Total reserves
Reserves as at 31.12.2023	(1 065)	2 420	85 285	86 640
Increased by:	-	-	8 798	8 798
Profit appropriation			8 798	8 798
Decreased by:	265	-	-	265
Foreign currency translation differences	265			265
Reserves as at 31.12.2024	(800)	2 420	94 083	95 703
Increased by:	-	-	24 581	24 581
Profit appropriation			24 581	24 581
Decreased by:	(138)	-	-	(138)
Foreign currency translation differences	(138)			(138)
Reserves as at 31.12.2025	(938)	2 420	118 664	120 146

1.13.5. Financial result

Financial result	Value
Profit as at 31.12.2023	14 904
Increased by:	34 259
Profit for the financial reporting period 2024	34 259
Decreased by:	(14 904)
Profit appropriation to reserves	(8 798)
Dividend distribution	(6 049)
Other changes	(57)
Profit as at 31.12.2024	34 259
Increased by:	8 936
Profit for the financial reporting period 2025	8 936
Decreased by:	(34 272)
Profit appropriation to reserves	(24 581)
Dividend distribution	(9 678)
Other changes	(13)
Profit as at 31.12.2025	8 923
Financial result as at 31.12.2023	14 904
Financial result as at 31.12.2024	34 259
Financial result as at 31.12.2025	8 923

1.14. NON-CURRENT FINANCIAL LIABILITIES AND LEASES

Non-current financial liabilities	31.12.2025	31.12.2024
Lease liabilities	3 056	4 098
Financial liabilities measured at amortised cost	6 417	8 250
Financial guarantee contracts	1	1
Total	9 474	12 349

1.14.1. Lease payables – non-current

Type	31.12.2025	31.12.2024
Lease payables to related parties within the Group	76	158
Lease payables to unrelated parties	2 980	3 940
Total	3 056	4 098

1.14.2. Financial liabilities measured at amortised cost – non-current

Type	31.12.2025	31.12.2024
Loan liabilities	6 417	8 250
Total	6 417	8 250

1.14.2.1. Loan liabilities – non-current

Type	31.12.2025	31.12.2024
Loan liabilities to financial institutions	6 417	8 250
Total	6 417	8 250

1.14.3. Financial guarantee contracts – non-current

Type	31.12.2025	31.12.2024
Financial guarantee contracts relating to related parties within the Group	1	1
Total	1	1

1.15. NON-CURRENT TRADE PAYABLES

Type	31.12.2025	31.12.2024
Payables to related parties within the Group	-	754
Trade payables	-	754
Payables to related parties outside the Group	3	-
Trade payables	3	-
Supply payables	6 082	9 099
Total	6 085	9 853

The payables to related parties and trade payables presented as at year-end include performance bonds under construction contracts amounting to BGN 3 thousand relating to payables to related parties within the Group and BGN 2,362 thousand relating to external parties.

1.16. NON-CURRENT PROVISIONS

Type	31.12.2025	31.12.2024
Provisions for legal obligations and payables	11 592	17 259
Provisions for long-term employee benefits	701	183
Total	12 293	17 442

1.16.1. Provisions for obligations and payables under construction contracts

Type	31.12.2025	31.12.2024
Provisions for legal obligations and payables, including:	11 592	17 259
Provisions for obligations and payables under construction contracts	11 592	17 259
Total	11 592	17 259

1.16.2. Provisions for long-term employee benefits

Type	31.12.2025	31.12.2024
Present value of the obligation as at 1 January	183	94
Unrecognised actuarial gains/(losses) as at 1 January	40	(27)
Liabilities recognised in the Statement of Financial Position as at 1 January	183	94
Interest expense	7	3
Current service cost	498	29
Actuarial gains recognised during the period	13	57
Present value of the obligation as at 31 December	701	183
Unrecognised actuarial gains/(losses) as at 31 December	76	40
Liability recognised in the Statement of Financial Position as at 31 December	701	183

Non-current employee benefit liabilities include the present value of retirement benefit obligations due by the Entity, mainly relating to operations in Bulgaria and the branch in the Republic of Serbia, as at the reporting date. In accordance with the Bulgarian Labour Code, each employee is entitled to retirement benefits amounting to two gross monthly salaries upon retirement. Where an employee has worked for the same employer during the last 10 years of his / her service, the retirement benefit amounts to six gross monthly salaries as at retirement date. Long-term employee benefits are measured at the end of each reporting period.

1.17. OTHER NON-CURRENT PAYABLES AND LIABILITIES

Type	31.12.2025	31.12.2024
Payables to related parties within the Group	-	1
Other payables and liabilities	-	1
Deposit and bond payables	195	60
Insurance liabilities	1 687	-
Total	1 882	61

Payables relating to performance bonds issued by banks in connection with projects and construction sites, with maturities extending until 2037, as well as insurance expenses and bank fees relating to performance bonds issued for construction contracts completed as at 31.12.2025 and remaining validity after that date (31.12.2025), are included under "Other non-current payables and liabilities".

1.18. CURRENT FINANCIAL LIABILITIES AND LEASE LIABILITIES

Current financial liabilities	31.12.2025	31.12.2024
Lease liabilities	1 481	1 575
Financial liabilities measured at amortised cost	58 001	75 958
Financial guarantee contracts	1	1
Total	59 483	77 534

1.18.1. Lease liabilities – current

Type	31.12.2025	31.12.2024
Lease liabilities to related parties within the Group	59	36
Lease liabilities to unrelated parties	1 422	1 539
Total	1 481	1 575

1.18.2. Financial liabilities measured at amortised cost – current

Type	31.12.2025	31.12.2024
Loan liabilities	58 001	75 958
Total	58 001	75 958

1.18.3.Loan liabilities – current

Type	31.12.2025	31.12.2024
Interest liabilities relating to outstanding principal amounts due to related parties within the Group	4	4
Loan liabilities to related parties outside the Group	-	3 800
Interest liabilities relating to outstanding principal amounts due to related parties outside the Group	-	53
Loan liabilities to financial institutions	57 824	71 983
Interest liabilities relating to outstanding principal amounts due to financial institutions	173	118
Total	58 001	75 958

Loans, obtained from unrelated parties

Bank / Creditor	Contracted loan amount /BGN '000 /	Interest rate%	Maturity	Securities / Guarantees
UBB AD	11 000	1y..RIR+1.70%	15.6.2030	Mortgage, a pledge over accounts
UBB AD	20 927	1m.RIR+2,5.% BGN/ 1m.Euribor+2,5 EUR	30.10.2026	Mortgages, pledges over receivables, pledges over accounts
UniCredit Bulbank	30 000	BIR+2,05%	2.11.2026	Mortgages, pledges over non-current tangible assets, pledges over receivables, pledges over accounts
DSK Bank AD	9 779	ADI+ 3.90%	31.7.2026	Mortgages, pledges over non-current tangible assets, pledges over receivables, pledges over accounts
DSK Bank AD	39 117	ADI+ 3.90%	31.7.2026	Mortgages, pledges over non-current tangible assets, pledges over receivables, pledges over accounts
Eurobank Bulgaria AD	9 779	1m.Euribor+ 1,5%	29.1.2026	Mortgages, pledges over non-current tangible assets, pledges over receivables, pledges over accounts
NLB BANKA	587	5,85%	14.4.2026	Corporate guarantee and promissory note

The Entity renegotiates the terms of certain initially contracted credit facilities (including their maturity terms) on an annual basis. Credit facilities extended after renegotiation are presented as non-current or current bank loans from the renegotiation date.

Bank loan agreements contain covenants requiring the maintenance of certain financial ratios. The Entity's Management monitors compliance with these covenants on an ongoing basis through communication with the respective lending banks.

The Entity has entered into several multipurpose overdraft credit facilities to finance its operations and manage liquidity risk.

Balance of loans obtained as at 31.12.2025, excluding loans from related parties

Bank / Creditor	Current portion at amortised cost		Non-current portion at amortised cost	
	Principal	Interest	Principal	Interest
DSKB AD	33 157	102	-	-
UBB AD	14 299	14	6 417	-
UniCredit Bulbank	-	47	-	-
Credit cards	8	-	-	-
Eurobank Bulgaria	9 773	10	-	-
NLB BANKA	587	-	-	-
Total	57 824	173	6 417	-

Detailed information on loans obtained from related parties is disclosed in Note 3.3 “Related parties and related party transactions”.

1.18.4. Financial guarantee contracts – current

Type	31.12.2025	31.12.2024
	5	4
Financial guarantee contracts issued to related parties within the Group	1	1
Total	1	1

1.19. CURRENT TRADE PAYABLES

Type	31.12.2025	31.12.2024
Payables to related parties within the Group	37 588	32 537
Trade payables	26 435	20 118
Contract liabilities from contracts with customers	11 153	12 419
Payables to related parties outside the Group	1 179	762
Trade payables	1 179	762
Trade payables	92 939	152 585
Contract liabilities from contracts with customers	48 484	62 082
Advances received	45	13
Total	180 235	247 979

The payables to related parties and trade payables presented as at year-end include performance bonds under construction contracts amounting to BGN 32 thousand relating to related parties within the Group, BGN 15 thousand relating to related parties outside the Group and BGN 10,055 thousand relating to external parties.

The Entity presents payments from customers and/or unconditional rights to consideration before satisfying its performance obligations as contract liabilities. Contract liabilities are recognised as revenue when the respective performance obligations are satisfied. Contract assets and contracts liabilities arising under the same contract are presented on a net basis. Net contract assets with contract liabilities amounted to BGN 10,344 thousand as at 31.12.2025 and include BGN 150 thousand relating to related parties within the Group, as well as BGN 199 relating to unrelated parties in Bulgaria, as well as BGN 9,995 thousand relating to unrelated parties in Serbia.

1.20. TAX PAYABLES

Type	31.12.2025	31.12.2024
Value Added Tax	9 409	21
Corporate income tax	1 596	8 864
Personal income tax	124	118
Withholding tax	3	2
Tax on expenses	143	17
Other taxes	275	2 040
Total	11 550	11 062

The latest tax audit of the Entity domiciled in Bulgaria was performed pursuant to Order P29002922002875-020-001 dated 08.06.2022 and covered liabilities under the Corporate Taxation Law and the Value Added Tax Act for the period 01.12.2016 – 31.12.2018. The latest tax audit of the branch established in the Republic of Serbia was performed on 19.03.2019 (No. 47-00056/2019-0020-000) and covered the period up to 31.12.2017.

1.21. EMPLOYEE BENEFITS

Type	31.12.2025	31.12.2024
Employee benefit liabilities	2 486	2 090
Including liabilities for unused compensated absences (leave benefits)	504	572
Social insurance liabilities	546	415
Including liabilities for unused compensated absences (leave benefits)	79	72
liabilities to the key Management – remuneration	2 638	1 949
Liabilities under non-employment relationships – remunerations	43	12
Liabilities under non-employment relationships – social insurance	1	-
Total	5 714	4 466

1.22. CURRENT PROVISIONS

Type	31.12.2025	31.12.2024
Provisions for legal obligations and liabilities (litigation provisions), including:	5 196	10 156
Provisions relating to legal proceedings	356	2
Provisions for obligations and liabilities under construction contracts	4 832	10 122
Provisions for other obligations and liabilities	8	32
Total	5 196	10 156

With respect to Commercial Case No. 2413/2023 before the Sofia City Court, based on a legal analysis and the first-instance court decision issued on 05.03.2026, Management has maintained the provision previously recognised in the amount of BGN 1,383 thousand, notwithstanding the subsequent reduction of penalties by the court to an insignificant amount. Given the complexity of such proceedings and the related judicial practice, Management considers it appropriate, in accordance with the prudence principle, to maintain provisions initially recognised until a more advanced stage of the proceedings, notwithstanding favourable interim developments. The Entity continues to defend its interests before the higher courts, but has recognised a provision for the expected adverse financial effect, in accordance with the prudence principle.

The Entity is also a party to an arbitration dispute in Romania with the National Company for Road Infrastructure Management (CNAIR) arising from a construction contract. The dispute relates to penalties claimed by the contracting authority amounting to RON 43 million. Despite the favourable interim court ruling imposing interim measures (refer to: “Events after the reporting date”), the substantive proceedings (Arbitration Case No. 12/2026) remain pending. Management has assessed the legal risk and recognised a provision amounting to 50% of the underlying claim, in accordance with the applicable accounting standards and the prudence principle. Taking into account the Entity’s arguments accepted in two parallel arbitration proceedings, Management believes that this amount represents the best estimate of the potential financial exposure as at the reporting date. All other provisions relating to contracts for building and construction works have been recognised in respect of potential warranty repairs and other claims from Customers and are based on Management’s estimates and the Entity’s historical experience regarding expected future costs.

1.23. OTHER CURRENT PAYABLES AND LIABILITIES

Type	31.12.2025	31.12.2024
Payables to related parties within the Group	3	3
Deposit and guarantees payables	3	3
Payables to related parties outside the Group	1 363	1 798
Deposit and guarantees payables	56	52
Including guarantees and bonds payables to the Supervisory Board (SB), Managing Board (MB) and BoD	56	52
Dividend payables	1 307	1 746
Deposit and guarantees payables	318	232
Insurance liabilities	1 246	344
Other payables and liabilities	9	13
Total	2 939	2 390

“Other current payables and liabilities” include current insurance liabilities, trade-related guarantee liabilities, bank guarantee liabilities, bank guarantee fees and insurance expenses incurred under construction contracts completed as at 31.12.2025.

2. SEPARATE STATEMENT OF PROFIT OR LOSS**2.1. REVENUE****2.1.1. Sales revenue**

Type of revenue	2025	2024
Revenue recognised under construction contracts, including:	351 229	568 467
Revenue, recognised during the year	351 229	568 467
Revenue from sales of goods, including:	87	189
Revenue from sales of inert materials and sand	56	
Other goods	31	189
Revenue from rendering of services, including:	518	389
Commission income	432	-
Mechanised services	48	4
Transport services	25	5
Project and site management services	-	367
Other services	13	13
Total	351 834	569 045

2.1.2. Other income

Type	2025	2024
Operating lease income from leases of Entity-owned assets	3 143	2 697
Lease income from subleasing right-of-use assets	3	-
Insurance compensation received	492	-
Penalties	43	5
Compensation awarded	367	59
Reversal of impairment losses (CE, goodwill, inventories, contract assets)	-	19
Receivables written-off	380	82
Reversal of provisions for liabilities under construction contracts	-	1 155
Reversal of provisions for other liabilities	87	3
Liabilities written-off	688	11
Provisions written-off	15 438	-
Other revenue /net/	103	122
Revenue from sales of materials	9	81
Revenue from sales of materials	348	1 044
Carrying amount of the materials sold	(339)	(963)
Gains / (Losses) on disposal of non-current assets	144	533
Proceeds from disposal of non-current assets	377	954
Carrying amount of assets disposed	(233)	(421)
Grants, including:	42	46
Grant income	42	46
Total	20 939	4 813

2.1.3. Finance income

Type of income	2025	2024
Income from participating interests	5 195	5 439
Interest income, including interest income accrued on:	335	261
Commercial loans	126	48
Trade receivables	-	213
Others	209	-
Gains from transactions with financial instruments	156	-
Foreign exchange gains	751	457
Other finance income	2	4
Total	6 439	6 161

2.2. EXPENSES**2.2.1. Cost of materials**

Type of expense	2025	2024
Direct materials	70 651	171 125
Fuel, oil and lubricants	1 911	5 469
Auxiliary materials, spare parts, tools	1 436	1 619
Electricity, heating, water and consumables	759	758
Marketing and office materials, and consumables	259	384
Other materials	177	354
Total	75 193	179 709

2.2.2. Cost of external services

Type of expense	2025	2024
Subcontractors under building and construction works	191 509	236 819
Mechanised services	19 359	31 671
Design, geodesy, laboratory testing	6 254	6 879
Consulting and other professional services	4 251	3 902
Transport services	2 520	4 948
Security, storage	3 968	3 702
Insurance	3 892	2 511
Leases – short-term leases and leases of low-value assets	4 566	4 085
Taxes, fees and legal charges	1 530	3 982
Subscriptions, fees, membership	499	466
Other external services	629	904
Repairs and maintenance	350	588
Contractual commission fees	6	109
Legal services	984	614
Office maintenance	337	-
Total	240 654	301 180

Expenses amounting to BGN 76 thousand were incurred in respect of services rendered by the Entity's Registered Auditor (CPA) during the reporting period. Of these amounts, BGN 74 thousand relates to the statutory audit of the financial statements and BGN 3 thousand relates to other services rendered in compliance with the statutory requirements and legal obligations.

2.2.3. Depreciation and amortization costs

Type of expense	2025	2024
Depreciation and amortisation cost of Entity-owned assets	3 025	3 046
Non-current tangible assets used in the principal activity	1 733	2 461
Non-current tangible assets used in administration	708	163
Non-current intangible assets used in administration	80	81
Investment property	504	341
Depreciation and amortisation costs of right-of-use assets	861	605
Non-current tangible assets used in the principal activity	826	589
Non-current tangible assets used in administration	35	16
Total	3 886	3 651

2.2.4. Employee benefit expenses

Type of expense	2025	2024
Salaries and wages, including those relating to:	24 872	20 878
Production personnel	11 582	11 126
Administrative personnel	13 290	9 752
Social insurance contributions, including contributions relating to:	2 019	1 747
Production personnel	1 468	1 208
Administrative personnel	551	539
Including expenses incurred relating to key Management	7 253	3 174
Including social benefits and contributions / payments	3	1
Including accrued/(released) provisions for long-term retirement benefits	485	32
Including expenses recognised in respect of unused compensated absences (leave benefits) and related social insurance contributions	22	172
Total	26 891	22 625

2.2.5. Impairment losses

Type of expense	2025	2024
Impairment losses on non-current assets	-	1 000
Impairment losses on cash balances	14	-
Impairment losses on commercial goodwill	-	1
Impairment losses on receivables	489	155
Impairment losses on financial assets	20	21
Total	523	1 177

2.2.6. Other expenses

Type of expense	2025	2024
Provisions relating to contracts for building and construction works, bonds, guarantees, legal proceedings and other claims	8 569	24 144
Donations	1 104	1 075
Penalties, interest and sanctions	572	713
Business travel expenses	541	601
Entertainment and social expenses	1 650	354
Losses on disposal assets, inventory shortages and receivables written-off	178	270
Other expenses	40	48
Self-assessed VAT	-	40
Total	12 654	27 245

Donations made to the “Trace for people” Foundation during the reporting period amount to BGN 1,059 thousand.

2.2.7. Adjustments

Type of expense	2025	2024
Capitalised costs relating to assets	(206)	(1 027)
Total	(206)	(1 027)

2.2.8. Finance costs

Type of expense	2025	2024
Interest expense, including interest expense incurred on:	3 707	2 844
Commercial loans	13	80
Loans from financial institutions	3 504	2 538
Leases	171	213
Trade payables	17	13
Others	2	-
Expenses, relating to bank guarantees	863	1 003
Losses from transactions with financial instruments	2	-
Foreign exchange losses	4 268	1 018
Other finance costs	503	814
Total	9 343	5 679

2.2.9. Tax expense

Type of expense	2025	2024
Corporate income tax expense	1 634	8 950
Other tax expense/(income)	(296)	(3 429)
Total	1 338	5 521

In accordance with the tax legislation applicable in the jurisdictions in which the Entity operates, profits are subject to corporate income tax at the following rates: 10% in the Republic of Bulgaria, 15% in the Republic of Serbia, 16% in Romania, and 22% in Greece.

3. OTHER DISCLOSURES**3.1. Construction contracts**

The most significant construction contracts in progress (not completed) as at 31.12.2025:

Contracts in progress	Revenue, recognised under the contract cumulative)	Transaction price, allocated to the remaining performance obligations	Expected timing of recognition of the remaining transaction price						Modifications in expected timing of satisfaction of the performance obligation	
			Up to 1 year	%	1 year – 2 years	%	Over 2 years	%	Initial term	Current term
k1	k2	k7	k8	k9	k10	k11	k12	k13	k14	k15
Contract 1	96 790	17 017	17 017	100%	-	0%	-	0%	31.12.2024	31.7.2026
Contract 2	88 363	9 243	9 243	100%		0%	-	0%	31.12.2024	31.3.2026
Contract 3	36 286	61 287	37 903	62%	23 384	38%	-	0%	31.12.2027	
Contract 4	38 168	83 165	47 837	58%	35 328	42%	-	0%	31.12.2027	
Contract 5	93 982	94 873	94 873	100%		0%		0%	31.05.2023r.	30.06.2026
Contract 6	76 152	325 155	11 201	3%	123 724	38%	190 230	59%	30.04.2026 r.	30.04.2026
Contract 8	15 048	2 300	2 300	100%		0%		0%	31.03.2023	30.06.2026
Contract 10	21 077	750	750	100%					2 023	2 026
Contract 11	472 889	6 987	6 987	100%					2 024	2 025
Total construction contracts	938 755	600 776	228 111		182 436		190 230			

3.2. Leases**3.2.1. The entity as a lessee****Operating lease (the entity is a lessee under operating lease):**

The Entity is a party to lease agreement relating to the rental of buildings, office premises, construction equipment and transport vehicles. These lease agreements are generally concluded for periods of less than 1 year and include the options to extend the lease term.

Finance lease (the entity is a lessee under finance lease):

The maturity analysis of the future undiscounted lease payments under finance lease agreements (including leases containing purchase options) is presented below:

Future lease payments under finance leases as at 31.12.2025							
	Up to 1 year	1 year – 2 years	2 years – 3 years	3 years – 4 years	4 years – 5 years	Over 5 years	Total
Lease payments	1 550	1 500	1 130	400	100		4 680

Future lease payments under finance leases as 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
Lease payments	1 585	1 420	1 360	1 036	960	220	6 261

As at 31.12.2025, the Entity has concluded finance lease agreements with unrelated parties for the lease of 21 assets, including construction machinery, machines and equipment, transport vehicles and others.

Property, plant and equipment as at 31.12.2025 include the following right-of-use assets (operating leases) and finance lease assets:

	Buildings	Machinery and equipment	Transport vehicles	Total
<i>Carrying amount</i>				
Balance as at 31.12.2023	1 005	3 960	1 428	6 393
Additions	-	3 434	42	3 476
Disposals	(176)	(997)	(369)	(1 542)
Balance as at 31.12.2024	829	6 397	1 101	8 327
Additions	-	4 221	13	4 234
Disposals	-	(1 671)	(202)	(1 873)
Balance as at 31.12.2025	829	8 947	912	10 688
<i>Depreciation</i>				
Balance as at 31.12.2023	836	483	625	1 944
Additions	-	387	218	605
Disposals	(7)	(229)	(305)	(541)
Foreign exchange differences	-	-	1	1
Balance as at 31.12.2024	829	641	539	2 009
Additions	-	663	198	861
Disposals	-	(201)	(195)	(396)
Foreign exchange differences	-	-	(1)	(1)
Balance as at 31.12.2025	829	1 103	541	2 473
<i>Net carrying amount</i>				
Net carrying amount as at 31.12.2024	-	5 756	562	6 318
Net carrying amount as at 31.12.2025	-	7 844	371	8 215

Leased assets mainly relate to assets obtained under operating lease agreements from external parties and related parties outside the Group (solely operating leases).

3.2.2. The entity as a lessor**Operating lease (the entity is a lessor under operating lease):**

The maturity analysis of the future undiscounted lease proceeds from operating leases concluded with unrelated parties is presented below:

Future lease proceeds under operating leases concluded with unrelated parties as at 31.12.2025							
	Up to 1 year	1 year – 2 years	2 years – 3 years	3 years – 4 years	4 years – 5 years	Over 5 years	Total
Lease proceeds	1 000	1 000	1 000	1 000			4 000
Future lease proceeds under operating leases concluded with unrelated parties, as 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
Lease proceeds	695	695	695	695	695		3 475

Future lease proceeds under operating leases concluded with related parties within the Group, are disclosed in Note 3.3. “Related parties and related party transactions”.

3.3. Related parties and related party transactions**The Entity discloses the following related parties:**

Nikolay Ganchev Mihaylov is the controlling shareholder of the Entity and directly and indirectly holds 76.01% of the Entity’s share capital.

Subsidiaries of the entity:

Trace BG EOOD (LTD), Bulgaria
 Trace Yambol AD (JSC), Bulgaria
 Trace Mechanization EAD (JSC), Bulgaria
 Trace Properties EOOD (LTD), Bulgaria
 Infra Commerce EOOD (LTD), Bulgaria
 Trace Serbia AS (JSC) Nis, Serbia
 Trace Build EOOD (LTD), Serbia
 Asphalt Commerce EOOD (LTD), Bulgaria
 Trace Rent EOOD (LTD), Bulgaria
 Trace Group Hold USA

Detailed information regarding investments in subsidiaries, including civil companies, established under the Bulgarian Law on Obligations and Contracts is disclosed in Note 1.4.1 “Investments in subsidiaries”.

Associates of the Entity:

Detailed information regarding investments in associates, including civil companies, established under the Bulgarian Law on Obligations and Contracts is disclosed in Note 1.4.1 “Investments in associates”.

Other related parties as at 31.12.2025:

Galini – N EOOD (LTD) – an entity related through the principal shareholder
 Galini EOOD (LTD) – an entity related through the principal shareholder
 South Solar Part EOOD (LTD) – an entity related through the principal shareholder
 New Alliance OOD (LTD) – an entity related through the principal shareholder
 ET (SP) Dikol-2-Galin Mihaylov – an entity related through the principal shareholder
 Trace For People Foundation (Non-profit legal entity) – Trace Group Hold PLC, principal shareholder
 Institut po Transportna infrastruktura (transl. Institute of Transport Infrastructure) OOD (LTD) – an entity related through the principal shareholder – as from 21.07.2025

Inzhproekt EOOD (LTD) – an entity related through the principal shareholder – as from 21.07.2025

Transgeo EOOD (LTD) – an entity related through the principal shareholder – as from 21.07.2025

Smart Synergy Consult EOOD (LTD) – an entity related through the principal shareholder – as from 21.07.2025

Entities, related through key Management personnel as at 31.12.2025

Novita AD (JSC), Bordoni EOOD (LTD), Aero plaza AD (JSC), Road Design AD (JSC), Lepitsa land OOD (LTD), Treskavets OOD (LTD), Himik AD (JSC), Evilard Bulgaria EOOD (LTD), Divel – PST OOD (LTD), Meditsinski Centar po Biofizika Nova Kletka (transl. Biophysics' Medical Center New Cell) – Novous OOD (LTD), SIDIL EOOD (LTD)

Key Management personnel of the Entity:

Nikolay Ganchev Mihaylov – Chairperson of the Supervisory Board

Manol Peychev Denev – Member of the Supervisory Board

Mariela Ivanova Rounteva – Member of the Supervisory Board

Desislava Ivanova Lyubenova – Chairperson of the MB

Boyan Stoyanov Delchev – Chief Executive Director and Member of the MB

Manol Tanev Kavrakov – Member of the MB

The Entity discloses the following related party transactions and balances, which have been concluded under market conditions and do not differ materially from transactions concluded with unrelated parties:

3.3.1. Sales to related parties within the Group

Customer	2025	2024
Trace BG EOOD (LTD)	1 442	1 195
Trace Yambol AD (JSC)	3	2
Infra Commerce EOOD (LTD)	1 050	609
Trace Properties EOOD (LTD)	240	6 941
Trace Mechanization EOOD (LTD)	-	1 133
Trace Serbia AD (JSC), Nis	1 602	1 273
Trace Build OOD (LTD), Serbia	5 218	6 034
Asphalt Commerce EOOD (LTD)	3 586	3 099
Trace Rent EOOD (LTD)	30	69
TRP Burgas 2023 – Civil company under the Law on Obligations and Contracts	-	535
Bratovo – Civil company under the Bulgarian Law on Obligations and Contracts	10	7
Proekt (transl. Project) Plovdiv – Civil company under the Bulgarian Law on Obligations and Contracts	28 253	25 351
Dragalevtzi 2021 – Civil company under the Law on Obligations and Contracts	5 679	14 207
Metro Slatina – Civil company under the Law on Obligations and Contracts	14 749	20 605
TRACE ZONA (transl. Zone) 1 – Civil company under the Bulgarian Law on Obligations and Contracts	-	809
Drum 2022 – Civil company under the Law on Obligations and Contracts	-	7 418
Gara (transl. Station) Pliska – Civil company under the Bulgarian Law on Obligations and Contracts	2 887	8 121
Metro Shipka – Civil company under the Law on Obligations and Contracts	21 049	16 799
Opalchenska – Civil company under the Law on Obligations and Contracts	7 266	6 255
KR Svoqe – Civil company under the Law on Obligations and Contracts	3 002	276
VIK (transl. Water and Supply Sewerage) STARA ZAGORA – Civil company under the Bulgarian Law on Obligations and Contracts	-	128
Poddarzhane (transl. Maintenance) 2022 – Civil company under the Bulgarian Law on Obligations and Contracts	40 823	8 146
Total	136 889	129 012

3.3.2. Purchase from related parties within the Group

Supplier	2025	2024
Trace BG EOOD (LTD)	39 807	28 304
Infra Commerce EOOD (LTD)	11 148	28 831
Trace Properties EOOD (LTD)	586	-
Trace Serbia AD, Nis	1 712	4 241
Asphalt Commerce EOOD (LTD)	3 898	1 969
Trace Mechanization EOOD (LTD)	19	47
Trace Rent EOOD (LTD)	559	351
Total	57 729	63 743

The principal types of related party transactions concluded during the reporting period 01.01.2025-31.12.2025 relate to building and construction work services received and purchases of materials.

3.3.3. Receivables from related party transactions within the Group

Customer	31.12.2025	31.12.2024
Trace BG EOOD (LTD)	389	1233
Trace Yambol AD (JSC)	4	-
Infra Commerce EOOD (LTD)	327	1505
Asphalt Commerce EOOD (LTD)	-	9
Trace Properties EOOD (LTD)	2631	7676
Trace Serbia AD (JSC) Nis, Serbia	3794	2215
Trace Build OOD (LTD), Serbia	2410	3819
Trace Rent EOOD (LTD)	-	61
Trace Svoje – Civil company under the Law on Obligations and Contracts	36	36
Chepelare – Civil company under the Law on Obligations and Contracts	-	25
Lyulin Trace – a Civil company under the Law on Obligations and Contracts	110	110
Markirovka (transl. Marking) 2014 – Civil company under the Bulgarian Law on Obligations and Contracts	74	74
Ulitsi (transl. Streets) Borovan – Civil company under the Bulgarian Law on Obligations and Contracts	1	1
TRP Burgas – Civil company under the Law on Obligations and Contracts	-	536
Opalchenska – Civil company under the Law on Obligations and Contracts	12417	4420
Metro Stroitelstvo (transl. Construction) – Civil company under the Bulgarian Law on Obligations and Contracts	4	4
Proekt (transl. Project) Plovdiv – Civil company under the Bulgarian Law on Obligations and Contracts	21348	10694
Bratovo – Civil company under the Law on Obligations and Contracts	18	8
Pomorie 2020 – Civil company under the Law on Obligations and Contracts	1	1
Dragalevtzi 2021 – Civil company under the Law on Obligations and Contracts	6354	8606
VIK (transl. Water Supply and Sewerage) Stara Zagora – Civil company under the Bulgarian Law on Obligations and Contracts	36	602
Skobelevo 2022 – Civil company under the Law on Obligations and Contracts	19	16
Metro Slatina – Civil company under the Law on Obligations and Contracts	3462	2062
Poddarzhane (transl. Maintenance) 2022 – Civil company under the Bulgarian Law on Obligations and Contracts	27264	480
Gara (transl. Station) Pliska – Civil company under the Bulgarian Law on Obligations and Contracts	737	1836
Metro Shipka – Civil company under the Bulgarian Law on Obligations and Contracts	3981	3227
Impairment	(157)	(306)
Total	85 260	48 950

The presented balances included contract assets netted against contract liabilities arising under the same contracts, amounting to BGN 3,147 thousand as at 31.12.2024 and BGN 150 thousand as at 31.12.2025.

3.3.4. Payables to related parties within the Group

Supplier	31.12.2025	31.12.2024
Trace BG EOOD (LTD)	13 713	7 917
Infra Commerce EOOD (LTD)	1 212	6 186
USM AD (JSC) – in liquidation as from 24.06.24	-	2
Trace Properties EOOD (LTD)	2 398	-
Trace Mechanization EOOD (LTD)	46	22
Trace Serbia AD (JSC) Nis, Serbia	10 628	5 480
Asphalt Commerce EOOD (LTD)	781	1 214
Trace Rent EOOD (LTD)	18	23
Proekt (transl. Project) Plovdiv – Civil company under the Bulgarian Law on Obligations and Contracts	18	189
KR Svoqe – Civil company under the Bulgarian Law on Obligations and Contracts	3	3
Dragalevtzi 2021 – Civil company under the Bulgarian Law on Obligations and Contracts	-	1 347
Metro Slatina – Civil company under the Bulgarian Law on Obligations and Contracts	4 969	5 116
Gara (transl. Station) Pliska – Civil company under the Bulgarian Law on Obligations and Contracts	1	849
Metro Shipka – Civil company under the Bulgarian Law on Obligations and Contracts	3 954	8 094
Total	37 741	36 442

The presented balances included contract liabilities netted against contact assets arising under the same projects and construction sites, amounting to BGN 3,147 thousand as at 31.12. 2024 and BGN 150 thousand as at 31.12.2025.

LOANS GRANTED TO RELATED PARTIES WITHIN THE GROUP

Debtor	Contracted loan amount (BGN '000)	Interest rate %	Maturity	Securities / Guarantees
Trace Rent EOOD (LTD)	1000	4%	15.12.2025	Promissory note
Trace Properties EOOD (LTD)	3 000	4%	31.12.2026	Promissory note
Dragalevtzi 2021 – Civil company under the Bulgarian Law on Obligations and Contracts	110	3%	31.12.2025	Promissory note
Trace BG EOOD (LTD)	2 000	4%	31.12.2026	Promissory note

3.3.5. Balances of loans granted to related parties within the Group

Debtor	Current portion at amortised cost		Non-current portion at amortised cost	
	Principal	Interest	Principal	Interest
Dragalevtzi 2021 – Civil company under the Bulgarian Law on Obligations and Contracts	109	7	-	-
Trace Properties EOOD (LTD)	-	3	-	-
Trace Rent EOOD (LTD)	768	-	-	-
Trace BG EOOD (LTD)	1 130	5	-	-
Total	2 007	15	-	-

3.3.6. Interest income accrued on the outstanding principal amounts of loans granted to related parties within the Group

Debtor	Receivable at 31.12.2024	Accrued in 2025	Received in 2025	Receivables at 2025
Trace BG EOOD (LTD)	-	5	-	5
Trace Rent EOOD (LTD)	6	29	35	-
Dragalevtsi 2021 – Civil company under the Law on Obligations and Contracts	4	3	-	7
Trace Properties EOOD (LTD)	-	3	-	3
Total	10	40	35	15

LOANS OBTAINED FROM RELATED PARTIES WITHIN THE GROUP**3.3.7. Balances of loans obtained from related parties within the Group**

Bank / Creditor	Current portion at amortised cost		Non-current portion at amortised cost	
	Principal	Interest	Principal	Interest
Trace Mechanization EOOD (LTD)	-	4	-	-
Total	-	4	-	-

3.3.8. Interest expense incurred on the outstanding principal amounts of loans obtained from related parties within the Group

Bank / Creditor	Payable 31.12.2024	Incurred in 2025	Paid in 2025	Payable 31.12.2025
Trace Mechanization EOOD (LTD)	4	-	-	4
Total	4	-	-	4

3.3.9. Future gross operating lease proceeds from related parties within the Group

Future lease proceeds under operating leases concluded with related parties within the Group as at 31.12.2025						
	Up to 1 year	1 year – 2 years	2 years – 3 years	3 years – 4 years	4 years – 5 years	Total
Lease proceeds	2 000	2 000	2 000	2 000	2 000	10 000

Future lease proceeds under operating leases concluded with related parties within the Group as at 31.12.2024						
	Up to 1 year	1 year – 2 years	2 years – 3 years	3 years – 4 years	4 years – 5 years	Total
Lease proceeds	2 160	2 160	2 160	2 160	2 160	10 800

3.3.10. Sales to other related parties

Customer	2025	2024
Entities related through key Management	247	215
Entities related through the principal shareholder	17	5
Associates	16 347	4
Total	16 611	224

3.3.11. Purchases from other related parties

Supplier	2025	2024
Entities related through the principal shareholder	331	224
Entities related through key Management	2 963	462
Principal shareholder	13	53
Non-profit legal entities – principal establisher	1 059	1 035
Total	4 366	1 774

3.3.12. Receivables from other related parties

Customer	31.12.2025	31.12.2024
Entities related through the principal shareholder	79	13
Entities related through key Management	8	25
Associates	15 041	598
Impairment losses	(2)	(154)
Total	15 126	482

3.3.13. Payables to other related parties

Supplier	31.12.2025	31.12.2024
Entities related through the principal shareholder	755	758
Entities related through key Management	479	52
Dividends	1 307	1 746
Others	4	4
Total	2 545	2 560

Payables to other related parties as at 31.12.2025 and 31.12.2024 are unsecured and are non-interest bearing.

LOANS, OBTAINED FROM OTHER RELATED PARTIES:

Bank / Creditor	Contracted loan (credit) amount	Interest rate %	Maturity
Nikolay Ganchev Mihaylov	3 800	4%	22.8.2025г.

As at 31.12.2025, the loan principal has been repaid in full.

3.3.14. Interest expense incurred on the outstanding principal amounts of loans obtained from other related parties

Creditor	Payable	Incurred	Paid	Payable
	31.12.2024	in 2024	in 2024	31.12.2025
Nikolay Ganchev Mihaylov	53	-	53	-
Total	53	-	53	-

3.3.15. Future gross operating lease proceeds under operating leases concluded with related parties outside the Group

Future gross operating lease proceeds under operating leases concluded with related parties outside the Group as at 31.12. 2025						
	Up to 1 year	1 year – 2 years	2 years – 3 years	3 years – 4 years	4 years – 5 years	Total
Lease proceeds	100	100	100	100	100	500
Future gross operating lease proceeds under operating leases concluded with related parties outside the Group as at 31.12.2024						
	Up to 1 year	1 year – 2 years	2 years – 3 years	3 years – 4 years	4 years – 5 years	Total
Lease proceeds	80	80	80	80	80	400

3.3.16. Key Management personnel remuneration

Type	Amounts accrued for: Employees' remuneration
Supervisory Board	2 609
Managing Board	4 644
Total:	7 253

The Entity defines as key Management all individuals involved in decision-making processes and authorised to act on behalf of the Entity.

Detailed information regarding key Management personnel remuneration is disclosed in the Report on the Implementation of the Remuneration Policy.

3.4. Capital management

Through its capital management, the Entity aims to maintain its ability to continue as a going concern, while ensuring an appropriate return to shareholders and economic benefits to the other stakeholders, and maintaining an optimal capital structure so as to minimise the soft of capital.

The Entity continuously monitors its capital structure and capital adequacy using the gearing (leverage) ratio. This ratio is calculated as the ratio of net debt capital to total capital. Net debt capital is defined as total borrowings (current and non-current), as presented in the Separate Statement of Financial Position, less cash and cash equivalents. Total capital comprises total equity and the net debt capital.

The table below presents the gearing ratios based on the capital structure as at 31.12.2025:

Type	31.12.2025	31.12.2024
Total debt capital, including:	237 995	326 182
Financial liabilities – related parties	27 756	25 685
Financial liabilities – unrelated parties	210 239	300 497
Less:		
Cash and cash equivalents	(19 047)	(4 456)
Net debt capital	218 948	321 726
Total equity	175 017	175 890
Total capital	393 965	497 616
Leverage ratio	0,56	0,65

3.5. Financial risks

In the course of its ordinary activities, the Entity is exposed to various financial risks, the most significant of which are: the currency risk, the credit risk and the liquidity risk. The overall risk financial risk management process is focused on minimising the potential adverse effects of these risks on the Entity's financial performance. Financial risks are identified, measured and monitored on ongoing basis through various control mechanisms, in order to ensure appropriate pricing of services rendered and adequate management of available liquid resources without undue concentration of a risk.

The different types of financial risks to which the Entity is exposed, and the approach adopted for managing these risks are described below.

3.5.1. Credit risk

In the course of its activities, the Entity is exposed to credit risk, arising from the possibility that counterparties may fail to fulfil their obligations in full and within the agreed timeframes.

The Entity's financial assets are concentrated in three main categories: "Cash and cash equivalents", "Receivables from customers", and "Financial assets – loans granted".

The Entity regularly monitors overdue receivables from its customers and counterparties, both individually or collectively, and uses this information to manage credit risk. Credit assessments obtained from external sources and/or analyses of counterparties' financial statements are used where the cost of obtaining such information is not excessive. The Entity's policy is to enter into transactions only with counterparties having an acceptable credit profile.

The Entity's cash and cash at bank (current accounts) are mainly held with: "UniCredit Bulbank" AD, "DSK Bank" AD, "UBB" AD and "Eurobank Bulgaria" AD. Management believes that no significant credit risk exists in relation to these banks, provided that they continue to maintain stable liquidity positions.

	31.12.2025		
	Overdue Impaired	With time to maturity Not impaired	Total
Non-current assets	-	10 745	10 745
Non-current trade and other receivables from related parties	-	3 729	3 729
Non-current trade and other receivables	-	7 016	7 016
Current assets	455	249 977	250 432
Current financial assets from related parties	-	2 022	2 022
Current financial assets	1 003	-	1 003
Current financial assets – impairment	(548)	-	(548)
Current trade and other receivables from related parties	157	96 305	96 462
Current trade and other receivables from related parties – impairment	(157)	-	(157)
Current trade and other receivables	-	151 844	151 844
Current trade and other receivables – impairment	-	(194)	(194)
Total financial assets	455	260 722	261 177

3.5.2. Liquidity risk

Liquidity risk represents the risk that the Entity may encounter difficulties in meeting its financial obligations as they fall due. The Entity applies a conservative liquidity management policy aimed at maintain sufficient cash resources and ensuring adequate financing of its operational activities. Maturity and timely settlement of obligations are continuously monitored by the Financial and Accounting Department, which maintains up-to-date information regarding available cash resources and expected future payments.

31.12.2025	Immediate	Up to 1 month	2 months – 3 months	3 months – 6 months	6 months – 12 months	1 year – 2 years	3 years – 5 years	Over 5 years	With no maturity	Total
Non-current assets	-	-	-	-	-	10 745	-	-	-	10 745
Non-current trade and other receivables from related parties	-	-	-	-	-	3 729	-	-	-	3 729
Non-current trade and other receivables	-	-	-	-	-	7 016	-	-	-	7 016
Non-current liabilities	-	-	-	-	-	9 296	6 589	-	-	15 885
Non-current lease liabilities to related parties	-	-	-	-	-	19	57	-	-	76
Non-current financial liabilities	-	-	-	-	-	1 972	4 772	-	-	6 744
Non-current lease liabilities	-	-	-	-	-	1 220	1 760	-	-	2 980
Non-current trade and other payables to related parties	-	-	-	-	-	3	-	-	-	3
Non-current trade and other payables	-	-	-	-	-	6 082	-	-	-	6 082
Net liquid imbalance – non-current	-	-	-	-	-	1 449	(6 589)	-	-	(5 140)
Cumulative liquid imbalance – non-current	-	-	-	-	-	1 449	(5 140)	(5 140)	(5 140)	(5 140)
Current assets	16 436	-	151 650	96 305	2 557	-	-	-	2 611	269 559
Current financial assets from related parties	-	-	-	-	2 102	-	-	-	-	2 102
Current financial assets	-	-	-	-	455	-	-	-	-	455
Current trade and other receivables from related parties	-	-	-	96 305	-	-	-	-	-	96 305
Current trade and other receivables	-	-	151 650	-	-	-	-	-	-	151 650
Cash and cash equivalents	16 436	-	-	-	-	-	-	-	2 611	19 047
Current liabilities	-	4 982	104 133	42 536	31 153	-	-	-	-	182 804
Current financial liabilities to related parties	-	-	-	-	4	-	-	-	-	4
Current lease liabilities to related parties	-	5	10	15	29	-	-	-	-	59
Current financial liabilities	-	4 858	9 701	14 551	29 102	-	-	-	-	58 213
Current lease liabilities	-	119	237	356	711	-	-	-	-	1 422
Current trade and other payables to related parties	-	-	-	27 614	1 307	-	-	-	-	28 921
Current trade and other payables	-	-	94 185	-	-	-	-	-	-	94 185
Net liquid imbalance – current	16 436	(4 982)	47 517	53 769	(28 596)	-	-	-	2 611	86 756
Cumulative liquid imbalance – current	16 436	11 454	58 971	112 741	84 145	84 145	84 145	84 145	86 756	86 756
Total financial assets	16 436	-	151 650	96 305	2 557	10 745	-	-	2 611	280 304
Total financial liabilities	-	4 982	104 133	42 536	31 153	9 296	6 589	-	-	198 689
Total Net Liquid Imbalance	16 436	(4 982)	47 517	53 769	(28 596)	1 449	(6 589)	-	2 611	81 616
Total Cumulative Liquid Imbalance	16 436	11 454	58 971	112 741	84 145	85 594	79 005	79 005	81 616	81 616

3.5.3. Interest risk

Interest risk is the risk that the fair value or future cash flows of the financial assets and liabilities held by the Entity will fluctuate due to changes in market interest rates. Financial instruments bearing fixed interest rates expose the Entity to fair value interest rate risk (market value of fixed-rate financial assets and liabilities will fluctuate due to changes in market interest rates). Financial assets and liabilities bearing floating interest rates expose the Entity to cash flow interest risk (fluctuations in the future cash flows of a financial instrument, asset, or liability, arising from changes in market interest rates).

Overall, interest-bearing financial assets and liabilities, including finance lease receivables and payables, as well as loans granted or obtained, represent a significant portion of the Entity's assets and liabilities.

31.12.2025	Interest - free	With floating interest rate %	With fixed interest rate %	Total
Non-current assets	10 745	-	-	10 745
Non-current trade and other receivables from related parties	3 729	-	-	3 729
Non-current trade and other receivables	7 016	-	-	7 016
Non-current liabilities	6 085	9 397	76	15 558
Non-current lease liabilities to related parties	-	-	76	76
Non-current financial liabilities	-	6 417	-	6 417
Non-current lease liabilities	-	2 980	-	2 980
Non-current trade and other payables to related parties	3	-	-	3
Non-current trade and other payables	6 082	-	-	6 082
Exposure to long-term risk	4 660	(9 397)	(76)	(4 813)
Current assets	247 966	19 036	2 022	269 024
Current financial assets from related parties	-	-	2 022	2 022
Current trade and other receivables from related parties	96 305	-	-	96 305
Current trade and other receivables	151 650	-	-	151 650
Cash and cash equivalents	11	19 036	-	19 047
Current liabilities	123 106	59 419	63	182 588
Current financial liabilities to related parties	-	-	4	4
Current lease liabilities to related parties	-	-	59	59
Current financial liabilities	-	57 997	-	57 997
Current lease liabilities	-	1 422	-	1 422
Current trade and other payables to related parties	28 921	-	-	28 921
Current trade and other payables	94 185	-	-	94 185
Exposure to short-term risk	124 860	(40 383)	1 959	86 436
Total financial assets	258 711	19 036	2 022	279 769
Total financial liabilities	129 191	68 816	139	198 146
Total exposure to interest risk	129 520	(49 780)	1 883	81 623

3.5.4. Currency risk

The Entity is exposed to foreign currency risk because certain branches operate in countries whose national currencies are not pegged to the Bulgarian lev (BGN), namely: Serbian Dinar (RSD), Czech Koruna (CZK), Macedonian Denar (MKD), Ukrainian Hryvnia (UAH) and Romanian Leu (RON).

31.12.2025	Denom inated in BGN	Denominated in EUR	Denomi nated in RSD	Denom inated in RON	Total
Non-current assets	4 058	-	6 687	-	10 745
Non-current trade and other receivables from related parties	3 729	-	-	-	3 729
Non-current trade and other receivables	329	-	6 687	-	7 016
Non-current liabilities	7 726	2 934	1 152	3 746	15 558
Non-current lease liabilities to related parties	-	-	76	-	76
Non-current financial liabilities	6 417	-	-	-	6 417
Non-current lease liabilities	-	2 934	21	25	2 980
Non-current trade and other payables to related parties	3	-	-	-	3
Non-current trade and other payables	1 306	-	1 055	3 721	6 082
Exposure to long-term risk	(3 668)	(2 934)	5 535	(3 746)	(4 813)
Current assets	157 259	1 464	24 335	85 966	269 024
Current financial assets from related parties	2 022	-	-	-	2 022
Current trade and other receivables from related parties	92 586	1 219	2 428	72	96 305
Current trade and other receivables	44 693	-	21 499	85 458	151 650
Cash and cash equivalents	17 958	245	408	436	19 047
Current liabilities	114 472	1 418	57 266	9 432	182 588
Current financial liabilities to related parties	4	-	-	-	4
Current lease liabilities to related parties	-	-	59	-	59
Current financial liabilities	57 410	-	587	-	57 997
Current lease liabilities	-	1 297	110	15	1 422
Current trade and other payables to related parties	3 926	80	24 164	751	28 921
Current trade and other payables	53 132	41	32 346	8 666	94 185
Exposure to short-term risk	42 787	46	(32 931)	76 534	86 436
Total financial assets	161 317	1 464	31 022	85 966	279 769
Total financial liabilities	122 198	4 352	58 418	13 178	198 146
Total exposure to currency risk	39 119	(2 888)	(27 396)	72 788	81 623

The table below presents the sensitivity analysis based on a 10% increase/decrease in exchange rates between the Bulgarian Lev and currencies other than the Bulgarian Lev and the Euro, using the foreign currency-denominated assets and liabilities structure as at 31.12.2025, assuming all other variables remain constant. The effect is measured as the impact on profit before tax and on equity.

Effect on profit/(loss), net of tax, as at 31.12.2025	RSD	RON
10% increase in exchange rates	(2 466)	6 552
10% decrease in exchange rates	2 465	(6 550)

3.6. Key estimates and Management judgement involving significant uncertainty

Management has made a number of accounting estimates and judgements in determining the carrying amounts of certain assets, liabilities, revenue and expenses presented in these financial statements. All estimates and assumptions are based on Management's best estimates and the information available as at the reporting date. Actual results may differ from those estimates (presented in these financial statements).

3.6.1. Impairment of Property, plant and equipment, Intangible assets and Investment property

In accordance with IAS 36, Management assesses at each reporting date whether there are indications that an item of Property, plant, and equipment, Intangible assets or Investment property may be impaired. Where such indications exist, the recoverable amount of the respective asset is estimated and an impairment loss is recognised where appropriate.

The assessment performed as at 31.12.2025 did not identify any indications of impairment.

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

The financial reporting of property, plant and equipment requires the use of estimates regarding the expected useful lives and residual values of the respective assets, which are based on Management's judgement. Information regarding useful lives of assets is disclosed in Note 2.8. "Property, plant and equipment".

Based on the assessment performed as at 31.12.2025, no indications were identified requiring changes to the estimates useful lives or residual values of property, plant and equipment.

3.6.3. Impairment of investments in subsidiaries, associates and joint ventures

Investments in subsidiaries are those investments in entities over which the Entity exercises control, generally through ownership of more than 50% of the shares, interests or voting rights, or through the ability to govern the financial and operating policies of the investee so as to benefit from their activities. Joint ventures are entities over which the Entity exercises joint control together with other parties and has rights to the net assets of the arrangement. Associates are entities over which the Entity exercises significant influence, generally through ownership interests between 20% and 50%, but which are neither subsidiaries nor joint ventures.

Such investments are measured at cost less accumulated impairment losses. At each reporting date, Management assesses whether there are indications that these investments may be impaired and estimates the amount of any potential impairment loss. Management considers the following circumstances as possible indications of impairment, without limitation: negative net assets (equity) or net assets below registered share capital, significant excess of liabilities (payables) over assets (receivables), substantial restrictions on operations, significant reduction or discontinuation of operations of the investee, recurring losses over a prolonged period, and deterioration in key financial indicators. Impairment assessments are performed individually for each investment, taking into account Management's estimates, budgets, forecasts and expectations regarding future economic benefits, including commercial and operational experience, market positioning in Bulgarian aboard, and expected future

profitability. Management has determined that reassessment of impairment indicators is required where two or more impairment indicators are identified.

Investments in subsidiaries are measured at cost less accumulated impairment losses. In accordance with the adopted accounting policies, Management performs an assessment at each reporting date to determine whether there are indications of impairment of its investments and, where applicable, estimates the amount of any impairment loss. Management considers the following circumstances as possible indicators of impairment of investments in other entities, without limitation:

- Negative net assets (equity) or assets below registered share capital,
- Significant excess of liabilities over receivables or significant restrictions on operations,
- Significant reduction in the volume of activities and/or discontinuation of the activities of the investee,
- Losses incurred over a prolonged period,
- Deterioration in key financial indicators.

Impairment testing and assessments of investments are performed based on Management's estimates, budgets, forecasts and expectations regarding future economic benefits, including analysis of the current financial position, commercial and operational experience, market positioning in Bulgaria and abroad, and expected future income.

3.6.4. Impairment of inventories

At the end of each reporting period, Management reviews the available inventories, including materials, work in progress and goods, in order to determine whether their net realisable value is lower than their carrying value.

No indications of impairment of inventories were identified as at 31.12.2025.

3.6.5. Impairment of financial assets

At each reporting date, Management measures and recognises loss allowances for credit impairments and expected credit losses (ECL) relating to financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets arising from contracts with customers, and financial guarantee contracts.

In performing these assessments, Management applies significant judgement, including: a) determining criteria for identifying significant increases in credit risk; b) selecting appropriate models and assumptions for measuring expected credit losses; c) grouping financial assets into portfolios with similar credit risk characteristics and for the purpose of measuring the expected credit losses; d) establishing and assessing relationships between historical default rates and forward-looking macroeconomic indicators to reflect the effects of future forecasts of expected credit losses; e) making specific assumptions relating to individual receivables, including receivables from related parties.

As at year-end, the Entity holds financial assets measured at amortised cost, including trade receivables and loans granted, contract assets arising from contracts with customers and financial guarantee contracts.

The Entity applies the simplified approach under IFRS 9 in measuring expected credit losses for trade receivables, using a provision matrix based on historical loss experience over a five-year period. Objective external evidence and the specifically identified credit impairments are also considered where sufficient information is available.

Loans granted are assessed individually for expected credit losses. In assessing credit risk, the Entity applies an internal credit rating methodology consistent with the generally accepted concept of low credit risk. Publicly available information, adjusted where appropriate for

specific circumstances, is used in determining expected losses, and impairment losses are recognised where sufficient objective evidence exists.

Financial guarantee contracts are assessed using a methodology consistent with that applied to loans granted, taking into account the impact of the issued guarantees on the guaranteed party.

Movements in impairment allowances for the period 01.01.2025-31.12.2025:

	31.12.2025	31.12.2024
Balance at the beginning of the period (opening balance)	14 860	13 858
Increase in impairment allowances recognised in IS for the period	95	1 177
Decrease in impairment allowances recognised in IS for the period	(1 328)	(101)
Amounts written-off as uncollectible	(179)	(74)
Foreign exchange differences	(1)	-
Balance at the end of the period (closing balance)	13 447	14 860

Movements in impairment allowances by type of impairment:

Type	31.12.2024	Change in 2025		Amounts written-off as bad debts	Foreign currency translations	31.12.2025
		Increase, recognised in IS	Decrease, recognised in IS			
Impairment of contract receivables arising from contracts with customers	(849)	(61)	380	179	-	(351)
Impairment of advance payment receivables	(43)	-	-	-	-	(43)
Impairment of litigation receivables	(55)	-	-	-	-	(55)
Impairment of financial assets and leases	(528)	(20)	-	-	-	(548)
Impairment of cash balances	(4)	(14)	-	-	1	(17)
Impairment of investments	(12 379)	-	-	948	-	(11 431)
Financial guarantee contracts	(2)	-	-	-	-	(2)
Impairment of assets	(1 000)	-	-	-	-	(1 000)
Total	(14 860)	(95)	380	1 127	1	(13 447)

3.6.6. Recognition of contract revenue from contracts with customers

The Entity recognises revenue from construction contracts over time, as performance obligations are satisfied, provided that progress towards complete satisfaction of the performance obligations can be measured reliably. Progress towards complete satisfaction of performance obligations is remeasured at the end of each reporting period using input methods, primarily based on estimates of expected and actual costs incurred, as well as output methods where Management considers such methods appropriate for contracts under which the Entity acts as the principal contractor. Nevertheless, future modifications may arise insofar as facts and circumstances not known at the reporting date, or not under Management's control, may subsequently emerge. In addition, upon completion, construction contracts are generally subject to formal certification, approval and/or acceptance by customers and/or relevant third parties – governmental authorities.

Contracts for the supply of output, goods and/or services effective during the reporting period (and at the end of it) generally relate to individual supplies or series of supplies with satisfied or partially satisfied performance obligations, for which the Entity has an enforceable right to

consideration corresponding to the value of the goods or services transferred and invoiced. Management does not consider it probable that material changes will arise in future in relation to the recognised revenue, balances and receivables under these contracts.

The consideration promised under construction contracts and other supply contracts that remain effective and incomplete during the reporting period is generally based on fixed prices and no significant contract modifications are currently anticipated.

3.6.7. Provisions

The Entity recognises the following categories of provisions:

- Provisions relating to construction contracts, including obligations arising from guarantees for remedying possible defaults and other related contractual costs, incurred under concluded construction contracts;
- Provisions relating to legal claims and litigation proceedings;
- Provisions relating to other contractual commitments

The amount recognised as a provision represents Management's best estimate of the expenditure required to settle the present obligation as at the reporting date of the separate financial statements.

Provisions are reassessed at each reporting date (date of the separate financial statements) and adjusted to reflect the current best estimate of the obligation. Changes in estimates may arise from revisions in expected cash outflows, timing of settlement or change in discount rates, where applicable (discounting factors).

3.6.8. Provisions relating to construction contracts

Under the terms of construction contracts entered into by the Entity, the Entity assumes obligations to remedy defects identified by the customer within warranty periods specified in the respective contracts. Upon completion of each construction project and/or site for which the Entity has assumed such obligations, provisions are estimated by internal specialists with the requisite qualifications and experience, based on prior experience with similar projects and/or sites. In determining the level of provisions relating to construction contracts, Management is required to estimate the costs necessary to remedy defects as at the date of the Separate Statement of Financial Position.

3.6.9. Actuarial valuation

The present value of obligations relating to long-term employee benefit obligations (upon retirement) is determined based on actuarial valuations prepared by qualified independent actuaries. These valuations are based on assumptions regarding mortality rates, employee turnover, future salaries levels, and discount rates. Management considers the assumptions applied in the actuarial valuation to be reasonable and appropriate for the Entity. The provisions recognised (as per the actuarial valuation) in respect of long-term employee benefits are disclosed in Note 1.16.2. "Provisions for long-term employee benefits".

3.6.10. Deferred tax assets

The assessment of the availability of future taxable income against which deferred tax assets may be utilised on the latest approved budgets and forecasts, adjusted for significant non-taxable income and expenses, as well as specific restrictions relating to the utilisation of unused tax losses and tax credits. Deferred tax assets are recognised in full to the extent that it is probable (i.e., reliable estimate of taxable income implies) that future taxable profits will be available against which the deferred tax assets can be utilised, particularly where no time limitations exist for their recovery. Management assesses on a case-by-case basis whether deferred tax assets should be recognised in circumstances involving legal, tax or economic uncertainties or constraints, taking into account the specific facts and circumstances applicable to each case.

3.6.11. Leases

Determining whether a contract contains a lease or lease elements

In identifying and classifying lease agreements (or lease elements in lease agreements), the Entity assesses whether a contract contains an identifiable asset and whether the contract conveys the right to control the use of that asset for a specified period of time.

In determining whether control over the use of an identified asset is transferred, the Entity assesses whether, throughout the period of use, it has the following rights:

- The right to obtain substantially all the economic benefits from the use of the identified asset;
- The right to direct the use of the identified asset.

In relation to recognised lease agreements, Management has concluded that the Entity has the right, within the scope defined in the respective contracts, to make decisions regarding how and for what purpose the assets are used, including determining operating schedules and access to the assets.

Deterring the lease term where extension or termination options exist (the Entity acts as the lessee)

The Entity determines the lease term as the non-cancellable period of the lease, together with:

- a) periods covered by an option to extend the lease, where the Entity is reasonably certain to exercise that option, and
- b) periods covered by an option to terminate the lease, where the Entity is reasonably certain not to exercise that option.

The Entity applies judgment in assessing whether it is reasonably certain to exercise extension options or not to exercise termination options, considering all relevant facts and circumstances that create economic incentives such decisions to exercise extension options or not to exercise termination options.

Following the commencement date of the lease, the Entity reassesses the lease term upon the occurrence of a significant event or significant change in circumstances within its control that affects the assessment of whether it is reasonably certain to exercise an extension option or not exercise a termination option previously considered in determining the lease term.

Determining an incremental borrowing rate (the Entity acts as the lessee)

Where the interest rate implicit in the lease cannot be readily determined, the Entity (as lessee) applies an incremental borrowing rate to discount lease liabilities. The incremental borrowing rate represents the rate that the Entity would have to pay to borrow funds necessary to obtain an asset of a similar value to the right-of-use asset, over a similar term, with similar security and in a similar economic environment. For lease agreements where directly comparable financing arrangements are unavailable, the Entity uses observable market data, including publicly available lending rates and banking statistics.

Management has determined an incremental borrowing rate of 3%, based on an analysis of borrowing rates applicable to financing arrangements with similar characteristics, as follows:

- For operating leases of movable property – based on interest rates under finance lease agreements entered into by the Entity as at 01.01.2025.
- For operating leases of real estate – based on interest rates under investment loan agreements entered into by the Entity as at 01.01.2024.

Review for impairment indicators relating to right-of-use assets

Management reviews right-of-use assets for impairment indicators at each reporting date. Where the indications of impairment exist, the carrying amount of the respective assets is reduced to its recoverable amount, if the estimated recoverable amount is lower than the carrying amount.

3.7. Contingent assets and contingent liabilities**Contingent assets**

Bank guarantees, insurance bonds and promissory note issued in favour of Trace Group Hold PLC

Bank guarantees issued in favour of the Entity operating in Bulgaria amount to BGN 7,042 thousand, insurance bonds amount to BGN 3,945 thousand, pledges over movables assets amount to BGN 125 thousand, and promissory note amounts to BGN 60 thousand. Bank guarantees obtained in the Republic of Serbia amount to BGN 100 thousand and bank guarantees obtained in the Republic of Romania amount to BGN 2,290 thousand.

Contingent liabilities

Guarantees and securities issued

Contingent liabilities include bank guarantees issued by commercial banks, insurance bonds issued by insurance companies, placed securities, pledged assets, pledges over receivables provided by subsidiaries and other related persons in favour of Trace Group Hold PLC.

Bank guarantees

The bank guarantees issued in favour of the Entity, including their amounts and issuing banks, are presented in the table below:

Contingent liabilities					
Issuer	Value	Issued in favour of:	Purpose	Maturity	Securities
UBB AD	4 788	Bulgarian Municipalities, a Bulgarian Municipal and / or State-owned enterprises, Electricity System Operator	Securing performance obligations under contracts	01.12.2026	Real estate, pledges over receivables, pledges over accounts
DSK BANK AD	1 910	A Bulgarian Ministry, Bulgarian State Agency and a Bulgarian Municipality; Bulgarian State-owned enterprises; the TD of NRA; a Serbian State-owned enterprise; a private entity registered in Bulgaria	Securing performance obligations under contracts and VAT payables	17.02.2036	Property – real estate, non-current tangible assets, pledges over receivables, pledges over accounts
UNICREDIT BULBANK AD	14 008	A Bulgarian Ministry; Bulgarian State Agency and a Bulgarian Municipality; a Bulgarian State-owned enterprise; a private entity registered in Bulgaria; a Serbian Ministry, UniCredit Bank Serbia AD (a Serbian State-owned enterprise)	Securing performance obligations under contracts, statutory public receivables	03.09.2037	Property – real estate, non-current tangible assets, cash collateral, pledges over receivables, pledges over accounts
UNICREDIT BULBANK AD	4 890	UniCredit Bank Serbia AD (a Serbian State-owned enterprise)	Securing performance obligations under a contract	24.07.2026	Property – real estate, pledges over accounts
Total:	25 596				

Contingent liabilities		
Type	Guarantee issued, pledge of a counterparty	Insurance amount (BGN '000)
Insurance bonds, guarantees	JSCI Euroins AD	5 785
Insurance bonds, guarantees	JSCI OZK – Insurance AD	265 797
Insurance bonds, guarantees	IC Lev Ins AD	60 874
Insurance bonds, guarantees	Dal Bog Zhivot I Zdrave AD	2 110
Insurance bonds, guarantees	Evropeiska Zastrahovatelna Compania AD	43 427

Certain issued insurance bonds are secured by promissory notes amounting to BGN 152,319 million.

Assets pledged by subsidiaries and affiliates under bank guarantee agreements with Trace Group Hold PLC:

Contract / Counterparty	Guarantees and securities issued in favour of a counterparty	Type of security
DSK Bank EAD	Trace Mechanization EAD (JSC)	Non-current tangible assets
DSK Bank EAD	Trace BG EOOD (LTD)	Real estate and non-current tangible assets
UniCredit Bulbank AD	Trace Mechanization EAD (JSC)	Real estate and non-current tangible assets
UniCredit Bulbank AD	Trace BG EOOD (LTD)	Real estate and non-current tangible assets
UniCredit Bulbank AD	Trace Properties EOOD (LTD)	Real estate
UniCredit Bulbank AD	Galini – N EOOD (LTD)	Real estate

The following guarantees have been issued in connection with the Entity's operations:

- Corporate guarantee amounting to EUR 3 million with maturity on 14.11.2031 under a credit line agreement for the issuance of bank guarantees and letters of intent concluded between Bank Intesa Serbia and Trace Serbia AD (JSC);
- Corporate guarantee amounting to EUR 6 million with maturity on 27.11.2027 under a credit line agreement for the issuance of bank guarantees, letters of intent and an overdraft facility concluded between UniCredit Bank Serbia, Trace Serbia, Trace Group Hold PLC – Belgrade branch and Infra Commerce EOOD (LTD) – Belgrade branch;
- Corporate guarantee amounting to EUR 5 million with maturity on 09.01.2027 under a credit line agreement for the issuance of bank guarantees and letters of intent concluded between UniCredit Bank Serbia, Trace Serbia and Trace Group Hold PLC – Belgrade branch;
- Corporate guarantee amounting to EUR 5,5 million with maturity on 03.07.2030 under a credit line agreement for the issuance of bank guarantees and letter of intention concluded between NLB Komercijalna Banka – Serbia, Trace Serbia and Trace Group Hold PLC;

A framework agreement for issuance of all types of performance bonds and binding letters of intent relating to investment projects executed in the Republic of Serbia was concluded between "Trace Group Hold" PLC and UniCredit Bank Serbia on 17.01.2024. The contracted facility amounts to EUR 5,985,000 and as at 31.12.2025 provides for utilisation until 17.01.2026 and repayment until 17.07.2031. Under this agreement, a bank guarantee was issued on 29.08.2025 in relation to retained amounts totalling EUR 4,742,744.76, with validity until 14.10.2027. The guarantee was issued in connection with a contract dated 28.12.2019 concluded between a Consortium comprising "Trace Group Hold" PLC and "Balkantel" OOD (LTD), and the Ministry of Finance of the Republic of Serbia, with subject: "Modernisation and rehabilitation of the Nis – Brestovac railway section". The agreement with UniCredit Bank Serbia AD is secured by: - a counter-guarantee issued in favour of UniCredit Bank AD amounting to 20% of the amount (in Euros) of each guaranteed issued under the agreement with UniCredit Bank Serbia AD; - 10 promissory notes issued by "Trace Group Hold" PLC with an aggregate amount of EUR 5,985,000; - 10 blank bills of exchange issued by "Trace Serbia" AD (JSC); - 10 blank bills of exchange issued by "Trace Build" EOOD (LTD); - pledges over receivables of "Trace Group Hold" PLC that the Entity ("Trace Group Hold" PLC) has or will have from local debtors in the Republic of Serbia arising under commercial contracts, where assignment pledging are contractually permitted.

Lawsuits**The Entity is involved, either as plaintiff or defendant, in the following legal proceedings as at 31.12.2025:**

1. Commercial case № 2413/2023 before the Sofia City Court (SCC); Trace Group Hold PLC (plaintiff) against Sofia Municipality (defendant). A partial claim of BGN 555,413.12 was filed on the grounds of Art. 266, paragraph 1 of the Law on Obligations and Contracts, Art. 117a of the Public Tenders Act, and Art. 86 of the Law on Obligations and Contracts. The claim has been increased to its full amount of BGN 4,095,178.14. The case has been submitted for decision.
2. Commercial case № 486/2023 before the Stara Zagora Regional Court; Trace Group Hold PLC (plaintiff) against Stara Zagora Municipality (defendant). A partial claim of BGN 1,128,782.22 was filed on the grounds of Art. 266, paragraph 1 of the Law on Obligations and Contracts, Art. 117a of the Public Tenders Act, and Art. 86 of the Law on Obligations and Contracts. The claim has been subsequently increased to its full amount of BGN 3,690,680.36 and was dismissed by the first-instance court. Trace Group Hold PLC filed an appeal before the Plovdiv Court of Appeal. The second-instance decision upheld the decision of the Stara Zagora Regional Court. A cassation appeal was filed before the Supreme Court of Cassation on 14.07.2025. Case No. 1993/2025 was registered with the Supreme Court of Cassation (First Commercial Division), and a closed hearing was scheduled for 19.11.2025. By ruling issued in a closed session on 19.11.2025, the cassation appeal was admitted for consideration on the merits. The hearing on the merits was scheduled for 20.04.2026. The admission of the cassation appeal indicates that the case involves significant legal issues relevant to the uniform application and development of the law. Management, together with the Entity's legal advisers, has assessed the possible outcome of the dispute as at the date of approval of these financial statements.
3. Commercial case № 1293/2025 before the Sofia City Court (SCC), with a claim amounting to BGN 1 258 610,57. The claim was filed on the grounds of Art. 266, paragraph 1 of the Law on Obligations and Contracts, in conjunction with Art. 117a of the Public Tenders Act.
4. Commercial case № 2134/2025 before the Sofia City Court (SCC), with a claim amounting to BGN 958,509.28. The claim was filed on the grounds of Art. 82 in conjunction with Art. 79 of the Law on Obligations and Contracts, and alternatively under Art. 55, paragraph 1 thereof.

3.8. Operating segments

Operating segments	Bulgaria	Serbia	Czech Republic	Romania	Greece	Total	Adjustment	Entity
At 31 December 2025								
Contract revenue from contracts with customers	226 563	67 271	-	58 000	-	351 834	-	351 834
Other income	4 618	145	632	15 533	11	20 939		20 939
Finance income	5 479	444	120	396	-	6 439		6 439
Expenses, including:	(209 720)	(68 930)	(4)	(81 321)	(273)	(360 248)	447	(359 801)
Adjustments	77	129	-	-	-	206		206
Finance costs	(4 909)	(944)	(1)	(3 489)	-	(9 343)		(9 343)
Tax expenses	(776)	21	-	(583)	-	(1 338)		(1 338)
Profit / Loss	21 332	(1 864)	747	(11 464)	(262)	8 489	447	8 936
Segment assets	321 536	82 786	-	103 614	182	508 118	(38 250)	469 868
Segment liabilities	172 090	86 599	-	74 442	1 196	334 327	(39 476)	294 851
Deferred tax assets	2 536	27	-	1 755	-	4 318		4 318

Operating segments	Bulgaria	Serbia	Czech Republic	Romania	Greece	Total	Adjustment	Entity
At 31 December 2024								
Contract revenue from contracts with customers	178 117	71 415	-	319 513	-	569 045	-	569 045
Other income	3 718	1 090	3	2	-	4 813		4 813
Finance income	5 699	44	151	267	-	6 161		6 161
Expenses, including:	(183 570)	(73 783)	(12)	(277 633)	(589)	(535 587)	-	(535 587)
Adjustments	783	244	-	-	-	1 027		1 027
Finance costs	(2 674)	(966)	(403)	(1 636)	-	(5 679)		(5 679)
Tax expenses	3 337	3	-	(8 861)	-	(5 521)		(5 521)
Profit / Loss	5 410	(1 953)	(261)	31 652	(589)	34 259	-	34 259
Segment assets	317 001	98 809	24	279 890	139	695 863	(126 681)	569 182
Segment liabilities	167 042	100 762	17 292	238 371	891	524 358	(131 066)	393 292
Deferred tax assets	418	33	205	3 368	-	4 024		4 024

3.9. Events after the reporting period

Pursuant to the Law on the Introduction of the Euro in the Republic of Bulgaria (LIERB), the euro will become the official currency and legal tender in Bulgaria as from 1 January 2026. The official exchange rate is fixed at BGN 1.95583 for EUR 1. The introduction of the euro as the official currency of the Republic of Bulgaria represents a change in the Entity's functional and presentation currency, which will be applied prospectively and does not constitute an adjusting event after the reporting period for the financial statements as at 31 December 2025.

On 16.02.2026, pursuant to resolutions of the Supervisory Board and the Managing Board of "Trace Group Hold" PLC, a procedure was initiated for the admission of the Entity's shares to trading on the Frankfurt Stock Exchange. The Supervisory Board has authorised the Managing Board to appoint consultants and undertake all necessary legal and administrative actions in connection with the listing process.

As at the date of approval of these financial statements, the Entity is in the process of preparing the listing procedure.

“GYUESHEVO 2025” – a civil company established under the Bulgarian Law on Obligations and Contracts, with partners “Trace Group Hold” PLC and “VDH” AD (JSC) – signed a contract on 20.02.2026 with the State Enterprise “Natsionalna Compania “Zhelezopatna Infrastructura” (transl. “National Company “Railway Infrastructure”) as follows: Contract subject: “Design and Construction for the Modernisation of the railway section “Guyeshevo – boarder with the Republic of north Macedonia”, including a station and reception building at Guyeshevo”. The total contract value amounts to EUR 50, 92,641.86 (exclusive of VAT) for the entire duration of the contract. The implementation period is structured into two stages: Stage I Design – 180 calendar days and Stage II Construction – 24 months.

On 05.03.2026, the Sofia City Court (SCC) issued Decision № 271 in Commercial Case № 2413/2023, in which “Trace Group Hold” PLC is claimant against Sofia Municipality. The decision of the Sofia City Court (SCC) upheld the Entity’s claims for payment in full and substantially reduced the penalties imposed by the contracting authority. As at the date of approval of these financial statements, the decision has not entered into legal force and remains subject to appeal before the appellate court.

At the date of approval of these financial statements, a Decision dated 25.03.2026 was issued by the Emergency Arbitrator at the Chamber of Commerce and Industry of Romania in Case No. 20/U/2026 in connection with the arbitration dispute involving the Romanian public procurement agency CNAIR. The Decision upheld the Entity’s claim for suspension of actions relating to the enforcement of guarantees. The arbitrator’s reasoning acknowledged the existence of arguments supporting the Entity’s position in the main arbitration dispute, which has also been confirmed in separate related proceedings.

An Extraordinary General Meeting of Shareholders of Trace Group Hold PLC was held on 30.03.2026. During the meeting, a resolution was adopted on the grounds of Art. 187 b of the Commercial Act and Art. 111 of the Public Offering of Securities Act, for the repurchase of shares issued by the Entity under the following conditions:

- Maximum number of shares subject to repurchase– up to 3% of the total issued shares of the Entity;
- Term for completion of the repurchase procedure– up to 5 /five/ years. The Extraordinary General Meeting of Shareholders authorises the Board of Directors to determine the commencement and termination dates of the repurchase procedure.
- Repurchase price range – minimum price of EUR 2 (two euros) per share; maximum price of EUR 10 (ten euros) per share.

The General Meeting also approved a formal change in the registered auditor of the Entity in connection with the re-registration of “KA Audit” EOOD (LTD), an audit enterprise of the registered auditor Kalin Apostolov (holder of Diploma № 0657), to “Parker Russell Bulgaria” EOOD (LTD), with registration. No. 195. The legal entity and the circumstances related to it remain unchanged, with only the corporate name being changed. The auditor responsible for the engagement (Audit Engagement Partner), on behalf of “Parker Russell Bulgaria” EOOD (LTD) is Kalin Apostolov Apostolov (Sole Owner and Manager).

Subsequent to the reporting period, Trace Group Hold PLC entered into a non-binding memorandum regarding a potential acquisition of a company in Greece. An initial deposit of 10%, amounting to EUR 1,090,000, was agreed and paid, and is subject to reimbursement under specific conditions, including the outcome of the planned due diligence. As at the date of approval of these financial statements, no binding commitment has been made to complete the transaction.

On 28.02.2026, a joint military operation involving the United States and Israel against strategic sites in Iran commenced. As a result of the escalation of geopolitical tensions in the Middle East, the leading international financial markets have experienced increased volatility, accompanied by heightened uncertainty and sustained pressure on the energy prices. The extent of the economic impact of the conflict in the Middle East on the global economy will depend on the duration of the conflict and the extent of damages to infrastructure and industrial capacity in the region, particularly whether the increase in energy prices proves to be temporary or persistent. The conflict may have a significant adverse effects on key macroeconomic indicators, including on inflation, economic growth, and others.

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 Separate Financial Statements as at 31.12.2025 and Notes to the annual financial statements for the financial reporting 2024” of Trace Group Hols PLC, consisting of 92 (ninety two) pages in Bulgarian language, and that I am competent in both English and Bulgarian language to render such a translation.



TRACE GROUP HOLD PLC
SEPARATE MANAGEMENT REPORT
For the year ended 31 December 2025

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The Annual Management Report provides commentary on and analysis of the Separate Financial Statements, together with other material information regarding the financial position and operating results of the Entity. It includes the information required 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. 10, items 1, 2, and 4 of Ordinance № 2 of the Financial Supervision Commission, and Art. 187 (e) and Art. 247 of the Commercial Act.

I. General information on the Entity

“Trace Group Hold” PLC is an entity incorporated in the Republic of Bulgaria as a public limited company in accordance with the Bulgarian legislation. The Entity is registered with the Stara Zagora District Court under company file №255/2005. Since 2007, the Entity has held the status of a public company within the meaning of Art. 110 of the Public Offering of Securities Act (POSA).

Registered office and principal place of business: № 96, “Prof. Tsvetan Lazarov” Blvd., entr. B, fl. 12, 1582, Sofia; Mailing address: № 96, “Prof. Tsvetan Lazarov” Blvd., entr. B, fl. 12, 1582, 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 as at 31 December 2025:

As at the date of preparation of this Management Report, the registered share capital of the Entity amounts to BGN 24,200,000, distributed among 24,200,000 dematerialised, registered shares with a nominal value of BGN 1 each; all of the 24, 200,000 shares carry voting rights. The shares of “Trace Group Hold” PLC have been admitted to trading on the Bulgarian Stock Exchange since 27 October 2007.

As 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 31.12.2025	at 31.12.2024	at 31.12.2025	at 31.12.2024
Nikolay Mihaylov	16 216 646	16 276 755	67,01	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	-	0,015
Other individuals and legal entities	5 805 354	5 741 506	23,99	23,725

The Entity operates under a two-tier management system comprising:

A Supervisory Board (SB), comprising the following members:

Prof. Nikolay Mihaylov – Chairperson of the SB

Manol Denev – Member of the SB

Mariela Rounteva – Independent Member of the SB

And

A Managing Board (MB), comprising the following members:

Desislava Lyubenova – Chairperson of the MB

Eng. Boyan Delchev – Deputy Chairperson of the MB

Manol Kavarakov – Member of the MB

Eng. Boyan Delchev is the Executive Director of the Entity.

The members of the Audit Committee as at 31.12.2025 are as follows:

Yordan Galabov – Chairperson

Prof. Hristina Nikolova

Diana Rangelova

The Entity has established branches in Serbia, North Macedonia, Ukraine, Romania, Greece, Montenegro, and the Czech Republic (until 31.03.2025):

“Trace Group Hold” PLC – Belgrade branch

“Trace Group Hold” PLC – Skopje branch

“Trace Group Hold” PLC – Kyiv branch

“Trace Group Hold” PLC – Bucharest branch

“Trace Group Hold” PLC – Greece branch

“Trace Group Hold” PLC – Montenegro branch

“Trace Group Hold” PLC – Czech Republic branch (until 31.03.2025; terminated in April 2025)

II. Activity overview

1. Principal activity

“Trace Group Hold” PLC engages in all types of infrastructure projects, including construction, rehabilitation, maintenance, design, and all related activities. “Trace” continuously diversifies and expands the scope of its business operations. The portfolio of activities of “Trace” also includes investments, international trade, and logistics.

The company operates in the European market in the following areas:

Construction and maintenance of road infrastructure in the Republic of Bulgaria, the Republic of Serbia, and the Republic of Romania, including construction of bridges and tunnels;

“TRACE” participates in the implementation of major national infrastructure projects, including the completion of the “Trakya” and “Hemus” motorways. The Entity also participates in the construction of sections of Corridor № 10 in Serbia, as well as in the construction of a section of the “Ploiesti – Buzau” motorways, LOT 2; Mizil – Pietroasele, km 21+000 – km 49+350, in Romania.

Projects for the reconstruction and rehabilitation of road networks and urban infrastructure, including routine repairs and winter maintenance of part of the road network in the Republic of Bulgaria, the Republic of Serbia, and the Republic of Romania, constitute a significant portion of the Entity’s portfolio. The Entity has the resources required for the implementation and maintenance of traffic management systems, vertical signage, and horizontal road marking. It also has the technical and human resources to perform emergency response and recovery activities in regions affected by natural disasters.



Construction of metro infrastructure (subways);

“Trace Group Hold” PLC has been actively involved in the construction of the “Sofia Metro” since the inception of the project. Twelve of the existing metro stations, together with the adjacent metro lines, have been constructed by “Trace Group Hold” PLC. The company is currently engaged in (in the process of completing) the design and construction of a new metro section under the “Sofia Metro Extension Project, Stage III”, including one underground metro station (MS3) and an inter-station ventilation system (VS), located under “Vladimir Vazov” Boulevard, LOT 2: Design and construction of metro section from km.1+904.00 to km.3+460.00, with two underground metro stations (MS3 and MS4) and an inter-station ventilation system as well as LOT 1: Design and construction of metro section from km. 0+000.00 to km. 1+904.00, with two underground metro stations (MS1 and MS2) and an inter-station ventilation system.



Construction of railway infrastructure and all related facilities, including construction of high-speed railway tracks and the implementation of innovative railway technology (the Geismar system); Railway substructure and superstructure activities, including:

- Mechanised rehabilitation, reconstruction, and construction of new railway tracks;
- Mechanised installation of new railway tracks and dismantling of existing railway tracks;
- Earthworks, rock excavations, and bulk works, including landscaping and land reclamation, using advanced equipment and modern technologies;
- Repair, rehabilitation, and construction of small- and large-scale engineering structures on existing and newly constructed railways lines;
- Repair, rehabilitation and construction of catenary systems (overhead contact lines) as well as signalling and telecommunication systems;
- Reconstruction of existing railway stations and stops, and construction of new railways stations and stops.

“Trace” is currently implementing several major, large-scale railway projects. The Entity is engaged in the modernisation of railway infrastructure, including catenary, signalling, and telecommunication systems at the “Plovdiv” station, as well as the construction of a transport and communication underpass beneath the railway area of the “Plovdiv” station; Design and construction of road overpasses, namely: the “Kaloyanovets – Stara Zagora” overpass; the “Kalinovo – Khan Asparuh” overpass; the overpass at the “Khan Asparuh” station; The project “Restoration of the design parameters of “Pliska” station from km 129+040 to km 130+190, at a total length of 1 150 meters, along the IXth railway line” has been completed.

Projects for the modernisation and rehabilitation of the railway section “Nis – Brestovac”, in the Republic of Serbia, as well as for the Reconstruction and modernisation of the railway line “Nis – Dimitrovgrad – Prosek (Sicevo) – Dimitrovgrad” section, are also in progress.



Construction and maintenance of civil and military airports in accordance with international standards;

The reconstruction of the “Graf Ignatievo” Air Base is an emblematic project for the company with both the design and construction phases completed concurrently within a period of just three (3) months. The project involved the implementation of new technologies, including the production and application of polymer-modified bitumen and polymer-modified asphalt concrete, as well as the installation of a state-of-the-art airfield lighting system.

Construction of wastewater treatment plants; integrated water cycle systems; water mains, and environmental (eco) projects;

The Holding focuses its efforts in the water sector on projects for the rehabilitation, reconstruction, and construction of new water supply and sewerage networks and related facilities, thereby contributing to the improvement of the quality of life of the population.

“Trace Group Hold” PLC focuses its efforts in the environmental sector on the implementation of waste management and soil protection projects and sites, including the development of facilities for municipal waste treatment and disposal, construction of regional municipal solid waste landfills, and the construction of pre-treatment plants, including facilities for composting, sorting, and waste separation. The company also has the capacity to undertake projects related to climate change adaptation, prevention, and risk management.

“Trace Group Hold” PLC has extensive experience in the design and implementation of landslide mitigation and prevention measures, structural stabilisation works, coastal protection, and shoreline protection facilities.

High-rise construction, 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 develop hotel complexes, as well as industrial, residential, commercial, and administrative buildings, together with the associated infrastructure.

The construction of the “Atana” city complex, located in “Druzhba” Residential District, in Sofia, is ongoing. The first stage, with a built-up area of 1,372 square meters and a total gross built-up area of 32,187.23 square meters, has been completed. The “ATANA” city complex is modern and functionally designed, comprising three residential sections and one office section, including a restaurant, retail outlets, sports facilities, and other (entertainment) amenities. The headquarters of Trace Group Hold PLC were relocated to the office section of the “ATANA” city complex in 2025. “Trace Properties” EOOD (LTD) is the project investor, while “Injproekt” OOD (LTD) is the project’s designer. The construction of the “Atana 3”

building within the “Atana” city complex commenced in 2024. The “Atana 3” building shall have a built-up area of 455.36 square meters and a total gross built-up area of 6,478.97 square meters. The construction of the “Atana 2” building within the “Atana” city complex commenced in the third quarter of 2025. The “Atana 2” building shall have a built-up area of 1,825.19 square meters and a total gross built-up area of 22,885.58 square meters.



Trade in construction products and supplies.

“Trace Group Hold” PLC engages in commercial activities involving construction products and materials in order to ensure the quality of its project implementation. The holding has established a strong presence across multiple market segments through its subsidiary “Infra Commerce” EOOD (LTD), including white and dark fuels, road bitumen, technical salt, fittings, railway consumables and materials, and construction machinery, among others.

Production of asphalt mixtures, bitumen emulsion, and stone powder. Extraction of aggregates.

“Trace Group Hold” PLC owns asphalt plants (two of which are modular mobile units), a plant for the production of polymer-modified bitumen, a plant for the production of bitumen emulsion, and a plant for the production of stone powder, as well as aggregate quarries and crushing and screening facilities for the production of stone fractions. The production facilities and warehouses of “Trace Group Hold” PLC are strategically located in key transport and logistics hubs, enabling the fast, efficient, and high-quality execution of the Entity’s projects.

“Trace” achieves its performance results through the effective management of its subsidiaries, which possess extensive experience and in-depth expertise. The Entity’s offices in Bulgaria are strategically located in the economically significant regions of the country. The Entity also operates internationally through its subsidiaries and branches established in the Republic of Serbia, the Czech Republic, North Macedonia, Romania, Greece, and Ukraine. “Trace” manages the Group’s production, financial, and human resources through its interconnected entities.

The “Trace for People” Foundation, registered with the Ministry of Justice of the Republic of Bulgaria as a non-governmental organisation operating in the public interest, is also part of the Group and serves as the primary vehicle for the company’s Social Responsibility Policy.

“Trace Group Hold” PLC is a member of:

- Bulgarian Construction Chamber
- Confederation of Employees and Industrialists in Bulgaria (CEIBG)

The Entity also participates in the “Bulgarian Forum for Transport Infrastructure” Association.

2. Investment portfolio

Investments in subsidiaries – capital entities (equity investments)

Type	31.12.2025
	Amount
Trace BG EOOD (LTD), Bulgaria	100%
Trace Yambol AD (JSC), Bulgaria	99%
Trace Mechanization EAD (JSC), Bulgaria	100%
Infra Commerce EOOD (LTD), Bulgaria	100%
Asphalt Commerce EOOD (LTD), Bulgaria	100%
Trace Properties EOOD (LTD), Bulgaria	100%
Trace Build OOD (LTD), Serbia	100%
Trace Serbia AD (JSC), Serbia	100%
Trace Rent EOOD (LTD), Bulgaria	100%
Trace Group Hold USA Llc, USA	100%

USM AD (JSC), which entered into liquidation on 24.06.2024, was terminated on 20.03.2025.

3. Operating results

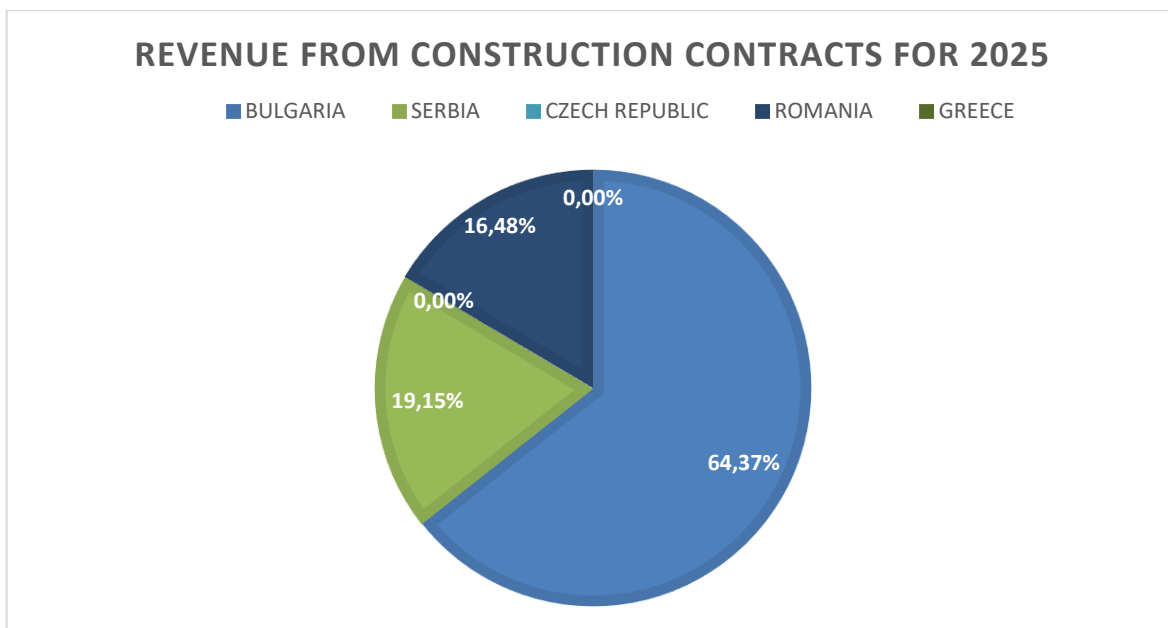
3.1. Income structure

Revenue, realised in the financial reporting period of 2025 (excluding finance income) amounts to BGN 372,773 thousand and represents a decrease of 35.04% compared to that recognised in the prior financial reporting period (2024: BGN 573,858 thousand). Revenue comprises BGN 351,229 thousand of “Revenue from contracts with customers”, BGN 20,939 thousand of “Other income”, BGN 87 thousand of “Income from the sale of goods”, and BGN 518 thousand of “Income from the sale of services”.

Вид приход	31.12.2025 г. BGN'000	Относит. для 2025г.	31.12.2024 г. BGN'000	Относит. для 2024г.	Изменен ие %
Revenue from contracts with customers	351 834	94%	569 045	99%	-38,17%
Revenue from constuction contracts	351 229	94%	568 467	99%	-38,21%
Revenue from sales of goods	87	0%	189	0%	-53,97%
Revenue from sales of services	518	0%	389	0%	33,16%
Other revenue	20 939	6%	4 813	1%	335,05%
Total	372 773	100%	573 858	100%	-35,04%

Revenue, recognised under construction contracts, amounting to BGN 351,229 thousand, represents the most significant portion of the Group’s revenue from contracts with customers and has decreased by BGN 217,238 thousand (2024: BGN 568,467 thousand). Of

this revenue, 64.37% was recognised in Bulgaria, 19.15% was recognised in the Republic of Serbia, and 16.48% was recognised in the Republic of Romania.



The principal projects contributing to the revenue from construction services (services, rendered under contracts for building and construction works), recognised in the Republic of Bulgaria in 2025 are as follows:

- “Modernisation of the railway infrastructure, including catenary, signalling and telecommunication systems at the “Plovdiv” station, and construction of a transport and communication underpass beneath the railway area of the “Plovdiv” station”, implemented under the project “Development of the Plovdiv railway junction”;
- Design and construction of a section of the Third metro line, starting from “Shipka” Str. and extending through “Slatina” Residential District to “Tsarigradsko Shosse” Blvd., including six metro stations under the following LOTs:
LOT 1: Design and construction of a metro section, from km 0+000. 00 to km 1+904.00, including two underground metro stations (MS1 and MS2) and an inter-station ventilation system (VS);
- 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);
- Design and construction of a section of the Third metro line, starting from “Shipka” Str. and extending through “Slatina” Residential District to “Tsarigradsko Shosse” Blvd., including six metro stations under the following LOTs:
LOT 2: Design and construction of a metro section, from km 1+904.00 to km 3+460.00, including two underground metro stations (MS3 and MS4) and an inter-station ventilation system (VS);
- Routine maintenance and repair of roads within the Sofia Municipality – Zone 1;
- Engineering (design and construction) of a sewerage network project: Construction of a sewerage network in “Dragalevtsi” Residential District, “Vitosha” Region;
- Winter maintenance and emergency restoration works on republican roads in the SOUTHEASTERN REGION, under LOT № 3: RTM STARA ZAGORA;
- Winter maintenance and emergency restoration works on republican roads in the northwestern region, under the following LOTs: • LOT № 1 – RTM Vidin; • LOT № 2 – RTM Vratsa; • LOT № 3 – RTM Montana; • LOT № 4 – RTM Lovets; • LOT № 5 – RTM Pleven (part of LOT № 3 – RTM Montana).

The principal projects contributing to the revenue from construction services (services, rendered under contracts for building and construction works), recognised in the Republic of Serbia in 2025 are as follows:

- Modernisation and rehabilitation of the railway section “Nis – Brestovac”, Republic of Serbia;
- Heavy maintenance (modernisation) of State Road IB-39, “Babusnica – Svodje” section, from km 25+851 to km 45+385, with a total length of 19+354 km;
- Reconstruction and modernisation of the “Prosek (Sicevo)– Dimitrovgrad” section of the “Nis – Dimitrovgrad” railway line;
- Construction of a mixed-use (residential and commercial) building within the “Panair Leskovac” (transl. Leskovac Fair) complex in Leskovac;

The principal projects contributing to the revenue from construction services (services, rendered under contracts for building and construction works), recognised in the Republic of Romania in 2025 are as follows:

- Construction of the “Ploiesti – Buzau” motorway, LOT 2, from km 21+000 to 49+350

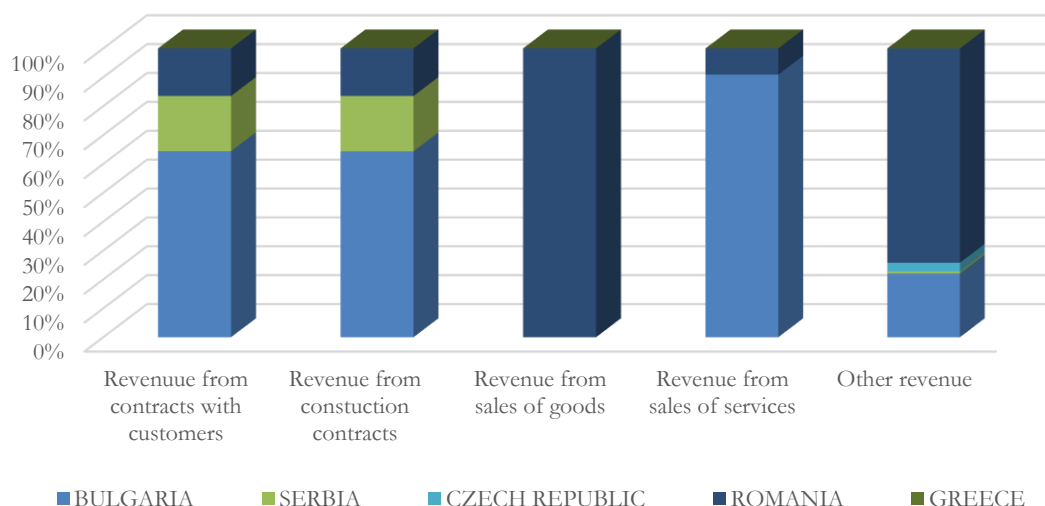
Revenue from the sale of goods amounts to BGN 87 thousand.

Revenue from the sale of services amounts to BGN 518 thousand and has increased by 33.16% compared to that recognised in the prior (comparative) reporting period (2024: BGN 389 thousand). Revenue from the sale of services was generated primarily in the Republic of Bulgaria.

Other income amounts to BGN 20,939 thousand and has increased by 335.05% compared to that accrued in the prior (comparative) reporting period (2024: BGN 4, 813 thousand). The most significant components of this category (subgroup) include reversals of provisions and impairment gains amounting to BGN 15,525 thousand, payables written off amounting to BGN 688 thousand, lease income from operating leases (of assets) amounting to BGN 3,146 thousand, proceeds from penalties and compensations amounting to BGN 902 thousand, and reversals of impairments amounting to BGN 380 thousand.

A segmental analysis indicates that 62.02% of the revenue (excluding finance income) was generated in Bulgaria, 18.09% in the Republic of Serbia, 19.73% in the Republic of Romania, and 0.17% in the Czech Republic.

Total revenue recognised in 2025 (excluding finance income)



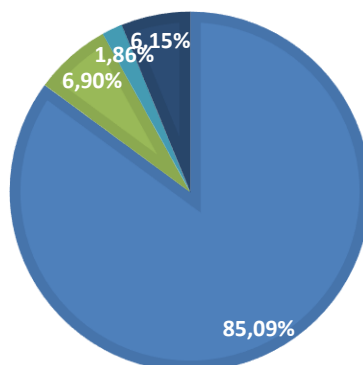
Finance income recognised during the reporting period amounts to BGN 6,439 thousand and has increased by 4.51% compared to that recognised in the prior (comparative) reporting period (2024: BGN 6,161 thousand). Dividend income from subsidiaries represents the most significant component of finance income. Dividend income amounts to BGN 5,195 thousand and has decreased by 4.49% compared to that recognised in the prior (comparative) reporting period (2024: BGN 5,439 thousand). Interest income amounts to BGN 335 thousand and has increased compared to that recognised in the prior (comparative) reporting period (2024: BGN 261 thousand). 37.61 % of this interest income was generated in Bulgaria and 62.39% in the Republic of Romania. Foreign exchange gains amount to BGN 751 thousand and were primarily (59.12%) generated in the Republic of Serbia, while 24.90% were generated in the Republic of Romania, and 15.98% in the Czech Republic.

Type of income	31.12.2025 г. BGN'000	Относит. дъл 2025г.	31.12.2024 г. BGN'000	Относит. дъл 2024г.	Изменение %
<i>Income from participating interests</i>	5 195	81%	5 439	88%	-4,49%
<i>Interest income, including interest income accrued on:</i>	335	5%	261	4%	28,35%
• Commercial loans	126	2%	48	1%	162,50%
• Trade receivables		0%	213	3%	
• Others	209	3%		0%	
<i>Gains from transactions with financial instruments</i>	156	2%		0%	
<i>Foreign exchange gains</i>	751	12%	457	7%	64,33%
<i>Other finance income</i>	2	0%	4	0%	-50,00%
Total	6 439	100%	6 161	100%	4,51%

On a geographical basis, 85.09% of the finance income was generated in Bulgaria, 6.90% was generated by the branch domiciled in the Republic of Serbia, 6.15% in the Republic Romania, and 1.86% in the Czech Republic.

FINANCE INCOME FOR 2025

■ BULGARIA ■ SERBIA ■ CZECH REPUBLIC ■ ROMANIA

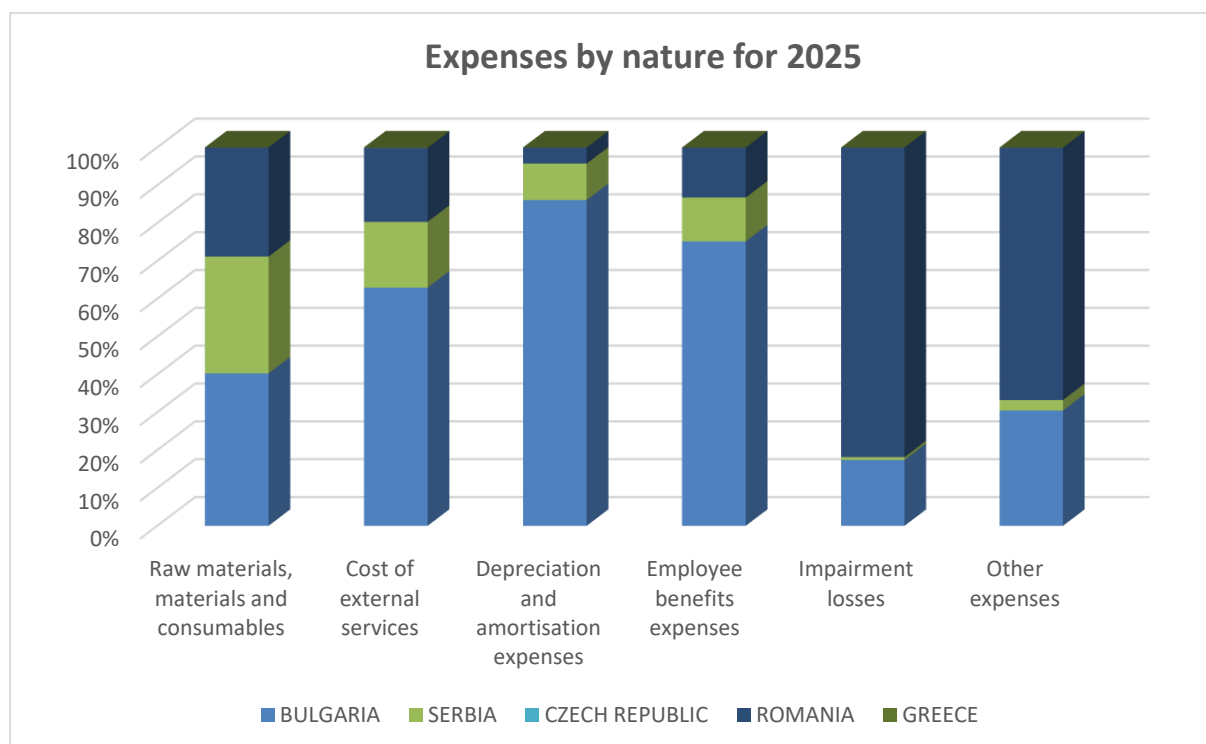


3.2. Structure of expenses by nature

Expenses by nature amount to BGN 359,801 thousand in 2025 and have decreased by 32.82% compared to those incurred in the prior (comparative) reporting period (2024: BGN 535,587 thousand).

<i>Expenses by nature</i>	31.12.2025 г. BGN'000	Относит. д-л 2025г.	31.12.2024 г. BGN'000	Относит. д-л 2024г.	Изменение %
• Raw materials, materials and consumables	75 193	20,90%	179 709	33,55%	-58,16%
• Cost of external services	240 654	66,89%	301 180	56,23%	-20,10%
• Depreciation and amortisation expenses	3 886	1,08%	3 651	0,68%	6,44%
• Employee benefits expenses	26 891	7,47%	22 625	4,22%	18,86%
• Impairment losses	523	0,15%	1 177	0,22%	-55,56%
• Other expenses	12 654	3,52%	27 245	5,09%	-53,55%
Total	359 801	100%	535 587	100%	-32,82%

On a geographical basis, 58.16% of the expenses by nature were incurred in Bulgaria, 19.16% were incurred in the Republic of Serbia, 22.60% were incurred in the Republic of Romania, and 0.08% in Greece.

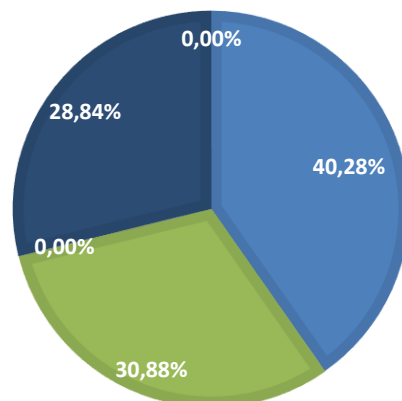


Expenses for raw materials, materials, and consumables are included within the “expenses by nature” and amount to BGN 75,193 thousand. These expenses (i.e., cost of raw materials, materials, and consumables) have decreased significantly compared to those incurred in the prior (comparative) reporting period (2024: BGN 179,709 thousand), primarily due to the reduced volume of construction activities under contracts performed both in Bulgaria and abroad. Direct materials, amounting to BGN 70,651 thousand, represent the most significant component of the expenses for raw materials, materials, and consumables. Of these, 40.15% were incurred in Bulgaria, 32.42% were incurred by the branch domiciled in the Republic of Serbia, and 27.43% by the branch established in the Republic of Romania. Expenses for fuel, oil, and lubricants amount to BGN 1,911 thousand (2024: BGN 5,469 thousand). Expenses for electricity, heating, water, and consumables amount to BGN 759 thousand. The remaining subcategories of expenses for raw materials, materials, and consumables do not show any significant changes in their absolute values compared to those incurred in the prior reporting period.

On a geographical basis, 40.28% of the expenses for raw materials, materials, and consumables were incurred in Bulgaria, 30.88% were incurred in the Republic of Serbia, and 28.84% in the Republic of Romania.

RAW MATERIALS, MATERIALS AND CONSUMABLES FOR 2025

■ BULGARIA ■ SERBIA ■ CZECH REPUBLIC ■ ROMANIA ■ GREECE



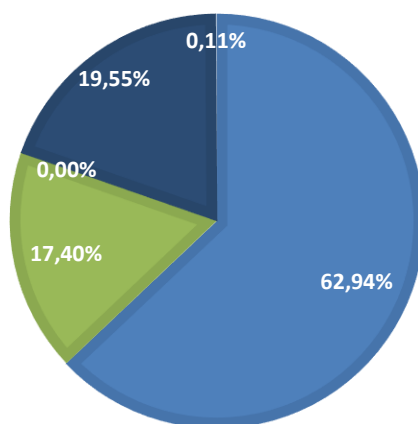
Expenses for external services represent a significant portion of the expenses by nature. Expenses for external services amount to BGN 240,654 thousand in the current reporting period, and their absolute value has decreased by BGN 60,526 thousand compared to that in the prior (comparative) reporting period (2024: BGN 301,180 thousand). Expenses for external services include costs incurred in respect of subcontractors, transport services, repairs, insurance, subscriptions, laboratory tests, design, advertising, consulting and other contractual services, security, taxes and fees, and others. Subcontractor services amount to BGN 191,509 thousand and represent 79.58% of the total external services expenses. In absolute value, these costs have decreased by 19.13%. The majority of the subcontractor costs were incurred in Bulgaria (68.59%), followed by the Republic of Serbia (16.14%) and Romania (15.27%). Mechanisation services amount to BGN 19,359 thousand, representing a decrease of BGN 12,312 thousand (2024: BGN 31,671 thousand). Transport service costs, primarily relating to costs incurred in the transport of construction materials, amount to BGN 2,520 thousand (2024: BGN 4,948 thousand). Geodetic services, laboratory testing, and design costs are also related to construction and amount to BGN 6,254 thousand, representing a decrease of 9.09% compared to those incurred in the prior (comparative) reporting period (2024: BGN 6,879 thousand). Insurance costs amount to BGN 3,892 thousand, representing an increase of 55.00% compared to the prior (comparative) reporting period (2024: BGN 2 511 thousand). Of these, 57.48% were incurred by the branch established in the Republic of Romania, 34.10% by the Entity domiciled in Bulgaria and the remaining 8.43% in the Republic of Serbia. Other external services expenses incurred during the financial reporting period included consulting and professional service fees amounting to BGN 4,251 thousand, and security and storage costs amounting to BGN 3,968 thousand.

Cost of external services and their changes compared to the prior (comparative) reporting period are disclosed in detail in the notes to the financial statements.

On a geographical basis, 62.95% of the expenses for external services were incurred in Bulgaria, 17.40 % were incurred in the Republic of Serbia, 19.55% in the Republic of Romania, and 0.11% in Greece.

COST OF EXTERNAL SERVICES FOR 2025

■ BULGARIA ■ SERBIA ■ CZECH REPUBLIC ■ ROMANIA ■ GREECE

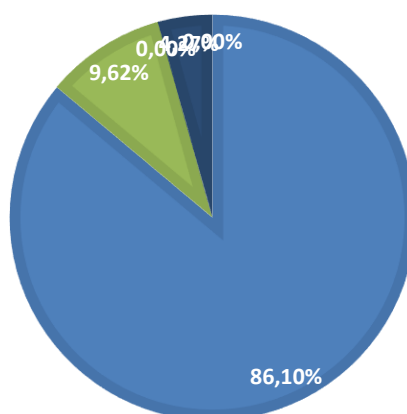


Depreciation and amortisation expenses amount to BGN 3,886 thousand and have increased by 6.44% compared to those incurred in the prior (comparative) reporting period (2024: BGN 3,651 thousand). Of these, BGN 861 thousand relates to depreciation of right-of-use assets, while BGN 3,025 thousand relates to depreciation of the entity-owned assets.

On a geographical basis, 86.10% of the depreciation and amortisation expenses were incurred in Bulgaria, 9.62% in the Republic of Serbia, and 4.27% in the Republic of Romania.

DEPRECIATION AND AMORTISATION EXPENSES FOR 2025

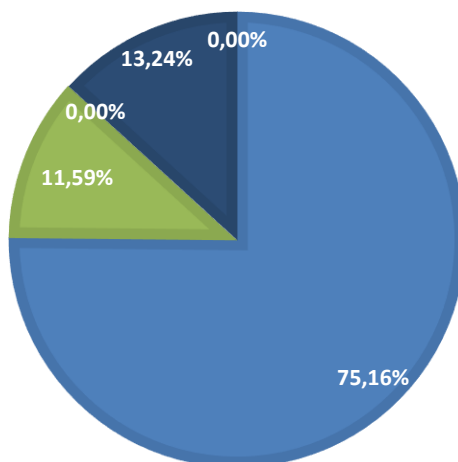
■ BULGARIA ■ SERBIA ■ CZECH REPUBLIC ■ ROMANIA ■ GREECE



Employee benefits expenses amount to BGN 26,891 thousand and represent 7.47% of the total expenses by nature. Employee benefits expenses have increased by 18.86% compared to the same incurred in the prior (comparative) reporting period (2024: BGN 22,625 thousand). On a geographical basis, 75.16 % of the employee benefits expenses were incurred in Bulgaria, 11.59% in the Republic of Serbia, and 13.24% in the Republic of Romania.

EMPLOYEE BENEFITS EXPENSES FOR 2025

■ BULGARIA ■ SERBIA ■ CZECH REPUBLIC ■ ROMANIA ■ GREECE

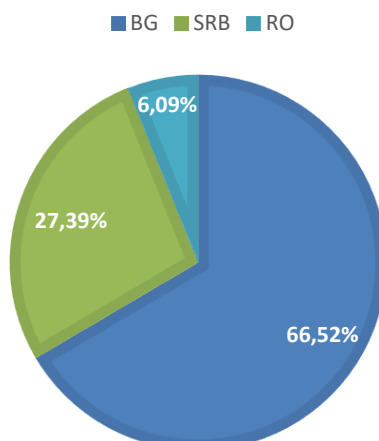


As at 31.12.2025, the Entity and its branches established abroad employed 445 persons. The average number of employees during the reporting period was 230 persons, distributed across the following categories:

AVERAGE NUMBER OF EMPLOYEES AS AT 31.12.2025г.				
	TTX АД	BG	SRB	RO
Average number of employees during the year	230	153	63	14
Number of employees employed within the Entity as at 31.12.2025	445	369	60	16
Management personnel	42	39	1	2
Analytical experts	79	56	23	
Applied experts	89	65	24	
Support staff	11	11		
Highly qualified employees	32	16	6	10
Personnel engaged in service activities	29	29		
Plant, facility and machine operators	96	95		1
Low-skilled (semii-qualified) workers	67	58	6	3

On a geographical basis, 66.52% of the average number of personnel were employed in Bulgaria, 27.39% (of the average number of personnel) were employed by the branch domiciled in the Republic of Serbia, and the remaining 6.09% in the Republic of Romania.

AVERAGE NUMBER OF EMPLOYEES FOR 2025

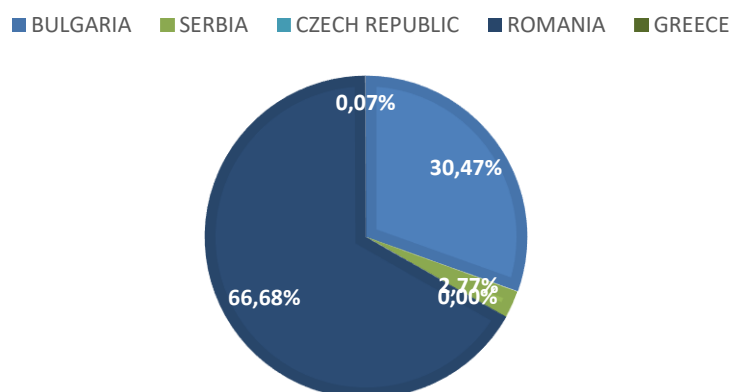


Impairment losses (impairment of assets) amount to BGN 523 thousand and have decreased by 55.56% compared to those incurred in the prior (comparative) reporting period (2024: BGN 1,177 thousand). Impairment losses comprise BGN 489 thousand relating to impairment of receivables, BGN 14 thousand relating to the impairment of cash, and BGN 20 thousand relating to the impairment of financial assets.

Other costs amount to BGN 12,654 thousand and represent 3.52% of the total expenses by nature. Other costs include provisions for liabilities arising from construction contracts, guarantees, litigation and other obligations amounting to BGN 8,569 thousand and have decreased by 64.51% compared to those incurred in the prior (comparative) reporting period (2024: BGN 24,144 thousand). Business travel expenses in Bulgaria and abroad, amounting to BGN 541 thousand, are also included within “other costs” and have decreased compared to the same incurred in the prior (comparative) reporting period (2024: BGN 601 thousand). Donations, amounting to BGN 1,104 thousand, are primarily directed to the “Trace for People Foundation” and other beneficiaries, and do not show a significant change compared to those incurred in the prior (comparative) reporting period (2024: BGN 1,075 thousand). Other costs also include entertainment and social expenses amounting to BGN 1,650 thousand, as well as fines, penalties, and interest expenses amounting to BGN 572 thousand, and others.

On a geographical basis, 30.47% of the Other costs were incurred in the Republic of Bulgaria, 66.68% in the Republic of Romania, 2.77% in the Republic of Serbia, and 0,07% in Greece.

OTHER EXPENSES FOR 2025



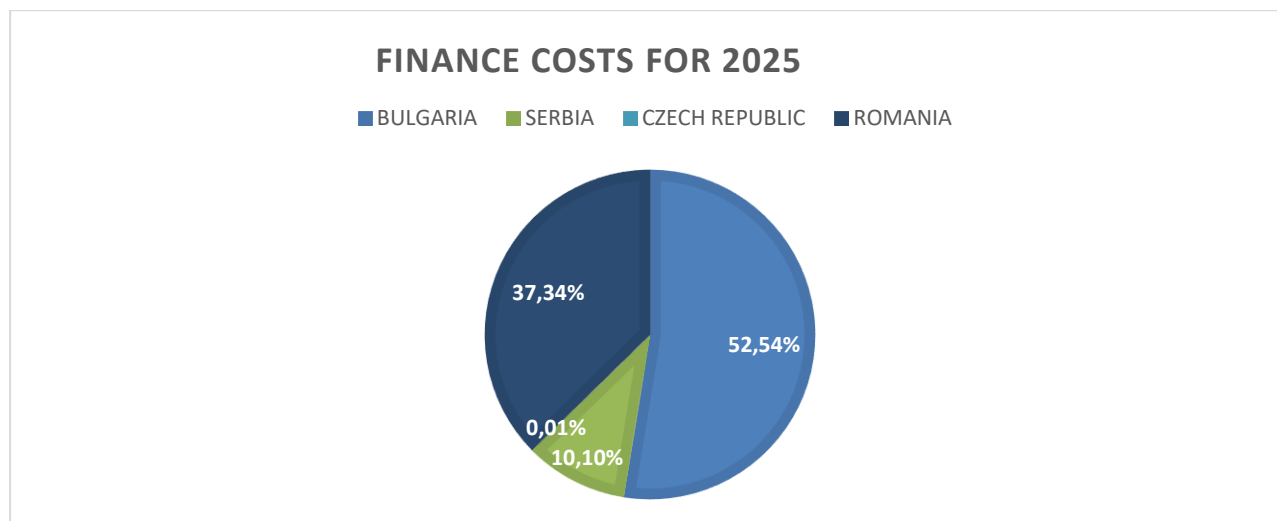
Costs capitalised in the value of assets amounting to BGN 206 thousand are recognised as adjustments. Of these, BGN 77 thousand relate to costs incurred in Bulgaria, and BGN 129 thousand relate to costs incurred in the Republic of Serbia.

3.3. Finance cost structure

Finance costs amount to BGN 9,343 thousand and have increased by 64.52% compared to those incurred in the prior (comparative) reporting period (2024: BGN 5,679 thousand). Foreign exchange losses, amounting to BGN 4,268 thousand, represent the most significant component of finance costs (46%) and have increased significantly compared to those incurred in the prior (comparative) reporting period (2024: BGN 1,018 thousand). Of these, 62.46% were incurred in the Republic of Romania, 33.83% in Bulgaria, 3.68% in the Republic of Serbia, and 0.02% in the Czech Republic. The increase is primarily attributable to the depreciation of the Romanian Leu (RON) against the euro. Interest expense incurred on the outstanding principal amounts of loans, obtained from financial institutions, amounts to BGN 3,504 thousand and has increased significantly compared to that incurred in the prior (comparable) reporting period (2024: BGN 2,538 thousand). Finance costs also include interest expense incurred on the outstanding principal amounts under commercial loans obtained (BGN 13 thousand), interest expense on the outstanding principal amounts under leases (BGN 171 thousand) and interest expense on trade payables (BGN 17 thousand), and others. Bank guarantee expenses amount to BGN 863 thousand and have decreased by 13.96% compared to those incurred in 2024 (BGN 1,003 thousand). Interest expenses amount to BGN 3,707 thousand and were mainly incurred in Bulgaria. Of these, 94.52% relate to interest payable to banks under investment loans and working capital loans that the Entity utilises in Bulgaria. Other finance costs amount to BGN 503 thousand, of which 91.65% were incurred in Bulgaria and 8.35% by the branch domiciled in the Republic of Serbia. These include bank fees and charges related to the servicing of bank loans, and others.

Type of expense	31.12.2 025 г. BGN'0 00	Относ ит. дъл 2025г	31.12.2 024 г. BGN'0 00	Относ ит. дъл 2024г	Измене ние %
<i>Interest expense, including interest expense incurred on:</i>	3 707	40%	2 844	50%	30,34%
• Commercial loans	13	0%	80	1%	-83,75%
• Loans from financial institutions	3 504	38%	2 538	45%	38,06%
• Leases	171	2%	213	4%	-19,72%
• Others	2	0%		0%	
• Trade payables	17	0%	13	0%	30,77%
<i>Losses from transactions with financial instruments</i>	2	0%	-	-	-
<i>Foreign exchange losses</i>	4 268	46%	1 018	18%	319,25%
<i>Expenses, relating to bank guarantees</i>	863	9%	1 003	18%	-13,96%
<i>Other finance costs</i>	503	5%	814	14%	-38,21%
Total	9 343	100%	5 679	100%	64,52%

On a geographical basis, 52.54% of the finance costs were incurred in Bulgaria, 10.10% in the Republic of Serbia, 0.01% in the Czech Republic, and 37.34% in the Republic of Romania.



3.4. Financial result

In conclusion, based on the above analysis, total income of BGN 379,212 thousand was recognised during the current reporting period. The total expenses (excluding taxes) incurred during the year amount to BGN 368,938 thousand. The financial result before tax is a profit of BGN 10,274 thousand. Tax expense amounts to BGN 1,338 thousand. The net profit of the Entity (after tax) amounts to BGN 8 936 thousand.

III. Analysis of financial and non-financial indicators

1. Financial indicators and ratios

The financial position of the Entity for the 2025 financial reporting period is reflected in the following financial indicators:

Indicators					
№	Indicators	2025	2024	Difference	
		Value	Value	Value	%
1	Non-current assets /total/	128 015	137 981	(9 966)	-7%
2	Current assets, including:	341 853	431 201	(89 348)	-21%
5	Current receivables	276 874	372 694	(95 820)	-26%
6	Current financial assets	2 477	577	1 900	329%
7	Cash and cash equivalents	19 047	4 456	14 591	327%
8	Total assets	469 868	569 182	(99 314)	-17%
9	Equity	175 017	175 890	(873)	0%
10	Financial result	8 936	34 259	(25 323)	-74%
11	Non-current liabilities	29 734	39 705	(9 971)	-25%
12	Current liabilities	265 117	353 587	(88 470)	-25%
13	Total liabilities	294 851	393 292	(98 441)	-25%
14	Total revenue	379 212	580 019	(200 807)	-35%
15	Sales revenue	351 834	569 045	(217 211)	-38%
16	Total expense	368 938	540 239	(171 301)	-32%

№	Coefficients	Coefficients			
		2025	2024	Difference	
		Value	Value	Amount	%
Profitability:					
1	Return on equity	0,05	0,19	(0,14)	-74%
2	Return on assets	0,02	0,06	(0,04)	-68%
3	Return on liabilities	0,03	0,09	(0,06)	-65%
4	Net profit margin	0,03	0,06	(0,03)	-58%
Efficiency:					
5	Cost efficiency	1,03	1,07	(0,05)	-4%
6	Revenue efficiency	0,97	0,93	0,04	4%
Liquidity:					
7	Current ratio	1,29	1,22	0,07	6%
8	Quick ratio	1,13	1,07	0,06	5%
9	Acid test	0,08	0,01	0,07	470%
10	Absolute liquidity	0,07	0,01	0,06	470%
Financial leverage:					
11	Financial leverage	0,59	0,45	0,15	33%
12	Gearing	1,68	2,24	(0,55)	-25%

Profitability (return) ratios are of key interest to investors, as they indicate the rate of return on capital. In essence, profitability ratios reflect the quantitative characteristics of the efficiency of the Entity's sales revenue, equity, assets, and liabilities, and are calculated as the ratio of the financial result (net profit) to the sales revenue, equity, assets, and liabilities, respectively. These ratios are therefore directly dependent on the profit generated by the Entity. The net profit for 2025 amounts to BGN 8,936 thousand and has decreased by 74% compared to the profit recognised in 2024 (BGN 34,259 thousand). As a result, the profitability ratios have decreased. Return on equity (ROE) is thus calculated at 0.05; return on assets (ROA) is calculated at 0.02; return on liabilities amounts to 0.03; net profit margin amounts to 0.03. All profitability ratios have decreased compared to those calculated in the prior (comparative) reporting period.

Efficiency ratios are quantitative measures of the relationship between the Entity's revenues and expenses. Changes in the structure of revenues and expenses are the primary factor influencing their movement during the reporting period. Based on the current year's data, the cost efficiency ratio amounts to 1.03 and has decreased (in value) compared to that reported in 2024. The revenue efficiency ratio, amounting to 0.97, has increased (in value) compared to that reported in 2024.

Liquidity ratios express the Entity's ability to settle its obligations in a timely manner and meet its short-term liabilities using the available assets, and reflect the Entity's capacity to convert the readily available assets into liquid such. The current ratio, calculated as the ratio of current assets to current liabilities, amounts to 1.29 and has increased by 0.07 points compared to that reported in the prior (comparative) period. Typically, 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 calculated at 0.08 and 0.07, respectively.

Financial leverage ratio represents the ratio of equity to total liabilities. The ratio amounts to 0.59 in 2025 and has increased by 33% compared to that reported in the prior (comparative) financial reporting period.

Debt ratios indicate the level of liabilities per BGN 1 of equity. The debt ratio is calculated as the ratio of total liabilities to total equity and amounts to 1.68 in 2025. It has decreased by 0.55 points (or 25%) compared to that calculated in the prior (comparative) reporting period.

2. Analysis of key non-financial performance indicators relevant to the economic activities, including information on environmental and employee matters

No analysis of non-financial performance indicators has been prepared for the reporting period.

3. Dividends

The Corporate Management of “Trace Group Hold” PLC maintains an optimal dividend policy, aimed at satisfying shareholders’ interests while reinvesting the retained profits to support the Entity’s development and future growth, and to enhance shareholder value (i.e. the price of its shares). Senior Management seeks to adopt balanced decisions regarding dividend distribution, taking into consideration the available resources, the economic situation, and shareholders’ expectations.

Decisions to distribute dividends of “Trace Group Hold” PLC are based on the portion of profits that can be distributed (in the form of dividends) without compromising the Entity’s investment capacity, as defined in the corporate business programme for the following year. In 2025, dividends relating to the 2024 profit were distributed pursuant to a decision of the General Meeting of Shareholders.

4. Corporate Social Responsibility

Environmental protection

“Trace Group Hold” PLC maintains an Integrated Quality Management System, in compliance with the requirements of the international standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 39001.

The Entity engages in social activities that support its commitment to protecting the integrity, health, rights, and welfare of its employees.

The process control system, which impacts the quality, environmental performance, and occupational health and safety, covers the following activities: Implementation of projects in Bulgaria, participation in international tenders in Bulgaria and abroad. Construction, maintenance, reconstruction, and rehabilitation of infrastructural projects, including transport infrastructure (roads, motorways, airports, and rail infrastructure), public utilities infrastructure, hydro-technical, water engineering and environmental projects, energy infrastructure, high-rise building construction and the related infrastructure, electronic communications networks and facilities. Consulting and engineering activities. Acquisition and management of participating interests, and shares, in the capital of entities based in Bulgaria and abroad.

“Trace Group Hold” PLC applies international environmental management standards. The Group 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 is committed to reducing the Entity’s environmental impact through:

- Efficient use of energy resources, including electricity and heating (energy consumption);

- Minimisation of waste generation;
- Prevention of pollution through the reduction and / or minimisation of harmful air and water emissions;
- Implementation of modern technologies and equipment in the execution of the Entity's activity and operations;
- Monitoring of air, water, and soil pollution;
- Implementation of ERP system for process management and digitalisation;

The Corporate Management of “Trace Group Hold” PLC recognises the importance of preserving the ecological balance and pays close attention to the environmental impact of its subsidiaries' production activities. The Holding monitors and implements measures aimed at reducing the adverse environmental impacts arising from the execution of the principal activities of the entities. All production facilities (crushing plants, asphalt bases, stone powder plants and others) are equipped with filtration systems for capturing harmful (toxic exhaust) emissions and comply with the requirements of the competent environmental authorities (control bodies).

Asphalt mixtures are produced using a dry process, without the use of water. Asphalt mixing plants are equipped with high-efficiency filtration systems that ensure effective dust collection from exhaust gases, which are subjected to dry purification through industrial filters. All emissions are captured through a powerful aspiration system, pass through dry dedusting filters, and clean air is released into the atmosphere.

The specialised machinery and vehicles comply with the European and international environmental standards. In pursuit of preserving the ecological balance, the Entity invests in modern equipment and technologies, and seeks to introduce innovative production processes.

Environmental protection concepts, which define the activities for minimising pollution and the adverse environmental impacts, are developed and applied throughout the implementation of all infrastructure projects. The concepts ensure the identification, assessment, and management of significant environmental aspects, as well as the prevention of environmental pollution during the execution of the respective project / public tender. The environmental protection concepts align with the core activities of the project implementation and site operation across the design, construction, and operation stages, including:

- Approved spatial planning in relation to land-use changes
- Preparation and coordination of project documentation
- Obtaining building permits
- Project implementation
- Commissioning of sites
- Compliance with conditions set out in the environmental assessment and / or environmental impact assessment decisions

Procedures are implemented in accordance with the applicable Bulgarian and European environmental legislation, ensuring prevention of significant adverse impacts on human health and on the environment in the execution of investment projects, including Environmental assessment of programmes and plans related to spatial planning and environmental impact assessment; Assessment of compatibility with the scope and the objectives for the protection of designated areas.

Corporate social activities

The economic dimensions of the responsible social behaviour of “Trace Group Hold” PLC reflect the Entity's resilience in times of crisis, its reputation, enhanced competitive advantage, and its ability to attract investors.

Through the “Trace for People” Foundation, “Trace Group Hold” PLC supports projects and causes aligned with its corporate culture and the values it promotes to the public. The

foundation consolidates the efforts of all entities within the Holding in the field of corporate social responsibility. “Trace” supports and initiates causes that build on the Bulgarian history, culture, and national identity. It also participates in educational and sports initiatives and campaigns.

In 2025, “Trace” contributed to the development of the social and cultural environment through the following initiatives:

Despite the adverse economic conditions, in 2025 “Trace” continued to support the “Dostoynite Bulgari” (transl. “Worthy Bulgarians”) and the “Otlichnitsite na Bulgaria” (transl. “The excellent ones of Bulgaria”) initiatives.

5. Disclosure of non-financial information

In accordance with Directive 2014/95/EU of the European Parliament on the disclosure of non-financial information and the provisions of the Accountancy Act, certain companies are required to disclose non-financial information either separately or as part of their annual Management Reports. This requirement applies to large public-interest entities, which as at the end of the financial year (31 December), exceed the threshold of an average of 500 employees during the respective financial reporting period (“average number of employees” criterion). Public-interest entities include: public companies and other issuers of securities; credit institutions; financial institutions; insurance, reinsurance and pension insurance companies, as well as the Funds managed by them; investment intermediaries; commercial entities engaged in the production, transmission and sale of electricity and heating; commercial entities engaged in the import, transport, distribution and transit of natural gas; commercial entities providing water supply, sewerage and telecommunications services; “Balgarski Darzhavni Zheleznitsi” (transl. “Bulgarian State Railways”) EAD (JSC) and its subsidiaries.

Entities with net sales revenues of BGN 100 million or more, or total assets with a carrying amount of BGN 50 million or more, are classified as large enterprises.

Based on the criteria set out in the Accountancy Act, “Trace Group Hold” PLC is not required to disclose non-financial information separately or as part of the Management Report, as its average number of employees during the financial reporting year does not exceed the threshold of 500 employees as at 31.12.2025.

IV. Principal risks

The Entity may be exposed to various financial risks in the course of its ordinary activities; accordingly, its overall risk management framework is focused on minimising the potential adverse effects on its financial performance.

The company’s activities are influenced by a number of factors, including the macroeconomic conditions in Bulgaria, the price dynamics of raw material, the Entity’s relationship with its suppliers, any legislative changes, exchange rates fluctuations, and others. In 2025, the company experienced adverse effects from the rising prices of electricity and of raw materials, both domestically and internationally.

Inflation risk

Inflation risk refers to the risk of a general increase in prices, which reduces the purchasing power of money and may adversely affect households and businesses (which could potentially suffer losses). According to the macroeconomic projections of the experts of the European Central Bank (ECB), the average HICP inflation rate is expected to be 2,1% in 2025 (close to the forecasted 2.2%), 1,7% in 2026 (indicating a significantly decline compared to the

higher inflation levels observed in the prior periods), and 1,9% in 2027. However, these projections remain subject to revision due to the complex international environment, including the ongoing military conflict in Ukraine and the escalating tensions in the Middle East.

Political risk

Political risk refers to the possibility of significant internal or external political developments that may lead to adverse changes in the government's economic policies and priorities, thereby negatively affecting the business environment in which entities operate and the confidence of investors, who may suffer losses. In 2025, no elections for an Ordinary National Assembly were held in Bulgaria, and the country was governed by a regular Government elected and in office in January 2025. Bulgaria's international political risk environment is shaped by its commitments as an EU Member State to implement structural reforms aimed at enhancing social stability and reducing inefficient public spending, as well as by the heightened geopolitical tension. The latter includes instability in the Middle East, the conflict between Israel and Hamas in the Gaza Strip, the escalating tensions involving the United States, Israel and Iran in early 2026, the increased threat of terrorist activity in Europe, the ongoing refugee flows, and the instability in the neighbouring countries. Nevertheless, measures undertaken at both national and EU level to manage and reduce these refugee flows are beginning to yield results. A key development was Bulgaria's full accession to the Schengen area as of 1 January 2025. Additional factors influencing the political risk include potential legislative changes, particularly those affecting the economic and investment climate in the country. The geopolitical situation in the region has been further complicated by the ongoing Russia – Ukraine conflict and the lack of a rapid resolution by the United States as initially expected. It is currently not possible to assess this risk for the Entity with precision. While the Entity does not have direct exposure to the Russian or Ukrainian markets, indirect impacts remain, particularly through price volatility and supply chain disruptions. Sanctions against Russia and the fuel price cap have contributed to sustained fuel price levels, which in turn have affected raw materials and commodity prices. Recent increases in energy prices are expected to have a negative impact on the global economic environment.

Credit risk

The Entity is exposed to credit risk in the course of its ordinary activities. Credit risk arises from the possibility that some of the Entity's counterparties may fail (not be in a position) to meet their obligations wholly and in the normally expected time periods.

The financial assets of the Entity are primarily concentrated in three categories: Cash and cash equivalents, Trade receivables (from customers), and Financial assets (loans granted).

The Entity regularly monitors the settlement behaviour of its customers and other counterparties, both individually and collectively, and uses this information to manage the credit risk. Creditworthiness assessments are based on information (credit rating data) obtained from external sources and / or the financial statements of customers and / or other counterparties, where the costs of obtaining such information is justified (i.e., not excessively high). The Entity's policy is to engage only in transactions with counterparties that have an appropriate credit profile.

The Entity's cash and cash at banks (current accounts) are held with the following banks: “UniCredit Bulbank” AD, “DSK Bank” AD, “UBB” AD and “Eurobank Bulgaria” AD (Postbank). Management believes that the Entity is not significantly exposed to credit risk in respect of its cash holdings, given that the servicing banks maintain strong liquidity and stability.

Liquidity risk

Liquidity risk represents the risk that the Entity may not be able to unconditionally meet all its obligations as they fall due. The Entity applies a conservative liquidity management policy, aimed at constantly maintaining adequate cash levels and sufficient capacity to finance its operating activities. The maturity profile of liabilities and the timeliness of payments are monitored on an ongoing basis by the Financial and Accounting Department, which maintains up-to-date information on available cash resources and expected cash outflows (pending payments).

Interest risk

Interest risk is related to possible, potential adverse movements in interest levels applied by financial institutions in the Republic of Bulgaria. During the first half of 2025, the European Central Bank (ECB) reduced its key interest rates by approximately $\frac{3}{4}$ percentage points to around 2%, after which the levels remained broadly unchanged during the second half of the year.

Interest risk is the risk that the fair value or future cash flows of the financial assets and liabilities held by the Entity will fluctuate as a result of changes in the market interest rates.

Overall, the interest-bearing financial assets and liabilities, including finance leases receivables and payables, as well as loans granted and obtained, represent a significant portion of the assets and liabilities structure of the Entity.

Currency risk

The Entity is exposed to foreign currency risk, as part of its operations are conducted through branches located in countries whose national currencies are not pegged to the BGN, namely the Serbian Dinar (RSD) and the Romanian Leu (RON). Nevertheless, the majority of the Entity's transactions (and operations) are denominated in Bulgarian Leva and / or Euro. The introduction of the euro as the official currency of the Republic of Bulgaria as of 01.01.2026 has further reduced the currency risk associated with operations in Bulgaria.

V. Significant events after the reporting period

According to the Law on the Introduction of the Euro in the Republic of Bulgaria (ZVERB), the euro becomes the official currency and legal tender in Bulgaria as of 1 January 2026. The official exchange rate is fixed at BGN 1.95583=EUR 1.

The introduction of the euro as the official currency of the Republic of Bulgaria constitutes a change in the Entity's functional (presentation) currency, which will be applied prospectively and does not represent an adjusting event after the reporting period for the financial statements as at 31 December 2025.

The Entity does not anticipate significant effects from the translation of opening balances as at 1 January 2025 from Bulgarian Lev to euro, nor from the change in its functional (presentation) currency.

On 16.02.2026, pursuant to resolutions of the Supervisory Board and the Managing Board of “Trace Group Hold” PLC, a procedure was initiated for the admission of the Entity's shares to trading on the Frankfurt Stock Exchange. The Supervisory Board as authorised the Managing Board to appoint consultants and undertake all necessary legal and administrative actions in connection with the listing process.

As at the date of preparation of these financial statements, the Entity is in the process of preparing the listing procedure.

“GYUESHEVO 2025” – a civil company established under the Law on Obligations and Contracts, with partners “Trace Group Hold” PLC and “VDH” AD (JSC) – signed a contract on 20.02.2026 with the State Enterprise “Natsionalna Compania “Zhelezopatna Infrastructura” (transl. “National Company “Railway Infrastructure”) as follows: Contract subject: “Design and Construction for the Modernisation of the railway section “Guyeshevo – boarder with the Republic of north Macedonia”, including a station and reception building at Guyeshevo”. The total contract value amounts to EUR 50,092,641.86 (exclusive of VAT) for the entire duration of the contract. The implementation period is structured into two stages: Stage I Design – 180 calendar days and Stage II Construction – 24 months.

As at the date of approval of these financial statements for issue, a Decision dated 25.03.2026 was issued by the Emergency Arbitrator at the Chamber of Commerce and Industry of Romania in case No. 20/U/2026, in connection with an arbitration dispute with the public procurement agency in Romania – CNAIR. The Decision upholds the Entity’s request for suspension of actions to enforce the guarantees. In reaching this conclusion (for suspension of actions to enforce the guarantees), the arbitrator acknowledged the existence of substantiated arguments in favour of the Entity in the main arbitration proceedings, which have also been confirmed in a separate proceeding.

An Extraordinary General Meeting of Shareholders of Trace Group Hold PLC was held on 30.03.2026. During the meeting, a resolution was adopted pursuant to Art. 187 b of the Commercial Act and Art. 111 of the Public Offering of Securities Act, for the repurchase of shares from the Entity’s capital under the following conditions:

- Maximum number of shares subject to repurchase up to 3% of the total number of shares, issued by the Entity;
- Time limit for completion of the repurchase programme: up to 5 (five) years. The Extraordinary General Meeting of Shareholders authorises the Board of Directors to determine the specific start and end dates of the repurchase programme.
- Repurchase price range: minimum price – EUR 2 (two euros); maximum price – EUR 10 (ten euros)

The General Meeting of Shareholders also approved a formal change of the Entity’s registered auditor. The change relates to the re-registration of “KA Audit” EOOD (LTD), an audit enterprise of the registered auditor Kalin Apostolov (holder of Diploma № 0657), as “Parker Russell Bulgaria” EOOD (LTD) (Reg. No. 195). The legal entity and the circumstances related to it remain unchanged, with only the corporate name being changed. The auditor responsible for the engagement (Audit Engagement Partner), on behalf of “Parker Russell Bulgaria” EOOD (LTD) is Kalin Apostolov Apostolov (Sole Owner and Manager).

Subsequent to the reporting period, Trace Group Hold PLC entered into a non-binding memorandum regarding a potential acquisition of a company in Greece. An initial deposit of 10%, amounting to EUR 1,090,000, was agreed and paid, and is subject to reimbursement under specific conditions, including the outcome of the planned due diligence. As at the date of approval of these financial statements, no binding commitment has been made to complete the transaction.

On 28.02.2026, a joint United States – Israel military operation targeting strategic sites in Iran commenced. As a result, the leading global financial markets have experienced increased volatility, accompanied by heightened uncertainty and sustained pressure on the energy prices. The impact of the conflict in the Middle East on the global economy will depend on its duration and the extent of damage to infrastructure and industrial capacity in the region, particularly whether the increase in energy prices proves to be temporary or persistent. The conflict may have a significant impact on key macroeconomic indicators, including on inflation, economic growth, and others.

VI. Future prospects and development

“Trace Group Hold” PLC will continue to strengthen its market position, both domestically and in the countries in which it operates, by retaining and developing the company’s human resources.

In Bulgaria, the Entity intends to participate in tenders for the implementation of infrastructure projects under the current European Union Operational Programmes, with a focus on: railway and road infrastructure construction; subway (metro) construction, the water sector, landfills and waste management facilities, Public works and community development projects co-financed by the State budget and EU funds; High-rise construction and building rehabilitation projects aimed at improving energy efficiency; Initiatives with private investors in infrastructure, logistics, and industrial construction, including public–private partnership (PPP) projects.

High-rise construction will continue to represent a key segment of the Holding’s activities, both as an investment and operational area. The modern and functional “Atana” city complex, located in “Druzhba” Residential District, Sofia, is currently under development, with the construction of a third building (within the complex) having commenced in 2025. In the short term, the Holding plans to participate in the construction of residential, administrative, and office buildings in Bulgaria and in the other countries, where the Group operates.

“Trace Group Hold” PLC has strengthened its position in the road maintenance sector in Serbia, particularly in the maintenance and rehabilitation of road infrastructure in the south-eastern regions of the country. In 2025, the Entity continued to consolidate its presence in the railway construction sector in Serbia. The Entity is continuing with the implementation of the project for the rehabilitation of a large section of the “Nis – Brestovac” railway line and the project for the rehabilitation of the “Nis – Dimitrovgrad (Caribrod)” railway section. In addition to road and railway infrastructure, the company intends to expand into high-rise construction, with the development of a mixed-use building in Belgrade, Serbia, continuing in 2025.

The Entity is also successfully developing its presence in the neighbouring Romanian market, where it is executing building, and construction works under a contract for a section of the “Ploiesti – Buzau” motorway. The Entity continues to explore feasible opportunities to participate in future infrastructure tenders in Romania. In the fourth quarter of 2025, a design and construction contract was signed for the project: “Metro Extension – Line 4, Section “Gara de Nord” – Gara Progresul”, LOT 1, Section 1 – Gara de Nord – Eroii Revolutiei (transl. Heroes of the Revolution) 2” in Bucharest.

The international division of the Holding will continue to explore opportunities in Central and Eastern European markets.

VII. Research and Development

The Entity does not engage in any Research and Development activities.

VIII. Information, disclosed in accordance with the provisions of the Commercial Act

1. Treasury shares. Shares repurchase

The decision and terms for the repurchase of shares from the Entity’s capital (treasury shares) were adopted pursuant to Art. 187b of the Commercial Act, Art. 111, paragraph 5 and paragraph 6 of the Public Offering of Securities Act, and a resolution of the General Meeting of Shareholders held on 26.06.2019. Following the completion of the first programme on 31.12.2021, the Managing Board of “Trace Group Hold” PLC announced the commencement

of a new repurchase programme under the same conditions, with updated parameters regarding its duration:

- (Maximum) number of shares subject to repurchase up to 2.07% of the share capital, or up to 500 000 (five hundred thousand) shares.
- Commencement date of the repurchase programme: 06.01.2022.
- Deadline for completion of the repurchase programme (including payment for treasury shares): 26.06.2024, effective as of 06.01.2022.

The repurchase programme is deemed successfully completed upon the acquisition of the specified (maximum) number of shares, i.e., if the Entity repurchases 500 000 (five hundred thousand) shares.

The programme was completed on 26.06.2024, and no active repurchase programmes are in place as at the reporting date.

As at 31.12.2025, “Trace Group Hold” PLC does not hold any treasury shares.

2. Information on the members of the Supervisory Board and the Managing Board

“Trace Group Hold” PLC is governed under a two-tier management system, comprising a Supervisory Board and a Managing Board.

The Supervisory Board (SB) comprises the following members:

Nikolay Ganchev Mihaylov – Chairperson of the SB

Manol Peychev Denev – Member of the SB

Mariela Ivanova Rounteva – Independent Member of the SB

The Managing Board (MB) comprises the following members:

Desislava Ivanova Lyubenova – Chairperson of the MB

Boyan Stoyanov Delchev – Member of the MB and Executive Director

Manol Kavarakov – Member of the MB

The members of the Supervisory Board and the Managing Board hold office until 2030.

The Supervisory Board determines and oversees the Entity’s strategic development and provides guidelines for defining its vision and monitors their implementation. It also provides guidance to the Managing Board in establishing a risk management system, including internal control and internal audit functions, as well as the financial reporting system, and oversees their effectiveness. The Supervisory Board monitors compliance with the applicable regulatory requirements and the Entity’s statutes. The Supervisory Board ensures the equal treatment of all shareholders, and acts to protect their interests. The Supervisory Board is also responsible for the appointment and supervision of the Entity’s Managing Board.

The Managing Board of “Trace Group Hold” PLC manages the Entity independently and responsibly, in line with the established vision, objectives, and corporate strategies, and in consideration of shareholders’ interests. It coordinates with the Supervisory Board on matters related to the Entity’s business plan, material transactions, and other activities defined in the Entity’s statutes. The Managing Board has established and monitors compliance with the Entity’s disclosure and investor relations policies, ensuring that shareholders receive timely and adequate information in accordance with the statutory requirements and the format defined under the Entity’s statutes. During their term of office, the members of the Managing Board adhere to the generally accepted principles of integrity, professionalism, and competence, and the Managing Board complies with the Code of Ethics.

Information on the acquisition and ownership of shares of the Entity by members of the governing bodies.

	Number of shares	Value	% share
Nikolay Ganchev Mihaylov	16 216 646	16 216 646	67.01 %

Manol Peychev Denev	33 941	33 941	0.14 %
Desislava Ivanova Lyubenova	1 202 056	1 202 056	4.97 %
Boyan Stoyanov Delchev	10 068	10 068	0.04 %
Manol Tanev Kavrov	11 890	11 890	0.05 %

No privileges or exclusive rights to acquire shares or bonds of the Entity have been granted to members of the governing bodies.

Members of the governing bodies are not involved as general partners (i.e., unlimited liability partners) in commercial entities, other than those disclosed in the tables below.

The tables below provide information on the participation of members of the Supervisory Board (SB) and the Managing Board (MB) in the management of other entities, as well as information on their equity interests exceeding 25% of the capital of such entities.

Supervisory Board

Entity	Nikolay Mihaylov
“Trace Group Hold” PLC	Chairman of the SB, holding 67.01% of the entity’s capital
“Galini” EOOD (LTD)	Sole owner and Manager
“Galini – N” EOOD (LTD)	Sole owner and Manager
Institut po Transportna Infrastruktura (transl. Institute of Transport Infrastructure)	Holds directly over 25% of the entity’s capital
Transgeo EOOD (LTD)	Holds indirectly over 25% of the entity’s capital
Himcolor EOOD (LTD)	Holds indirectly over 25% of the entity’s capital
Trace Group Hold PLC – Kiev branch	Holds indirectly over 25% of the entity’s capital
Trace Group Hold PLC – Skopje branch	Holds indirectly over 25% of the entity’s capital
Trace Group Hold PLC – Belgrade branch	Holds indirectly over 25% of the entity’s capital
Trace Group Hold PLC – Bucharest branch	Holds indirectly over 25% of the entity’s capital
Trace Group Hold PLC – Greece branch	Holds indirectly over 25% of the entity’s capital
Trace Group Hold PLC – Montenegro branch	Holds indirectly over 25% of the entity’s capital
“New Alliance” OOD (LTD)	Holds directly over 25% of the entity’s capital
“Infra Commerce” EOOD (LTD)	Holds indirectly over 25% of the entity’s capital
“Trace Properties” EOOD (LTD)	Holds indirectly over 25% of the entity’s capital
“Trace Mechanization” EAD (JSC)	Holds indirectly over 25% of the entity’s capital
“Trace BG” EOOD (LTD)	Holds indirectly over 25% of the entity’s capital
“Trace Yambol” AD (JSC)	Holds indirectly over 25% of the entity’s capital
“Asphalt Commerce” EOOD (LTD)	Holds indirectly over 25% of the entity’s capital
“Trace Serbia” EAD (JSC)	Holds indirectly over 25% of the entity’s capital
“Trace Build” EOOD (LTD)	Holds indirectly over 25% of the entity’s capital
“Trace Rent” EOOD (LTD)	Holds indirectly over 25% of the entity’s capital
Trace Group Hold USA Llc, USA	Holds indirectly over 25% of the entity’s capital

Managing Board

Entity	Desislava Lyubenova
“Trace Group Hold” PLC	Chairman of the MB
“Trace for People” Foundation	Executive Director
Novita AD (JSC)	Holds directly over 25% of the entity’s capital
Bordoni EOOD (LTD)	Holds directly over 25% of the entity’s capital
Aero Plaza AD (JSC)	Holds directly over 25% of the entity’s capital
Road Design AD (JSC)	Holds directly over 25% of the entity’s capital
Lepitsa Land EOOD (LTD)	Holds directly over 25% of the entity’s capital
Traskavets OOD (LTD)	Holds directly over 25% of the entity’s capital
Himik AD (JSC)	Holds directly over 25% of the entity’s capital

“MC Nova Kletka – Novus” (transl. New Cell – Novus Medical Centre) OOD (LTD)	
Holds directly over 25% of the entity’s capital	
Evilard Bulgaria EOOD (LTD)	Holds indirectly over 25% of the entity’s capital
Sidil EOOD (LTD)	Holds directly over 25% of the entity’s capital

IX. Corporate Governance Statement, 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 is a separate Annex to the Management Report.

X. ADDITIONAL INFORMATION UNDER ANNEX 2 OF ORDINANCE №2 OF THE FINANCIAL SUPERVISION COMMISSION

1. Quantitative and qualitative information regarding the main categories of goods, products and / or services rendered, including their respective share in the issuer’s total sales revenue and any changes during the financial reporting period.

Information on services rendered is disclosed in Section II. 3 Operating results.

2. Information on revenue allocated by categories of activities and by internal and external markets, as well as information on the sources of supply of materials required for the production of goods or the rendering of services, including the degree of dependency on individual suppliers and customers / users. Where the relative share of any supplier or customer / user exceeds 10 percent of the costs of sales or sales revenue, information on such counterparties, including their share in sales, or purchases, and their relationship with the issuer, is disclosed separately for each individual:

Information on the revenue allocation by categories of activities and markets is disclosed in Section II, 3. Operating results.

The Entity’s major customers include: “Metropolitan” EAD (JSC), Natsionalna Kompania Zhelezopatna Infrastruktura (NKZI) (transl. National Railway Infrastructure Company – NRIC), Agentsia Patna Infrastruktura (API) (transl. Road Infrastructure Agency – RIA), Sofia Municipality, Municipality of Stara Zagora; the Ministry of Finance of the Republic of Serbia, J.P. “Putevi Srbije” Beograd, Infrastruktura železnice Srbije; CNAIR Romania (National Company for Road Infrastructure Management, Romania) are the Entity’s major customers.

Contracts for building and construction works with the above counterparties / assignors have been concluded by the Entity, its foreign branches, and companies established under the Law on Obligations and Contracts, in which Trace Group Hold PLC acts as the lead partner and / or alliance leader.

The Entity’s main suppliers in 2025 are: Start Engineering OOD (LTD), Obonato Build EOOD (LTD, Investstroy 3000 EOOD (LTD), Bulstroy-Montazhi EOOD (LTD), Infra Commerce EOOD (LTD), Atmiks OOD (LTD), Balkantel DOO ogranak Nis, Vossloch min

Skretnice DOO, Hanput-plus DOO, Monterra DOO ogranak Beograd (Belgrade branch); Elektra Invest srl, Mony 07 EOOD, Klaus Industrial srl, Avimi Serv SRL.

3. Information on significant agreements concluded.

The following construction contracts, which are significant to the activities of “Trace Group Hold” PLC, were concluded during 2025:

- Joint Venture “Dogus Insaat Ve Ticaret A.S. – Trace Group Hold PLC - GP Group JSC” (“Dogus Inshaat Ve Ticaret AD (A.S.) – Trace Group Hold PLC – GP Group AD (JSC) Consortium), in which “Trace Group Hold” PLC holds a 30% participating interest, concluded a Design and construction contract in the fourth quarter of 2025. The contract relates to: “Metro Extension – Line 4, Section “Gara de Nord” – Gara Progresul”, LOT 1, Section 1 – Gara de Nord – Eroii Revolutiei (transl. Heroes of the Revolution) 2” in Bucharest. The total contract value (cost of implementing the contractual activities) amounts to RON 4,691,432,000.00, exclusive of VAT. The contract term (design and construction period) is 60 months. The Contracting Authority is the Municipality of Bucharest /Sector 4/, with registered address at 6-16, Coşbuc George Str., Sector 4, Bucharest.

4. Information on transactions concluded between “Trace Group Hold” PLC and related parties during the reporting period, including proposals to conclude such transactions, as well as transactions outside its ordinary course of business, or those that significantly deviate from market conditions, and under which the issuer or its subsidiary is a party to the transaction. For each transaction involving the issuer or its subsidiaries, the disclosure includes the transaction value, the nature of their relationship, and any additional information necessary to assess the impact on the issuer’s financial position.

Information on related party transactions is disclosed in the explanatory notes to the annual separate financial statements for the financial reporting year 2025, under the “Other disclosures” section, in Note “Related party transactions and balances”.

There are no transactions outside the ordinary activities of business, nor transactions that significantly deviate from market conditions to which “Trace Group Hold” PLC or any of its subsidiaries is a party.

5. Information on events and indicators of an unusual nature for “Trace Group Hold” PLC that have a significant impact on its business activities, including the related revenues and expenses, as well as an assessment of their impact on the results for the current financial year.

The challenges faced by all economic sectors over the past two years, driven by the military conflicts in Ukraine and the Gaza Strip, and their consequences, remain complex and largely unpredictable. The economic crisis persisted, and cash flows remained under pressure. In 2025, the situation began to gradually subside, with inflation rates and the central bank measures starting to take effect in controlling inflationary pressures. Currently, the economic environment no longer exerts a materially adverse impact on the investment projects of “Trace” in Bulgaria, Serbia, and Romania. Certain contracting authorities (Assignors) have begun to apply price indexation mechanisms, in line with regulatory changes aimed at better reflecting the dynamic economic environment. As a result, operational efficiency has shown signs of improvement. Nevertheless, the initiation of major (large) infrastructure projects has been delayed, and tender procedures have been postponed.

Funding allocated to infrastructure over the past two years remains insufficient, as a portion of the unutilised funds under the European Structural and Investment Funds has been redirected to address other priorities. There are delays in the implementation of projects under the European Union Recovery and Resilience Plan, as well as delays in payments under already

initiated projects. Consequently, there is a risk that certain projects may be removed from the funding pipeline.

The domestic political environment in Bulgaria has also impacted the feasibility and timing of the Entity’s strategic objectives and the implementation of its strategy. No early elections for National Assembly were held in Bulgaria in 2025, and the country was governed by a regularly elected government in office since January 2025.

At the same time, global prices of fuels and raw materials have remained elevated. Bitumen, fuels, and steel are key direct materials for the activities of “Trace Group Hold” PLC. However, by the end of 2025, their prices did not show a significant increase compared to the beginning of the year, and the average price levels remained broadly in line with those observed in 2024.

6. Information on off-balance sheet transactions (including their nature and business purpose), indicating their financial impact on the Entity’s activities, where the risks and benefits of these transactions are material to the issuer and such disclosure is necessary for the assessment of the issuer’s financial position.

No off-balance sheet transactions were identified during the financial reporting period 2025.

7. Information on the equity interests of “Trace Group Hold” PLC. Information on its significant investments in Bulgaria and abroad in securities, financial instruments, intangible assets and property, as well as investments in equity securities outside its economic group within the meaning of the Accountancy Act, and the sources and methods of financing such investments.

“Trace Group Hold” PLC primarily invests in securities and equity interests in Bulgarian and foreign entities, as well as in real estate.

Investments in subsidiaries – capital entities (equity investments)

Type	31.12.2025
	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%
Trace Mechanization EAD (JSC)	100.00%
Trace Build EOOD (LTD), Serbia	100.00%
Trace Group Hold USA Llc, USA	100.00%

8. Information on contracts concluded by “Trace Group Hold” PLC and its subsidiaries in their capacity of creditors, including credit agreements and their key terms and conditions, such as their maturity dates, as well as information on the guarantees provided and the related commitments.

Loans obtained by “Trace Group Hold” PLC

Type of loan	Amount /BGN ‘000 /	Outstanding principal / Utilised limit as at	Repayment date / Drawdown (utilisation) deadline	Interest rate %	Collateral(s)
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31.12.2025 /BGN '000/						
UniCredit Bulbank AD	Bank guarantees	48 000	13 891	02.05.2032	0,70%	Mortgages, pledges over non-current tangible assets, pledges over receivables, pledges over bank accounts, cash
UniCredit Bulbank AD	Revolving, bank guarantees	30 000	-	02.11.2026 02.05.2032	BIR+ 2,05% 0,7%	Mortgages, pledges over non-current tangible assets, pledges over receivables, pledges over bank accounts
UniCredit Bulbank AD	Bank guarantees	4 890	4 890	29.06.2032	1,00%	Mortgages, pledges over bank accounts
DSK Bank AD	Bank guarantees	19 558	1 910	31.12.2037	1,20%	Mortgage, pledges over non-current tangible assets, pledges over receivables, pledges over bank accounts
DSK Bank AD	Revolving / bank guarantees	9 779	33 157	31.7.2026 / 31.7.2037	ADI+3,90%/ 1,20%	Mortgages, pledges over non-current tangible assets, pledges over receivables, pledges over bank accounts, pledges over bank accounts
DSK Bank AD	Revolving / Project funding	39 116	0	31.7.2026	ADI+3,90%	Mortgages, pledges over non-current tangible assets, pledges over receivables, pledges over bank accounts, pledges over bank accounts
UBB AD	Bank guarantees	23 470	4 788	30.09.2041	0,90%	Mortgages pledges over receivables, pledges over bank accounts
UBB AD	Revolving / bank guarantees	20 927	12 466	30.10.2026	1M STR + 2,50% BGN /1M Euribor+ 2,50% EUR	Mortgages, pledges over receivables, pledges over bank accounts
UBB AD	Investment	11 000	8 250	15.06.2030	1Y RIR +1,70%	Mortgage, a pledge over bank accounts
Eurobank Bulgaria AD	Bank guarantees	9 779	0	29.1.2031	1,00%	Mortgages, pledges over non-current tangible assets, pledges over receivables, pledges over bank accounts, pledges over bank accounts
Eurobank Bulgaria AD	Revolving / bank guarantees	9 779	9 773	29.1.2026 29.1.2031	1M Euribor+ 1,50%/ 1,00%	Mortgages, pledges over non-current tangible assets, pledges over receivables, pledges over bank accounts

Loans obtained by “Trace Serbia” EAD (JSC)

Type of loan	Amount /BGN '000/	Outstanding principal / Utilised limit as at 31.12.2025 /BGN '000/	Repayment date / Drawdown (utilisation) deadline	Interest rate %	Collateral(s)
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UniCredit Bank Serbia AD	Working capital	11 735	4 459	27.03.2027	3M Euribor + 3,20%	Mortgages, pledges over non-current tangible assets, promissory notes
Intesa Bank AD Serbia	Working capital	5 867	2 115	19.05.2026	3M Euribor + 3,25%/0,60%	A promissory note, corporate guarantee
NLB AD Serbia	Revolving / bank guarantees	3 912	225	05.05.2026	5,85%/0,60%	A promissory note, corporate guarantee

9. Information on total loans granted by “Trace Group Hold” PLC or its subsidiaries, as well as commitments undertaken and guarantees provided to any individual or legal entity or its subsidiary (including related parties). For each exposure, the disclosure includes the names or corporate name and UIC, the nature of the issuer’s (or its subsidiary’s) relation with the creditor, the outstanding principal amount, interest rate, contract date, repayment deadline, amount of the commitment, key terms and conditions, and the purpose of the financing where the funds are provided for a specific use (“tied” financing).

Loans granted by subsidiaries as at 31.12.2025

Lender	Borrower	Type of loan	Amount BGN’000	Contract date/ Amendment date	Repayment date	Interest rate %	Outstanding principal as at 31.12.2025 BGN ‘000
“Trace Group Hold” PLC	Trace Rent EOOD (LTD) UIC 201782816	Revolving	1000	12.05.2023	31.12.2026	4,00%	768,00
“Trace Group Hold” PLC	Dragalevtzi 2021 – a Company established under the Law on Obligations and Contracts UIC 177544581	Overdraft facilities, performance guarantees, and advance payment related to project implementation	110	15.12.2021	One month following payment by the Contracting Authority	3,00%	109,00
“Trace Group Hold” PLC	Trace BG EOOD (LTD) UIC 207121725	Revolving	2000	17.11.2025	31.12.2026	4,00%	1130,00
“Trace Group Hold” PLC	Smart Build Digital EOOD (LTD) UIC 201719627	Revolving	600	16.04.2020 Amendments for extension of term	30.06.2026	4,50%	444,00 – impairment
“Trace Group Hold” PLC	Exclusiva EOOD (LTD) UIC 207634009	Revolving	450	02.04.2025	31.12.2026	4,70%	450,00
“Infra Commerce” EOOD (LTD)	Todorov AD (JSC) UIC 130078447	Working capital	100,00	11.6.2015	Seized accounts of “Todorov” AD (JSC)	20,00%	81,00 – impairment

“Infra Commerce” EOOD (LTD)	FC Vereya NGO	Working capital	10,00	25.4.2017	30.06.2017 -payable	7,00%	7,00 – impairment
Trace Serbia AD (JSC)	FC Dinamo Vranje	Working capital	25,00	8.9.2016	8.10.2016	11,00%	17,00

10. Information on the utilisation of funds raised from new issues of securities during the reporting period.

No new shares were issued in 2025.

11. Ratio analysis of the financial results achieved, as presented in the financial statements for the financial reporting period, compared with previously disclosed estimates (revenue forecasts).

“Trace Group Hold” PLC has published revenue forecasts on a quarterly basis since 2011, along with the actual results achieved for the respective periods (quarters). The analysis indicates that the published forecasts provide a reasonable representation of the subsequently realised financial results, including those reported in the annual financial statements of the Entity.

12. Analysis and evaluation of the management of financial resources policy, including the Entity’s ability to meet its obligations, potential risks, and the measures that the issuer has taken or plans to take to mitigate such risks.

“Trace Group Hold” PLC maintains effective control over the collection of receivables and the timely settlement of its obligations. The Holding manages cash flows across the Group to optimise the use of financial resources and to maintain financial stability and independence. Where available internal resources are insufficient, the Holding secures external financing from banking institutions. Available resources are allocated to support the Group’s development in line with the Management’s strategic objectives. The Group also utilises financing from financial institutions to fund a portion of its investment activities.

13. Evaluation of the feasibility of the Entity’s investment intentions, indicating the availability of funding and reflecting on the potential changes in the financing structure of such activities.

Investment decisions within the Holding are primarily financed through the utilisation of the Holding’s internal resources, as well as through funding obtained from banking institutions and affiliated leasing companies.

14. Information on changes in the core management principles of “Trace Group Hold” PLC and its economic group, within the meaning of the Accountancy Act during the reporting period.

No changes in the core management principles of “Trace Group Hold” PLC and its economic group were identified during 2025. The Group’s restructuring process continued, focusing on the implementation of a strategy to consolidate similar activities within a unified management and organisational framework, with the aim of enhancing efficiency and competitiveness.

The transformation process is primarily aimed at achieving improved economic performance through the following measures:

- Optimisation of production and construction processes through the pooling of assets

- and personnel, and the elimination of duplicate activities, operations, and functions;
 - Improved utilisation of the Entity’s assets and achievement of sustainable profitability through the introduction of a centralised management approach;
 - Enhancement of supply chain management of raw materials, materials, and external services through process centralisation;
 - Reduction of administrative staff and optimisation of administrative expenses;
 - Implementation of a unified system for resource and cash flow management;
- Information on changes within the economic group is disclosed in the “Investment portfolio” section.

15. Information on the key features of the internal control and risk management systems implemented by “Trace Group Hold” PLC in the preparation of the financial statements.

The process of preparing the financial statements of “Trace Group Hold” PLC is based on the following core principles:

- Internal control through ongoing reporting on project implementation and monthly monitoring and analysis of the performance of subsidiaries’ business plans;
- Timely identification of issues and implementation of corrective measures;
- Identification and assessment of risks in the execution of the business programme
- Independent external financial audit.
- Oversight of the financial reporting process by the Audit Committee;

The financial and accounting activities of the Entity are subject to regular monitoring and analysis by Management and the Managing Board. The Entity has established an internal financial control system, which ensures the effective functioning of financial reporting and disclosure processes, identifies the Entity’s operational risks, and supports their efficient management.

A unified integrated enterprise resource planning (ERP) system has been developed and implemented across the structure of “Trace” to provide a robust foundation for timely and informed decision-making. The system covers all departments, organisational units, and related processes, and is implemented across all subsidiaries. Its key benefits include real-time data availability and analysis, enhanced mobility, continuous process monitoring, and improved planning and growth capabilities.

The effectiveness of the internal control and risk management processes is overseen by the Audit Committee. The Audit Committee comprises three members who are independent of the Managing and Supervisory Boards, and possess the required qualifications and professional experience.

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 accordance with the requirements of the Independent Financial Audit Act. All financial statements are prepared in accordance with the Accountancy Act, the International Accounting Reporting Standards (IFRS) and the Public Offering of Securities Act (POSA).

16. Information on changes in the composition of the Managing and Supervisory Bodies during the financial reporting year.

No changes in the composition of the Managing Board and the Supervisory Board of “Trace Group Hold” PLC occurred in 2025.

The Supervisory Board comprises the following members: Prof. Dr. Sc. Oec. Eng. Nikolay Mihaylov, Manol Denev, and Mariela Rounteva.

The Managing Board comprises the following members: Desislava Lyubenova, Boyan Delchev, and Manol Kavrov.

17. Information on the remuneration, compensation and / or benefits paid by “Trace Group Hold” PLC and its subsidiaries to each member of the management

and supervisory bodies during the financial reporting year, regardless of whether such amounts were recognised by the issuer as expenses or arise from profit distributions, including:

- Monetary and non-monetary remuneration;
- Contingent or deferred remuneration accrued during the year, even if payable at a later stage;
- Amounts payable by the issuer or its subsidiaries for pensions, retirement benefits, or other similar benefits.

Type	Amounts accrued for:	
	Remuneration and social security contributions for the period	<i>Of which long-term employee benefits</i>
Managing Board	4 644	1 128
Supervisory Board	2 609	387
Total:	7 253	1 515

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 forms part of the Annual financial statements of the Entity.

18. Information on shares of the issuer held by members of the management and supervisory bodies and by procurators, including details of individual shareholdings and their respective percentage of each class of shares, as well as information on options granted by the issuer on securities, including the type and number of securities, exercise price, purchase price (if any), and terms of such options.

Information under this section is disclosed in the “Information on the Members of the Managing Bodies” section of this Report.

The Entity has not granted any options over its shares.

19. Information on agreements known to the Entity (including those identified after the financial reporting period) that may result in changes in the relative shareholdings or bondholding of current shareholders and bondholders in future periods.

The Entity is not aware of any such agreements that may result in changes in the relative holdings of shares or bonds of the current shareholders and bondholders in future periods.

20. Information on pending judicial, administrative, or arbitral proceedings concerning receivables or payables of the issuer amounting to at least 10 percent of its equity. Where the aggregate amount of the issuer’s receivables or payables under all such proceedings exceed 10 percent of its equity, information on each proceeding is disclosed separately.

As at 31.12.2025, the Entity is plaintiff or defendant in the following legal proceedings:

1. Commercial case № 2413/2023 before the Sofia City Court (SCC); Trace Group Hold PLC (plaintiff) against Sofia Municipality (defendant). A partial claim of BGN 555,413.12 was filed on the grounds of Art. 266, paragraph 1 of the Law on Obligations and Contracts, Art. 117a of the Public Tenders Act, and Art. 86 of the Law on Obligations and Contracts. The claim

has been increased to its full amount of BGN 4,095,178.14. The case has been submitted for decision.

2. Commercial case № 486/2023 before the Stara Zagora Regional Court; Trace Group Hold PLC (plaintiff) against Stara Zagora Municipality (defendant). A partial claim of BGN 1,128,782.22 was filed on the grounds of Art. 266, paragraph 1 of the Law on Obligations and Contracts, Art. 117a of the Public Tenders Act, and Art. 86 of the Law on Obligations and Contracts. The claim has been subsequently increased to its full amount of BGN 3,690,680.36 and was dismissed by the first-instance court. Trace Group Hold PLC filed an appeal before the Plovdiv Court of Appeal. The second-instance decision upheld the decision of the Stara Zagora Regional Court. A cassation appeal was filed before the Supreme Court of Cassation on 14.07.2025. Case No. 1993/2025 was registered with the Supreme Court of Cassation (First Commercial Division), and a closed hearing was scheduled for 19.11.2025. The appeal was admitted for cassation, and an open hearing scheduling is pending.

3. Commercial case № 1293/2025 before the Sofia City Court (SCC), with a claim amounting to BGN 1 258 610,57. The claim was filed on the grounds of Art. 266, paragraph 1 of the Law on Obligations and Contracts, in conjunction with Art. 117a of the Public Tenders Act.

4. Commercial case № 2134/2025 before the Sofia City Court (SCC), with a claim amounting to BGN 958,509.28. The claim was filed on the grounds of Art. 82 in conjunction with Art. 79 of the Law on Obligations and Contracts, and alternatively under Art. 55, paragraph 1 thereof.

5. The Entity is a party to an arbitration dispute arising from a construction contract in Romania with the National Company for Road Infrastructure Management (CNAIR). The dispute relates to penalties claimed by the contracting authority in the amount of RON 43 million. Despite a favourable interim decision (refer to “Events after the reporting date”) granting interim relief, the dispute on the merits (Arbitration Case No. 12/2026) remains pending. Management has assessed the legal risk and recognised a provision equal to 50% of the claimed value, in accordance with the applicable accounting standards and the prudence principle. Based on the Entity’s position, supported by arguments upheld in parallel arbitration proceedings, Management considers this provision to represent the best estimate of the potential financial exposure as at the reporting date.

6. Management, together with internal legal experts and external legal advisors, has assessed that the probability of an adverse outcome in all other pending litigation (filed against the Entity) is below 50%. Accordingly, no additional provisions for litigation liabilities have been recognised in the Statement of Financial Position.

Contact information – Investor Relations Director, including telephone number and mailing address.

Elisabeta Venchova Yaneva

Tel. 02 / 80 66 700; e-mail: elisabeta.yaneva@trace.bg

96, “Prof. Tsvetan Lazarov” Blvd., entr. B, fl. 12, 1582, Sofia

21. Changes in the prices of the Entity’s shares

Trading in the shares of the Entity (based on information from the bulletin of the Bulgarian Stock Exchange (BSE JSC) and Infostock.bg). The dynamics of the market price of the shares during the period 01 January 2025 – 31 December 2025 are presented below:

HISTORICAL DATA AND FINANCIAL RATIOS

☒ Closing price in EUR

☐ Closing price in BGN

1 month 6 months 1 year

01.01.2025 « » 31.12.2025



Market Capitalisation *: 70 528 480 EUR as of 31.12.2025

Start Price	3.0826	EUR	01.01.2025
Last Price	2.9144	EUR	31.12.2025
Max Price	3.5883	EUR	04.06.2025
Min Price	2.5565	EUR	10.12.2025
Percent Change	-5.4564	%	-
Value Change	-0.1682	EUR	-

ROA	0.02	ROA cons	0.02
ROE	0.06	ROE cons	0.07
ROA/EBIT	0.03	ROA/EBIT cons	0.03
ROE/EBIT	0.08	ROE/EBIT cons	0.11
Asset turnover	0.71	Asset turnover cons	0.77
Current ratio	1.31	Current ratio cons	1.28
D/A	0.63	D/A cons	0.68

The shares of “Trace Group Hold” PLC are traded on the Bulgarian Stock Exchange (BSE) – Sofia JSC, “Standard” segment.

XI. INFORMATION UNDER ANNEX 3 OF ORDINANCE №2 OF THE FINANCIAL SUPERVISION COMMISSION (FSC)

1. Information on securities that have not been admitted for trading on a regulated market in the Republic of Bulgaria or in another Member State.

“Trace Group Hold” PLC has not issued any securities that have not been admitted for trading on a regulated market.

2. Information on the direct and indirect ownership of 5 percent or more of the voting rights at the General Meeting of the Entity, including details on the shareholders, the size of their shareholding, and the manner in which the shares are held.

The individuals and / or legal entities holding more than 5% of the shares of “Trace Group Hold” PLC as at 31.12.2025 are as follows:

Shareholder at	Shareholder's name / Shareholder's corporate name	Owns %	Holds number of shares
31.12.2025	Nikolay Ganchev Mihaylov	67,01	16 216 646
31.12.2025	“Galini – N” EOOD (LTD), registered under company file № 15261/2006 at the SCC, domiciled and having its address of registered office at: № 12, “Nikola Obrazopisov” Str., “Lozennets” Residential District, 1408, Sofia	9,00	2 178 000

3. Information on shareholders with special control rights and disclosure of such rights.

Trace Group Hold PLC does not have any shareholders with special control rights.

4. Information on agreements between the shareholders known to the Entity that may result in restrictions on the transfer of shares or on voting rights.

The Entity is not aware of any agreements between the shareholders that may result in restrictions on the transfer of shares or on voting rights.

5. Information on significant contracts entered into by the Entity that take effect, are amended, or are terminated as a result of a change in the Entity’s control following a mandatory tender offering, including the consequences thereof, except where disclosure of such information would cause significant harm to the Entity. Such exceptions do not apply where disclosure is required by the Law.

There are no significant contracts that take effect, are amended, or are terminated as a result of a change in the Entity’s control following a mandatory tender offer.

XII. INFORMATION UNDER ART. 10, ITEM 4 OF ORDINANCE №2 OF THE FINANCIAL SUPERVISION COMMISSION (FSC)

Electronic link to the section of the public company’s website where inside information under Art. 7 of Regulation (EU) № 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation), as amended and repealing Directive 2003/6/EC of the European Parliament and of the Council’s Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, and the Commission’s Directives (OJ,L 173/1, dated 12 June 2014) (Regulation (EU) № 596/2014) relating to events during the reporting year is disclosed, or an electronic link to the news agency or another media used by the issuer for public disclosure of such (inside) information.

Inside information under Art. 7 of Regulation (EU) № 596/2014 relating to events during the reporting year is available on the website of “X3” (www.x3news.com), as well as on the Entity’s website (www.tracebg.com), under the section “For shareholders” (submenu “Financial Statements”) and “News”.

Executive Director: Digitally signed by Boyan Stoyanov Delchev
Eng. Boyan Delchev Date: 2026.03.31 23:03:22 +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 “Separate Management Report of Trace Group Hold PLC for the financial reporting 2025”, consisting of 40 (forty) pages in Bulgarian, and that I am competent in both English and Bulgarian to render such a translation.



STATEMENT

ON CORPORATE GOVERNANCE

PREPARED IN ACCORDANCE WITH ART. 100 (N), PARAGRAPH 8, IN CONJUNCTION WITH PARAGRAPH 7, ITEM 1 OF THE PUBLIC OFFERING OF SECURITIES ACT (POSA)

I. Information on “Trace Group Hold” PLC compliance, as appropriate, with the Corporate Governance Code approved by the Deputy Chairperson of the Financial Supervision Commission (FSC) or with any other Corporate Governance Code.

“Trace Group Hold” PLC complies, as appropriate, with the National Corporate Governance Code and conducts its activities in accordance with the principles and provisions of the Code.

II. Information on corporate governance practices, implemented by “Trace Group Hold” PLC beyond the requirements of the National Corporate Governance Code.

“Trace Group Hold” PLC has not adopted any corporate governance practices, other than those set out in the National Corporate Governance Code.

III. Explanation by “Trace Group Hold” PLC of any non-compliance with the National Corporate Governance Code, including information on the sections of the National Corporate Governance Code with which the Entity has not complied and the reasons for such non-compliance.

The activities of the Corporate Management bodies of “Trace Group Hold” PLC during 2025 were carried out in compliance with the applicable statutory requirements of the Public Offering of Securities Act (POSA) and its implementing acts, the Entity’s Articles of Incorporation, and the National Corporate Governance Code.

The Entity applies the National Corporate Governance Code on a “comply or explain” basis, whereby it complies with the provisions of the Code and its Management is required to provide explanations for any deviations therefrom.

Corporate Management Bodies

“Trace Group Hold” PLC operates under a two-tier governance structure, comprising a Managing Board and a Supervisory Board.

Managing Board

At 31.12.2025, the Managing Board consists of:

Desislava Lyubenova – Chairperson of the Managing Board (MB);
Boyan Delchev – Executive Member of the Managing Board (MB);
Manol Kavrakov – Member of the Managing Board (MB)

The Managing Board manages the Entity in accordance with the established strategies and objectives set for the Entity, and in consideration of the shareholders' best interests. The Managing Board monitors and analyses the operational performance, and initiates changes in the organisation and its management when deemed necessary. The Managing Board treats all shareholders equally and acts in their interests. The members of the Managing Board (MB) are guided by the generally accepted principles of integrity, and managerial and professional competence. The Entity adheres to the adopted Code of Ethics.

In the execution of its duties, the Managing Board strives to achieve the established objectives for sustainable development. The Entity has adopted core principles governing stakeholder relations, supported by a monitoring process designed to ensure ongoing compliance. Rules of conduct, applied in the consideration of stakeholder interests and related actions, are set out in the internal acts adopted by the Entity, including 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 other applicable internal documents.

The Managing Board facilitates and oversees the design and effective operation of the risk management system, including internal control and internal audit functions, and ensures that the Supervisory Board is informed on a timely basis of relevant developments and actions.

The Managing Board promotes the implementation of the generally accepted principles of sustainable development within the Group and monitors the compliance of subsidiaries with those principles.

The Managing Board is responsible for the design of the financial information system of the Entity in compliance with the guidelines, provided by the Supervisory Board, and ensures the system's reliable and effective operation. It coordinates its actions relating to the implementation of the Entity's business plan with the Supervisory Board and monitors transactions of a substantial nature, as well as all other transactions and activities stipulated in the Entity's Articles of Incorporation.

The Managing Board reports to the Supervisory Board on its activities within the established deadlines and in accordance with the specified formats.

The structure and composition of the Managing Board, including the number of its members, are defined in the Entity's Articles of Incorporation and are designed to ensure its effective, and efficient operation. New members of the Managing Board are elected in accordance with the established selection principles, ensuring that their qualifications, experience and competencies are aligned with the nature and scope of the Entity's activities. The obligations, responsibilities, and duties of the members of the Managing Board, as well as the criteria for determining their remuneration and the grounds for their dismissal, are governed by the management contracts concluded with each member. The competencies, rights, and obligations of the members of the Managing Board are defined

in accordance with the applicable statutory requirements, the internal operational rules and administrative acts, and the recognised standards of good professional and managerial practice.

The amount and structure of the remuneration of the members of the Managing Board are determined by the General Meeting of Shareholders, taking into account the obligations, responsibilities, and individual contribution of each member to the Entity's activities and performance results; the ability to attract and retain qualified and loyal individuals at managerial positions; the need to align the interests of the members of the Managing Board with the long-term interests and sustainable development objectives of the Entity.

The General Meeting of Shareholders has adopted a Remuneration Policy for the Members of the Managing Board and the Supervisory Board. The Remuneration Policy is designed to support the long-term business objectives of the company and to promote behaviour that encourages sustainable value creation for shareholders, while providing competitive remuneration sufficient to attract and retain members of the governing bodies/Directors with the necessary qualifications, experience, and expertise to effectively manage the Entity and contribute to its sustainable development. The Remuneration Policy clearly defines fixed and variable components of remuneration, including additional incentives linked to clearly defined performance criteria and measurable indicators. Information on the remuneration of the members of the Managing Board (MB) is disclosed in the annual financial statements of the Entity in accordance with the applicable statutory requirements and the Entity's Articles of Incorporation. The Policy also establishes the principles for determining the amount and structure of remuneration.

Supervisory Board

At 31.12.2025, the Supervisory Board of "Trace Group Hold" PLC comprises three members, as follows:

Prof. Nikolay Ganchev Mihaylov – Chairperson

Manol Peychev Denev – Deputy Chairperson

Mariela Ivanova Rounteva – Independent Member

The Supervisory Board appoints, dismisses, provides guidance to, and oversees the Managing Board of the Entity in accordance with the distribution of functions within the two-tier governance structure. The Supervisory Board provides guidelines in defining the Entity's vision, objectives, and strategy, considering the interests of its shareholders and stakeholders, including considerations related to sustainable development, and monitors their implementation.

The Supervisory Board provides the Managing Board with guidelines for the establishment of a risk management system, including the internal control, internal audit, and financial information systems, and monitors their effective operation.

The Supervisory Board monitors compliance with the laws and regulations, the Entity's Articles of Incorporation, and other internal acts, and periodically assesses the performance of the Managing Board.

The Supervisory Board treats all shareholders and stakeholders equitably and acts in their best interests with due care and loyalty.

The Supervisory Board appoints and dismisses the members of the Managing Board in accordance with the applicable statutory requirements, the Entity's Articles of Incorporation, and the

principles of continuity and sustainability of the Managing Board's activities, as well as recognised standards of good corporate governance.

The Entity's Articles of Incorporation specify the number of members of the Supervisory Board, including the number of independent members. The internal organisational acts regulate the allocation of tasks, duties, and responsibilities among the members of the Supervisory Board. Independent members are not subject to limitations on consecutive mandates and therefore may serve an unlimited number of terms. Nevertheless, the principles of independence and loyalty are duly considered and upheld in all proposals for the election of members.

The members of the Supervisory Board possess the knowledge, experience, and competencies required for their respective positions, including appropriate financial expertise.

The Entity's Articles of Incorporation do not specify limits on the number of entities in which the members of the Supervisory Board may hold managerial or supervisory positions. This approach reflects the view that imposing such restrictions is not necessary. The company relies on the integrity, professionalism, and responsible conduct of the members of the Supervisory Board, in accordance with the principles of loyalty and professional ethics.

The General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board. The Remuneration Policy for the remuneration of the members of the Managing and Supervisory Boards, developed by the Supervisory Board (SB) and adopted by the General Meeting of Shareholders (GMS), establishes the principles for determining such remuneration. The remuneration of the members of the Supervisory Board is commensurate with their responsibilities, duties, and level of engagement. Information on the remuneration of the members of the Supervisory Board is disclosed in the annual financial statements of the Entity in accordance with applicable statutory requirements.

The Corporate Management of "Trace Group Hold" PLC seeks to avoid and prevent any actual or potential conflicts of interest. The Entity has not established a separate, formally documented procedure specifically dedicated to the prevention and management of conflicts of interest in transactions with stakeholders, nor a standalone procedure for the disclosure of information in such cases. Nonetheless, the Supervisory Board exercises oversight over significant transactions by reviewing and approving such transactions. The Entity's Articles of Incorporation set out the general framework for the prevention and disclosure of conflicts of interest.

Members of the Corporate Management are required to promptly disclose any actual or potential conflict of interest upon becoming aware of it and to ensure that shareholders are provided with access to relevant information regarding transactions between such members and the Entity (or its affiliated parties), including through the submission of declarations pursuant to Art. 114 (b) of the Public Offering of Securities Act (POSA).

Committees

An Audit Committee operates within the Entity. In accordance with the applicable statutory requirements and based on the criteria set out therein, the Managing Board, with the approval of the Supervisory Board, proposes to the Entity's General Meeting of Shareholders the election and appointment of an Audit Committee whose composition complies with the legal requirements and reflects the specific needs of the Entity.

The structure, scope of activities, operating procedures, and reporting responsibilities of the Audit Committee are defined 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 provides a reasoned written proposal for the election of an Independent Auditor and presents this proposal to the General Meeting of Shareholders. Such proposals are prepared in accordance with the applicable requirements relating to professional ethics and independence. The Corporate Management, with the support of the Audit Committee, ensures compliance with the legislation applicable to statutory independent financial audits. The appointment of external auditors is subject to the mandatory rotation requirements. No new auditor was appointed for the audit of the Entity's financial statements for the 2025 financial reporting period, as the same auditor that audited the financial statements of the Entity for the prior financial reporting year was retained.

The Audit Committee oversees the internal audit function and monitors the overall relationship with the external independent auditor, including the scope and nature of non-audit services provided by the respective external (independent) auditor to the Entity.

An internal control system has been implemented within "Trace Group Hold" PLC to ensure the effective operation of the financial reporting and disclosure processes. The internal control system is designed to identify risks inherent in the Entity's activities and to support their effective management. A description of the key characteristics of the internal control and risk management systems relating to the financial reporting process is disclosed under section IV "Description of the key characteristics of the internal control and risk management systems of "Trace Group Hold" PLC related to the financial reporting process", forming part of this Statement on Corporate Governance.

Safeguarding the rights of shareholders

The Corporate Management of the Entity ensures the equal treatment of all shareholders, including minority shareholders and foreign shareholders, by acting in the best interests of all shareholders and safeguarding their rights. Corporate Management facilitates the exercise of shareholders' rights within the limits permitted by the applicable legislation and in accordance with the Entity's Articles of Incorporation.

Invitations for the General Meeting of Shareholders contain the information required under the Commercial Act and the Public Offering of Securities Act (POSA), as well as additional information regarding the exercise of voting rights and the possibility to include additional items on the agenda pursuant to Art. 223 (a) of the Commercial Act.

Information published on the Entity's website, together with the Articles of Incorporation of the Entity and the invitation to each individual General Meeting of Shareholders, provides shareholders with clear information regarding their rights and the rules governing the convening and conduct of General Meetings of Shareholders.

Corporate Management ensures that sufficient and timely information is provided on all matters to be considered and voted upon at the General Meeting of Shareholders.

Invitations for the General Meeting of Shareholders, together with the related documentation, are publicly disclosed and submitted to the Financial Supervision Commission and the regulated market through the "X3 News" system, as well as published on the website of "Trace Group Hold" PLC.

The Corporate Management and the elected Chairperson of the General Meeting of Shareholders ensure that all shareholders are given the opportunity to express their views and to ask questions during the Meeting.

Shareholders entitled to vote may exercise their voting rights at the General Meeting in person or by proxy. A template of a Power of Attorney and the Rules for Proxy Voting are disclosed as part of the materials for the General Meeting of Shareholders.

The Managing Board has adopted rules governing the organisation and conduct of both regular and extraordinary General Meetings of Shareholders. These rules ensure the equal treatment of all shareholders and guarantee each shareholder the right to express their opinion on the items on the agenda. The procedures for holding the General Meeting are designed so as not to make voting unduly complex or unnecessarily burdensome.

A majority of the members of corporate management bodies attend the General Meeting of Shareholders.

The materials for the General Meetings are clear, specific, and not misleading. All proposals for significant corporate actions, including proposals for profit distribution, are presented as separate items on the agenda of the General Meeting of Shareholders.

By publishing the Minutes of the General Meeting of Shareholders through the “X3 News” system and on the Entity’s website, Corporate Management ensures that shareholders are informed of the decisions adopted at the General Meeting of Shareholders.

All shareholders within the same class are treated equally, and all shares within a class carry equal rights, in accordance with the Articles of Incorporation and the applicable internal acts of the Entity.

Corporate Management does not restrict shareholders, including institutional investors, from consulting with one another on matters relating to their fundamental shareholder rights, provided that such actions do not constitute market abuse or other unlawful practices.

Corporate Management does not permit transactions with controlling shareholders that infringe upon the rights or legitimate interests of other shareholders, including transactions involving conflicts of interest or self-dealing.

Disclosure of financial and non-financial information

“Trace Group Hold” PLC has established a policy and system for the disclosure of information in compliance with the applicable statutory requirements and the Entity’s Articles of Incorporation. The policy ensures equal access to information for all stakeholders and prevents the misuse of inside information. The information disclosure system is designed to provide complete, timely, accurate, and comprehensible information, enabling objective and informed decision-making. The Entity has implemented internal rules governing the preparation of annual and interim financial statements, as well as a procedure for the disclosure of information. Information is disclosed through the “X3 News” system, which ensures equal and timely access for all users. Such information is simultaneously published on the Entity’s website in the same format as the one disclosed through the “X3 News” system.

The Entity maintains a corporate website that provides information on the Entity, its management bodies, organisational structure, and the entities within the “Trace” group. The “Shareholders” section includes internal administrative acts, information relating to the rights of

shareholders, documents and materials for upcoming General Meetings of Shareholders (GMS), information on decisions adopted by the General Meetings of Shareholders (GMS), and the financial statements for the past ten (10) years. The “News” section provides information on significant events, contracts in progress, concluded contracts pending execution, and other material developments relating to the Entity’s activities.

The Entity publishes an annual corporate calendar indicating the specific dates for the disclosure of regulated information, as well as key events relating to the convening and holding of General Meetings of Shareholders.

In accordance with its disclosure rules, the Entity promptly discloses information on its capital structure and any agreements that may result in the acquisition or exercise of control. Such disclosures are made in compliance with the Public Offering of Securities Act (POSA), its implementing acts, and the applicable European regulations.

Through the implementation and oversight of the Disclosure Policy, corporate management ensures that the rules and procedures governing changes in corporate control and significant transactions (including mergers and disposals of substantial assets) are disclosed in a clear and timely manner.

Pursuant to Directive 2014/95/EU of the European Parliament on the disclosure of non-financial information and the provisions of the Accountancy Act, certain companies are required to disclose non-financial information either as a separate statement or as part of their annual their Management Reports. This requirement applies to large public-interest entities (including public companies, credit institutions, and financial institutions, and others), which as at financial year-end (31 December), exceed the threshold of an average of 500 employees during the respective financial reporting period (“average number of employees” criteria). Entities with net sales revenues of BGN 100 million or more, or a book value of assets of BGN 50 million or more, are classified as large enterprises. As “Trace Group Hold” PLC employs fewer than 500 employees, it is not required to disclose non-financial information in its annual Management Report.

Non-financial information disclosed by the Entity primarily relates to the progress of contracts, changes in the business environment, corporate social responsibility initiatives, and other relevant developments.

During 2025, the Entity disclosed regulated information within the prescribed deadlines and in accordance with the procedures set out in the Public Offering of Securities Act (POSA) and its implementing acts. Non-financial information is disclosed as unregulated information, in compliance with the applicable legal requirements, including through the website of the “Trace for People” Foundation”, which serves as a platform for the company’s Social Policy and social responsibility initiatives.

The corporate management of “Trace Group Hold” PLC believes that its activities during the financial reporting year 2025 have ensured an appropriate level of transparency in its relations with investors, 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 aimed at achieving sustainable development. While the Entity has not adopted a standalone Sustainable Development Policy, in conducts its activities in compliance with

the statutory requirements relating to environmental protection and human rights. The Entity's internal acts, rules, and regulations are aligned with the generally accepted principles of sustainable development.

The Entity identifies as stakeholders (interested parties) all parties with an interest in the economic performance and prosperity of "Trace Group HOLD" PLC, including shareholders, potential investors, workers and employees, customers, suppliers, contracting authorities (such as Ministries, Municipalities, Agencies), financial institutions, public organisations, users, and the general public.

Corporate management ensures that the rights of stakeholders, as established by law or by virtue of contractual agreements with the company, are respected, and applies the principles of transparency, accountability, business ethics, and respect for human rights in its interaction with them.

The Entity maintains ongoing communication with stakeholders through meetings, discussions, and the established information disclosure channels. Stakeholder interests are considered on the basis of formally obtained information, including correspondence, opinions, reports, and other relevant documentation.

Environmental protection

"Trace Group Hold" PLC applies internationally recognised environmental management standards. The company considers its sustainable development, competitiveness, and economic performance to be 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 energy resources, including electricity and heating;
- Minimisation of waste generation;
- Prevention of pollution through the reduction and / or minimisation of harmful air and water emissions;
- Implementation of modern technologies and equipment in the execution of the Entity's activity and operations;
- Monitoring of air, water, and soil quality;

The Entity has implemented measures to reduce paper consumption, the use of printing consumables, and electricity usage through the introduction of an ERP-based digitalisation and process management system. Information is predominantly exchanged electronically. Procedures for separate waste collection have been established and are being applied in practice.

The Entity's vehicle fleet undergoes regular (annual) technical inspections, and the systems for controlling and reducing their harmful emissions are subject to ongoing monitoring.

"Trace Group Hold" PLC maintains an Integrated Quality Management System in accordance with the requirements of international standards, including ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and ISO 39001:2012.

Environmental protection principles that define the activities for minimising pollution and the harmful effects on the environment are integrated into all infrastructure projects undertaken by the Entity. These principles support the identification, assessment, and management of significant environmental aspects, as well as the prevention of environmental pollution during project implementation. The environmental protection principles comply with the core activities in the

project's implementation and the operation of sites and environmental considerations are incorporated throughout all phases of project development and execution, including design, permitting, construction, and commissioning:

- Preparation and approval of spatial planning documentation in the event of land-use changes
- Preparation and coordination of project documentation
- Obtaining of required building and construction permits
- Implementation of projects and execution of project activities
- Commissioning of completed sites
- Compliance with conditions set out in the environmental assessment and / or environmental impact assessment decisions

The Entity applies procedures in accordance with the applicable Bulgarian and European environmental legislation to ensure the prevention of significant adverse impacts on the environment and human health in the implementation of investment proposals. These include environmental assessment of plans and programmes related to spatial planning, environmental impact assessment, and assessments of compatibility with the scope and the objectives for the preservation and protection of designated areas.

The economic dimensions of the responsible social behaviour of “Trace” is reflected in the company's resilience during period of economic uncertainty, its reputation, its enhanced competitive advantage, and the ability to attract the attraction of investors.

Providing a safe and comfortable working environment for the Entity's personnel, and ensuring due care for the employees' health

The Entity undertakes social initiatives that support its commitment to protecting the integrity, health, 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 preventive medical examinations on an annual basis.

Social activities

The Entity undertakes social initiatives in the fields of culture and sports through the “Trace for People” Foundation. In 2025, the Foundation supported the following initiatives:

In 2025 and despite the adverse economic environment and ongoing events, “Trace” continued to support the Dostoyne Bulgari” (transl. “Worthy Bulgarians”) and the “Otlichnitsite na Bulgaria” (transl. “The excellent ones of Bulgaria”) initiatives.

IV. Description of the key characteristics of the internal control and risk management systems related to the 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 to identify risks inherent in the Entity’s activities and to support their effective management. The Managing Board bears the principal responsibility and plays a key role in establishing and maintaining the internal control and risk management system. It performs all managerial, supervisory, guidance, and ongoing monitoring functions. The Supervisory Board exercises oversight over the implementation of decisions adopted.

“Trace Group Hold” PLC has adopted and applies rules governing the effective operation of the reporting and disclosure systems of the Entity. The rules describe the different types of information, prepared and disclosed by the Entity, the internal document flow process, the different levels of access of the responsible personnel to such information, and the deadlines for processing and managing information flows.

Corporate Management strives to enhance efficiency in risk management by introducing a risk management system aligned with the best international practices. The risk management system defines the authorities and responsibilities of the structural units in the Entity, the procedures for interaction in risk management, the analysis and assessment of risk-related information, and periodic risk reporting. Risk management is performed by the Heads of Directorates and the 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 required to be disclosed under the applicable legislation.

A unified integrated enterprise resource planning (ERP) system has been implemented to provide a reliable basis for informed decisions-making and analysis. The ERP system covers the main activities in the structure, all departments and organisational units, and the processes carried out therein.

The Risk Management Policy is implemented in an integrated manner and in accordance with all other policies and principles set out 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.

V. 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 Art. 100 n, paragraph 8, item (4) of the Public Offering of Securities Act (POSA)

Shareholders holding 5% or more of the Entity’s share capital as at 31.12.2025 are as follows:

Nikolay Ganchev Mihaylov – 67.01% and

“Galini – N” EOOD (LTD) – 9.00%

“Trace Group Hold” PLC has not issued any shares conferring special control rights.

There are no restrictions on voting rights, such as limitations on the voting rights of shareholders holding a specified percentage or number of votes, deadlines for exercising voting rights, or arrangements whereby the financial rights attached to securities are separated from the ownership of those securities, in respect of the shares issued by “Trace Group Hold” PLC.

The rules governing the election of members of the Supervisory Board of “Trace Group Hold” PLC are set out 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. The requirements applicable to candidate members are disclosed under Art. 15, paragraphs 2 – 6.

In accordance with Art. 17, paragraph 1, the members of the Managing Board are elected by the Supervisory Board. The requirements applicable to such persons are also disclosed under the same Article.

The powers and authorities of the members of the Supervisory Board and the members of the Managing Board of “Trace Group Hold” PLC are specified in Art. 15, paragraph 8, Art. 16, Art. 17 and Art. 18 of the Articles of Incorporation of the Entity. In accordance with Art. 187 (b) of the Commercial Act and Art. 111 of Public Offering of Securities Act, the authority to issue or redeem shares rests with the General Meeting of Shareholders.

Pursuant to Art. 5, paragraph 4 of the Articles of Incorporation, the Entity may also issue preference shares, except for shares granting more than one vote per share, additional dividend rights, or additional rights to a liquidation share.

VI. Information pursuant to Art. 100 (n), paragraph 8, item 5 of the Public Offering of Securities Act (POSA) – Composition and functioning of the administrative, managing, and supervisory bodies, and their committees

“Trace Group Hold” PLC operates under a two-tier management system, with a Managing Board, comprising the following members:

Desislava Ivanova Lyubenova

Boyan Stoyanov Delchev

Manol Tanev Kavarakov

The Managing Board adopts rules of operation (Work Manual) and elects one of its members to act as Chairperson, and another as Deputy Chairperson. 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 Chairperson to convene a meeting to discuss other matters.

The Managing Board takes decisions provided that at least half of its members are present or are represented by another Board member. A present member may not represent more than one absent member. Decisions are taken by simple majority. Minutes of the meetings of the Managing Board are maintained and signed by all members present.

The Managing Board may also adopt decisions in absentia by means of a written resolution signed by all its members.

The Managing Board of “Trace Group Hold” PLC coordinates its actions with the Supervisory Board in relation to the implementation of the Entity’s business plan, significant transactions, as well as other activities provided for in the Entity’s Articles of Incorporation.

The activities of the Managing Board are subject to oversight by the Supervisory Board, which is composed of the following members:

Nikolay Ganchev Mihaylov
Manol Peychev Denev
Mariela Ivanova Rounteva

The Supervisory Board adopts rules of operation (Work Manual) and elects one of its members to act as Chairperson, and another as Deputy Chairperson. 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 Chairperson to convene a meeting to discuss other matters.

The Supervisory Board takes decisions provided that at least half of its members are present or represented by another Board member. A present member may not represent more than one absent member. Decisions are taken by simple majority. Minutes of the meetings of the Supervisory Board are maintained and signed by all present members.

The Supervisory Board may also adopt decisions in absentia by means of a written resolution signed by all its members.

Committees

An Audit Committee, elected in accordance with the applicable statutory requirements, operates within the Entity. The Audit Committee consists of three members and assists the management bodies in the execution of their oversight functions and the risk management and risk identification system.

The structure, scope of activities, and organisation of the Audit Committee’s work are regulated in the Rules of Procedure of the Audit Committee, which are approved by the General Meeting of Shareholders (GMS).

The Corporate Governance and Development Board, established pursuant to an internal regulatory act, is an advisory body to the Supervisory Board. The Corporate Governance and Development Board adopts decisions on strategic matters relating to the Entity and its subsidiaries, as well as on significant operational matters.

VII. Information, pursuant to Art. 100 (n), paragraph 8, item 6 of the Public Offering of Securities Act (POSA) – description of the Diversity Policy (including age, gender, education, and professional experience diversity) applied to the administrative, management, and supervisory bodies of “Trace Group Hold” PLC, the Policy objectives, its implementation processes and procedures, and results during the

current financial reporting period; where such a Policy is not mandatory, the statement shall contain an explanation of the reasons therefor.

The Entity does not apply a formal Diversity Policy relating to age, gender, education, and professional experience to the Managing and Supervisory Boards of the Entity.

The election of members of the corporate management is carried out in accordance with the applicable statutory requirements and is aligned with the business strategy of the Entity.

A balanced and non-discriminatory policy is applied in the nomination of candidates for members of the Managing and Supervisory Boards. This approach is based on the candidates' personal qualities and skills, and professional experience and is free of any form of discrimination. The key criteria include education and qualifications corresponding to the nature of the company's activities, its long-term objectives, and business plans. The Entity does not discriminate against members of the Corporate Management on the basis of their age or gender.

The composition of the management bodies is consistent with the nature and scale of the Entity's activities and ensures an appropriate level of collective expertise.

The members of the Supervisory and Managing Boards of "Trace Group Hold" PLC possess extensive professional experience gained through previously held positions and participation in significant projects, in line with their respective competencies, demonstrating strong management capabilities and high professional and ethical standards. Their professional competencies have been acquired through education, training, and professional qualifications.

The Managing Board is composed of individuals with diverse skills and higher education degrees – economic, financial, and engineering, each of whom also possess additional qualifications in the field of business management.

31.03.2026

Executive Director: Digitally signed by Boyan Stoyanov Delchev
Eng. Boyan Delchev Date: 2026.03.31 23:04:05 +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 the Public Offering of Securities Act (POSA)", consisting of 13 (thirteen) pages in Bulgarian, and that I am competent in both English and Bulgarian to render such a translation.



REPORT
OF THE MANAGING BOARD
OF TRACE GROUP HOLD PLC
ON THE IMPLEMENTATION OF THE REMUNERATION POLICY FOR
THE MEMBERS OF THE MANAGING BOARD AND THE SUPERVISORY
BOARD OF THE ENTITY IN 2025

This report has been prepared by the Managing Board of Trace Group Hold PLC, in accordance with the provisions of Art. 12, paragraph 1 of ORDINANCE № 48 of the Financial Supervision Commission (FSC), dated 20 March 2013, on remuneration requirements. The report contains a review of how the Remuneration Policy was implemented in 2025, as well as information on the implementation of the Remuneration Policy in the upcoming financial reporting year 2026.

1. Information on the decision-making process in determining the Remuneration Policy, including, if applicable, information on the mandate and composition of the Remuneration Committee and details of the external consultants, whose services were used in determining the Remuneration Policy

The Remuneration Policy for the members of the Supervisory Board (SB) and the Managing Board (MB) of “TRACE GROUP HOLD” PLC, as well as any amendments and supplements thereto, is developed by the Supervisory Board of the Entity and is approved by the General Meeting of Shareholders.

The currently effective Policy was developed by the Supervisory Board of the Entity and adopted at the Extraordinary General Meeting of Shareholders, held on 06.11.2020. The Policy was subsequently amended by the Ordinary General Meeting of Shareholders, held on 30.06.2021.

In developing the Remuneration Policy for the members of the Supervisory Board (SB) and the Managing Board (MB) of TRACE GROUP HOLD PLC, all applicable regulatory requirements and the recommendations of the National Corporate Governance Code were considered and complied with.

In accordance with the currently effective Remuneration Policy for the members of the Supervisory Board (SB) and the Managing Board (MB) of TRACE GROUP HOLD PLC, no Remuneration Committee has been established within the Entity.

The Remuneration Policy for the members of the Supervisory Board (SB) and the Managing Board (MB) of TRACE GROUP HOLD PLC aims to establish objective criteria for determining the remuneration of the company’s senior Management, to attract and retain qualified and loyal members of the Boards, and to motivate them to act in the interest of the company and its shareholders, while avoiding any potential and actual conflicts of interest.

During the financial reporting year, TRACE GROUP HOLD PLC applied the Remuneration Policy for the members of the Supervisory Board (SB) and the Managing Board (MB) in accordance with the statutory requirements for public companies, the decisions taken by the General Meeting of Shareholders (GMS), the objectives, long-term interests and future development strategy of the Entity, as well as its financial position and economic performance in the context of the national and the European economic environment, taking into account the recommendations of the National Code of Corporate Governance.

2. Information on the relative weight of the variable and fixed remuneration of the members of the Managing and Supervisory Bodies

Fixed remuneration consists of fixed monthly payments that are consistent with: economic conditions and management trends; the skills, professional experience, and competencies of each member of the Managing Body; and market employee benefit levels,

including basic salaries and wages paid by other entities with similar activities and scale in Bulgaria and by entities that engage in international activities.

During the financial reporting year, the Entity recognised fixed remuneration for members of the Supervisory Board (SB) and the Managing Board (MB), the amount of which was approved by the General Meeting of Shareholders.

The Members of the Supervisory Board (SB) and the Managing Board (MB) of the Entity are entitled to variable remuneration, determined on the basis of each member's duties and responsibilities, their individual contribution to the Entity's activities, and the Entity's performance.

Variable remuneration is intended to support the achievement of the Entity's annual financial and economic goals, with a focus on key financial indicators and the implementation of the Entity's business programme. Variable remuneration is approved by the General Meeting of Shareholders (GMS) upon proposal by the Supervisory Board (SB) and is paid to the members of the Supervisory Board (SB) and the Managing Board (MB), provided that the Entity generates gross profit. The total variable remuneration for all members of the Managing Board (MB) and the Supervisory Board (SB) may not exceed 15% (fifteen percent) of the gross profit for the year to which it relates.

The ratio of fixed to variable remuneration paid for 2025 is 34.68/65.32. The variable remuneration for 2025 was determined based on the 2024 performance indicators and represents 11.81% of the 2024 gross profit.

3. Information on the performance criteria (criteria for results achieved), based on which options on shares, shares of the entity and other types of variable remuneration are granted, and an explanation of how the criteria under Art. 14, paragraph 2 and 3 of Ordinance 48 contribute to the long-term interest of the entity

The Entity does not intend to grant variable remuneration in the form of shares to the members of the Managing and Supervisory Boards.

4. An explanation of the methodologies used to assess the achievement of performance conditions

The methods used to determine whether the performance criteria have been met include: Review and audit of the separate financial statements by a registered auditor (CPA); Review and discussion of the audit findings; Formal discharge of the members of the Managing Board (MB) and the Supervisory Board (SB) pursuant to Art. 240, paragraph 3 of the Commercial Act; Assessment of the net profit for the prior financial reporting year; Significant contribution by a member of the Managing Board (MB) or the Supervisory Board (SB) to the development and implementation of the management strategies and business plans of the parent and its subsidiaries in Bulgaria and abroad; Significant contribution to the organisation, management and execution of the production and construction activities, carried out by the public company and its subsidiaries; Exceptional contribution to achieving financial results in excess of the approved targets in the implementation of a specific project.

5. Explanation on the interrelation of remuneration and the results achieved

Variable remuneration is determined based on the achievement of net profit in the prior financial reporting year. In addition, the cumulative fulfilment of the following conditions is assessed: significant contribution to achieving additional (over and above) financial results in the implementation of a specific project; significant contribution to the organisation,

management and execution of the production and construction activities undertaken by the public company and its subsidiaries; significant contribution to the implementation of the business plans of the parent and its subsidiaries in Bulgaria and abroad. Variable remuneration increases proportionally to the number of conditions met, subject to the limitations of the currently effective Policy.

The financial indicators for 2024 reveal the following changes compared to the prior financial reporting year:

Indicators	2024	2023	Change
Gross profit	39 780	17 776	124%
Net profit	34 259	14 847	131%
Absolute liquidity ratio	0,01	0,21	-95%
Revenue efficiency	0,93	0,95	-2%
Total assets	569 182	361 789	57%

6. Rationale and key components of the annual bonus scheme and / or other non-monetary benefits

The variable remuneration paid to the members of the Supervisory Board (SB) and the Managing Board (MB) amounted to BGN 4,700 thousand, representing 11.81% of the gross financial result for the financial reporting period 2024.

7. Description of the key characteristics of the supplementary voluntary pension insurance scheme and information on contributions, paid or due by the entity for the respective financial reporting year regarding the members of the Supervisory Board (SB), or of the Managing Board (MB), when applicable

The Entity has no commitments to provide supplementary voluntary pension insurance for the members of the Supervisory Board (SB) or the Managing Board (MB), and the Entity has no legal or constructive obligation to make contributions to any such plan on behalf of members (directors) for the financial reporting year.

8. Disclosure of information on the deferral periods for variable remuneration payments

In accordance with the adopted Policy, payment of 40% (forty percent) of the awarded variable remuneration is deferred for a period of three years, with the deferred amount paid by the Entity in equal (proportional) annual instalments, subject to the terms and conditions determined by the General Meeting of Shareholders (GMS). The Entity has the right to adjust the amount based on the actual results achieved. In such a case, the Entity shall notify the affected person (employee) of its substantiated decision in a timely manner. Deferred variable remuneration may be forfeited or become non-payable in the following cases:

- When the Entity (for which the supplementary remuneration has been defined) suffers economic losses attributable to actions or omissions falling within the scope of the respective person's duties (i.e., within his or her competencies and responsibilities);

- When the Entity's profit before tax decreases by more than 50% (fifty percent) in two consecutive reporting years;
- Upon termination of the employment relationship with the Entity and the respective person (employee) engaging in competitive activities during the deferral period for the respective remuneration.
- Where a material prior-period error is restated and this material prior-period error arises from a failure to use, or misuse of, reliable information that was within the scope of the respective person's duties during the reporting period in which the remuneration was paid.

9. Information on the termination benefits policy

The following termination benefits and terms apply upon termination of contracts concluded with members of the Supervisory Board (SB) or the Managing Board (MB) of TRACE GROUP HOLD PLC, in accordance with the requirements of Art. 16, paragraph 2 of Ordinance 48 and Section IV of the adopted Remuneration Policy for members of the Supervisory Board (SB) or the Managing Board (MB):

- The Entity does not owe any compensation upon the termination of a contract concluded with a member of the Supervisory Board (SB) or the Managing Board (MB) of Trace Group Hold PLC, where the contract terminates due to the expiry of the term of office for which the member had been elected and such term is not renewed.
- No compensation is payable upon early termination of a contract, concluded with a member of the Supervisory Board (SB) or the Managing Board (MB) of Trace Group Hold PLC, if the contract is terminated due to breach of the non-compete clause.
- No compensation is payable upon early termination of a contract concluded with a member of the Supervisory Board (SB), or the Managing Board (MB), if the contract is terminated due to unsatisfactory (performance) results or culpable conduct of the respective member of the Managing Board (MB) or the Supervisory Board.
- Compensation may be paid to a member of the Managing Board (MB) authorised to represent the Entity, if the concluded contract is terminated by the Entity without cause. Such compensation is determined by the Supervisory Board (i.e., shall be paid pursuant to the Supervisory Board's decision) and is intended to cover the non-compete period (i.e., the period during which the respective member is restricted from engaging in competitive activities for the specified number of years). The payment amount shall be equal to or less than one third ($\frac{1}{3}$) of the respective member's fixed annual remuneration. Such compensation is payable only if all criteria for determining and paying variable remuneration have been met in the final reporting period.

10. Information on the non-transferability period of shares and the periods in which stock options cannot be exercised for variable share-based remuneration

Not applicable

11. Information on the share retention policy requiring members of the Managing and Control Bodies to hold a minimum number of shares throughout their term of office, extending beyond the period under Note 10.

Not applicable

12. Information on the contracts concluded with the members of the Managing and Control Bodies, including details on the expiry date of each contract, the notice period stipulated therein, and the compensations and other payables due upon early termination.

The management contracts concluded with all members of the Supervisory Board (SB) and the Managing Board (MB) are for a period of five (5) years, effective as of the date on which the respective members were elected. Details of the compensations stipulated therein and other payments due upon early termination are disclosed under Note 9 of this Report.

Contracts are terminated on the date on which the respective person is discharged from office as a member of the Supervisory Board (SB) or the Managing Board (MB) in the following cases, where neither party is deemed at fault:

1. Upon restructuring or termination of the Entity's operations;
2. In the event of the person's death or placement under guardianship, or alternatively if the Entity is declared insolvent;
3. Pursuant to a decision of the General Meeting of Shareholders (GMS) taken in the best interests of the Entity and based on strategic business considerations, which are beyond the Entity's control;
4. Upon the written request of the respective person submitted to the Entity, subject to a three-month notice period;
5. Upon the occurrence of a circumstance that prohibits or restricts the person's ability to perform their designated function.

Contracts are terminated on the date the person is dismissed as a member of the Supervisory Board (SB) or the Managing Board (MB) for breach of duty, in the following cases:

1. Where the person breaches the applicable laws in the course of, or in connection with, the performance of obligations under the management contract;
2. Where the person's actions or inactions result in a deterioration of the Entity's financial performance, or in the Entity incurring losses, or when their actions have achieved results deemed unsatisfactory under the approved business plans and strategies of the Entity;
3. Where the person submits misleading information regarding the Entity's financial position to the General Meeting or to the Managing and / or Supervisory Boards, or prepares and approves financial documents that do not provide a faithful representation;
4. Where the person commits a criminal offence, and a final conviction is rendered;
5. Where the person fails to implement the decisions adopted by the Entity's shareholders.

Persons elected as members of the Supervisory Board (SB) or the Managing Board (MB) are required to provide performance guarantees relating to their management duties. These guarantees shall be in an amount equal to their quarterly gross remuneration, and must be submitted within seven (7) calendar days following the resolution of the General Meeting of Shareholders (GMS) confirming their election as members of the Supervisory Board (SB) or the Managing Board (MB).

13. Total compensations and other financial benefits earned and / or recognised for the members of the Supervisory Board (SB) and the Managing Board (MB) in the respective financial period

The total remuneration, earned by and / or paid to the members of the Managing and Supervisory Boards of the Entity in 2025 is as follows:

- Nikolay Mihaylov, Chairperson of the Supervisory Board (SB) – BGN 2,297 thousand gross; BGN 2,059 thousand net
- Manol Denev, Member of the Supervisory Board (SB) – BGN 116 thousand gross; BGN 96 thousand net
- Mariela Rounteva, Member of the Supervisory Board (SB) – BGN 65 thousand gross; BGN 52 thousand net
- Desislava Lyubenova, Chairperson of the Managing Board (MB) – BGN 1,454 thousand gross; BGN 1,303 thousand net
- Boyan Delchev, Member of the Managing Board (MB) and Executive Director – BGN 2,081 thousand gross; BGN 1,864 thousand net
- Manol Tanev Kavrov – Member of the Managing Board (MB) – BGN 861 thousand gross; BGN 766 thousand net

No shares of “Trace Group Hold” PLC were granted to the members of the Supervisory Board (SB) or the Managing Board (MB) as part of the supplementary remuneration in 2025.

14. Information on the compensations earned by each person who served as a member of the Managing or Control Bodies of a public company for a specific period in the respective financial year:

In 2025, remuneration was accrued in respect of the following individuals who served as members of the Supervisory Board (SB) or the Managing Board (MB) of “Trace Group Hold” PLC:

1. Nikolay Mihaylov, Chairperson of the Supervisory Board (SB) – BGN 2,404 thousand, including fixed remuneration in the amount of BGN 480 thousand, variable remuneration in the amount of BGN 1,200 thousand and salaries and wages (remuneration under employment contracts) in the amount of BGN 724 thousand;
2. Manol Denev, Member of the Supervisory Board (SB) – BGN 116 thousand, including fixed remuneration in the amount of BGN 60 thousand; salaries and wages (remuneration under employment contracts) in the amount of BGN 56 thousand
3. Mariela Rounteva, Member of the Supervisory Board (SB) – BGN 65 thousand, including fixed remuneration in the amount of BGN 60 thousand and salaries and wages (remuneration under employment contracts) in the amount of BGN 5 thousand
4. Desislava Lyubenova, Chairperson of the Managing Board (MB) – BGN 1,561 thousand, including fixed remuneration in the amount of BGN 240 thousand, variable remuneration in the amount of BGN 1, 200 and salaries and wages (remuneration under employment contracts) in the amount of BGN 121 thousand
5. Boyan Delchev, Member of the Managing Board (MB) and Executive Director – BGN 2,180 thousand, including fixed remuneration in the amount of BGN 480 thousand and variable remuneration in the amount of BGN 1,700 thousand;
6. Manol Kavrov – Member of the Managing Board (MB) – BGN 875 thousand, including fixed remuneration in the amount of BGN 60 thousand, variable remuneration in the amount of BGN 600 thousand and salaries and wages (remuneration under employment contracts) in the amount of BGN 215 thousand.

TRACE GROUP HOLD PLC has no outstanding contributions to retirement benefits or pension payments at 31.12.2025.

a) Compensations and other financial and non-financial benefits received by individuals employed within entities of the (same) Group

The Group's subsidiaries did not pay any remuneration to the members of the Supervisory Board or the Managing Board.

b) Compensation earned by individuals in the form of profit-sharing and bonus payments, including the underlying criteria for awarding them.

Information on the variable remuneration accrued in 2025:

1. Boyan Delchev, Member of the Managing Board (MB) and Executive Director – variable remuneration in the amount of BGN 1,700 thousand
2. Nikolay Mihaylov, Chairperson of the Supervisory Board (SB) – variable remuneration in the amount of BGN 1,200 thousand
3. Desislava Lyubenova, Chairperson of the Managing Board (MB) – variable remuneration in the amount of BGN 1,200 thousand.
4. Manol Kavrakov, Member of the Managing Board (MB) – variable remuneration in the amount of BGN 600 thousand.

The total deferred variable remuneration amounts to BGN 1,515 thousand (gross).

The variable remuneration for 2025 was approved by a decision of the General Meeting of Shareholders (GMS), held on 30.06.2025, based on a proposal from the Supervisory Board.

c) Additional remuneration for non-routine services (i.e., different from the ordinary tasks and duties) rendered by individuals, provided they are payable under the terms of the contract concluded with them

Not applicable

d) Compensation to individuals upon termination of their duties (termination benefits), paid and / or accrued in the last financial reporting year

No provisions for termination benefits were recognised in relation to termination of the functions of members of the Supervisory Board (SB) or of the Managing Board (MB) of TRACE GROUP HOLD PLC in 2025.

e) An overall assessment of all non-monetary benefits provided in the form of remuneration, except for those disclosed under items (a) to (e)

No member of the Supervisory Board (SB) or the Managing Board (MB) of TRACE GROUP HOLD PLC received non-monetary benefits in the form of remuneration, other than those disclosed under items (a) to (e) in 2025.

f) Information on all loans granted, payments of social and welfare expenses, and guarantees placed by the entity, its subsidiaries, or by other entities included in the entity's annual consolidated financial statements, including details on their outstanding principal amounts and interest rates

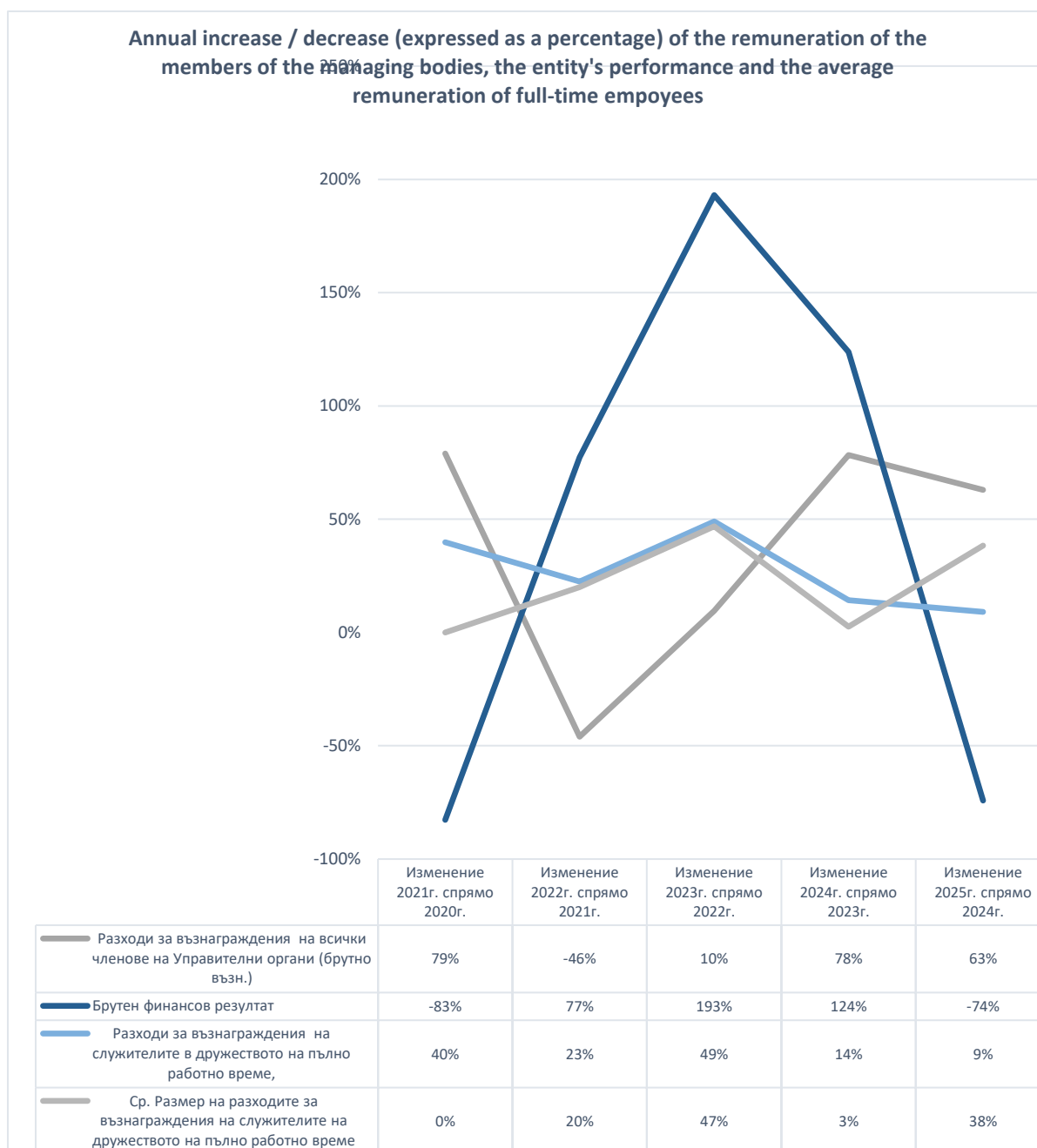
No member of the Supervisory Board (SB) or the Managing Board (MB) received any loans, social or welfare payments, or guarantees provided by the reporting Entity, its subsidiaries, or other consolidated entities.

15. Information regarding shares and/or share options, and/or other share-based incentive schemes:

- a) The number of share options provided, or the number of shares granted by the Entity within the respective financial reporting year, and the terms and conditions under which such were provided or granted;
- b) The number of share options exercised during the respective financial reporting year, including the number of shares and the related exercise price for each, or the fair value of the interest under the share-based incentive scheme at the end of the financial reporting year;
- c) The number of share options outstanding at the end of the financial reporting year, including information on their range of exercise price, the weighted average remaining contractual life, and significant conditions for exercising such rights;
- d) Any changes to the terms and conditions of existing share options, adopted during the financial reporting year;

Not applicable

16. Annual change (increase/decrease) in the remuneration, the entity's performance, and the average remuneration (based on the remuneration of full-time employees, excluding members of the governing bodies/directors) for the last five financial reporting years, presented in a way that allows comparison.



Indicators	Change in 2021 compared to 2020	Change in 2022 compared to 2021	Change in 2023 compared to 2022	Change in 2024 compared to 2023	Change in 2025 compared to 2024
Remuneration (expense incurred) for all members of the Managing Bodies (gross remuneration)	1%	79%	-46%	10%	78%
Gross financial result – Entity's gross performance	26%	-83%	77%	193%	124%
Remuneration (expense incurred) for the full-time personnel employed by the Entity	10%	40%	23%	49%	14%
Average amount of the remuneration expenses, incurred in respect of the full-time personnel employed by the Entity	29%	-20%	20%	47%	3%

17. Information on exercising the option to request a return of the variable remuneration

No grounds have arisen for exercising clawback rights (i.e., the option to request a return) in respect of variable remuneration paid to Board members in 2025.

18. Information on any departures from the implementation of the Remuneration Policy in extraordinary circumstances (as specified under Art. 11, paragraph 13), including an explanation of the nature of the extraordinary circumstances and an indication of the specific components that were not implemented (if the Policy provides for extraordinary circumstances).

Not applicable

19. Information on the implementation of the Remuneration Policy for the Members of

the Supervisory Board (SB) and the Managing Board (MB) of TRACE GROUP HOLD PLC in the next financial reporting year

The Policy is aligned with the adopted governance structure and reflects the responsibilities and duties of the Managing Board and the Supervisory Board. The criteria for determining remuneration, as set out in the Policy, comply with the statutory requirements and the recognised principles of good corporate governance. The Entity shall continue to apply the criteria and rules set forth in the current Policy throughout 2026.

This report was approved by the Managing Board of the Entity on 31.03.2026.

Executive Director: Digitally signed by Boyan Stoyanov Delchev

/Eng. Boyan Delchev/ Date: 2026.03.31 23:04:52 +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 “Report of the Managing Board of Trace Group Hold PLC on the implementation of the remuneration policy for the members of the Managing Board and the Supervisory Board of the Entity in 2025”, consisting of 10 (ten) pages in Bulgarian, and that I am competent in both English and Bulgarian to render such a translation.



DECLARATION

Pursuant to Art. 100 (n), paragraph 4, item 4 of the Public Offering of Securities Act
(POSA)

The undersigned:

Desislava Ivanova Lyubenova, in her capacity as Chairperson of the Managing Board (MB) of "Trace Group Hold" PLC

Boyan Stoyanov Delchev, in his capacity as a Member of the Managing Board (MB) and Executive Director of "Trace Group Hold" PLC;

Manol Tanev Kavrov, in his capacity as a Member of the Managing Board (MB) of "Trace Group Hold" PLC; and

Tanya Stoyanova Stancheva, in her capacity as the compiler of the financial statements of "Trace Group Hold" PLC

Hereby declare that:

1. The set of financial statements, prepared in accordance with the applicable accounting standards, presents a true and fair view of the assets and liabilities, the financial position, and the profit or loss of "Trace Group Hold" PLC;
2. The annual Management Report of "Trace Group Hold" PLC provides a fair and comprehensive review of the information required under Art. 100 (n), paragraph 4, item 2 of POSA.

Digitally signed by Desislava Ivanova Lyubenova
Date: 2026.03.31 23:06:30 +03'00'

Desislava Ivanova Lyubenova

Digitally signed by Boyan Stoyanov Delchev
Date: 2026.03.31 23:05:19 +03'00'

Boyan Stoyanov Delchev

Digitally signed by Manol Tanev Kavrov
Date: 2026.03.31 23:05:49 +03'00'

Manol Tanev Kavrov

Digitally signed by Tanya Stoyanova Stancheva
Date: 2026.03.31 22:55:09 +03'00'

**Tanya Stoyanova Stancheva –
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 within the meaning of Art. 100 (n), paragraph 4, item 4 of the Public Offering of Securities Act (POSA), consisting of 1 (one) page in Bulgarian, and that I am competent in both English and Bulgarian to render such a translation.



INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS
OF "TRACE GROUP HOLD" PLC

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of "TRACE GROUP HOLD" PLC ("the Entity"), which comprise the separate statement of financial position as at 31 December 2025, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity, and the separate statement of cash flows for the year then ended, as well as the notes to the separate financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion the accompanying separate financial statements present fairly, in all material respects, the financial position of the Entity as at 31 December 2025, and its financial performance and 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 (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Separate Financial Statements" section of our report. We are independent of the Entity in accordance with the International Code of Ethics for Professional Accountants (including the International Independence Standards) issued by the International Ethics Standards Board (IESBA Code), applicable to audits of financial statements of public-interest entities, together with the ethical requirements that are relevant to our audit of the financial statements of public-interest entities in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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 separate financial statements of the current period. These matters were addressed in the context of our audit of the separate 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 our audit addressed this key audit matter

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AN INDEPENDENT MEMBER OF



Revenue from contracts with customers – Revenue from construction contracts (BGN 351,229 thousand in 2025)

Note I.2.22.1. and Note II.2.1.1. to the separate financial statements

The Entity's revenue from contracts with customers primarily comprises revenue from construction contracts. Revenue from construction contracts amounted to a total of 351,229 thousand in 2025 and represents 93% of the total revenue received by the Entity during the period.

Under the construction contracts, assets controlled by customers are created and / or enhanced and the Entity identifies performance obligations satisfied over time, respectively. The Entity recognises the revenue to which it expects to be entitled to in accordance with the satisfied performance obligations.

The Entity recognises revenue from satisfied performance obligations under construction contracts, only if the Entity can reasonably measure progress towards complete satisfaction of those performance obligations. Depending on the specific circumstances and the terms and conditions of the contracts, the Entity uses input methods and / or output methods to measure the progress towards complete satisfaction of performance obligations under construction contracts.

The estimation of revenue from construction contracts involves significant uncertainty as it requires Management to make key judgements and subjective assumptions.

Based on the considerations outlined above, 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 Entity in the recognition and measurement of revenue from construction contracts, are adequate and complete;
- Evaluation of the consistency and appropriateness of methods used for the specific type of contract. This includes an assessment of related input data and assumptions by reviewing available actual and forecast information, together with re-measurement and comparative analysis;
- Comparison of key assumptions, used in the estimation of revenue, with the terms of similar contracts, historical data and other relevant information;
- Review of selected data used to assess progress towards complete satisfaction of performance obligations, including estimates and budgets, statements and reports, and direct assessment of transferred goods and services, for accuracy, reliability and completeness;
- Review of the adequacy and completeness of the disclosures in the separate financial statements of the Entity regarding the measurement of revenue from construction contracts, included under Note I.2.22.1. and Note II.2.1.1. to the separate financial statements II.2.1.1.

Additional Information, Other than the Separate Financial Statements and the Auditor's Report Thereon

Management is responsible for the other information. The other information, which we have obtained prior to the date of our auditor's report, comprises a management report, a statement on corporate governance and a report on the implementation of the remuneration policy, prepared by the Management in accordance with Chapter Seven of the Accountancy Act, but does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information, and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements, or our knowledge obtained in the 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 other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, as adopted by the EU, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, Management is responsible for assessing the Entity'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 Management either intends to liquidate the Entity or to cease the Entity's operations, or Management has in fact no alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 financial statements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit, conducted in accordance with ISAs, 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 users' economic decisions, taken based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, statements made to mislead the auditor, or the override of 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 Entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- Conclude on the appropriateness of 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 Entity'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 separate 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the notes to the financial statements, and whether the separate financial statements present fairly the significant transactions and events.

Among other matters, we communicate with those charged with governance regarding the planned scope and timing of the audit and the significant audit findings, including any significant deficiencies in internal control that we have identified during 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 related safeguards implemented to eliminate identified threats or reduce them to an acceptable level.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements for the current period and are therefore key audit matters. We describe these matters in our auditor's report unless 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 ISAs – described above in the section “Additional information, other than the separate financial statements and the auditor's report thereon” – we have also performed procedures with regard to the management report, the statement on corporate governance and the report on the implementation of the remuneration policy. 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 ISAs. These procedures

relate to testing the existence, form, and content of this other information to assist us in forming opinions about whether the other 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, items (3) and (4) of POSA, as well as Art. 100 (n), paragraph 15 of POSA in conjunction with Art. 116 (c), paragraph 1 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 management report for the financial reporting year for which the separate financial statements have been prepared is consistent with those financial statements;
- b) The management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and Art. 100 (n), paragraph 7 of the Public Offering of Securities Act;
- c) The statement on corporate governance for the financial reporting year for which the separate financial statements have been prepared provides the information required in accordance with Chapter Seven of the Accountancy Act and Art. 100 (n), paragraph 8 of the Public Offering of Securities Act;
- d) The report on the implementation of the remuneration policy for the financial reporting period, for which the separate financial statements have been prepared, has been provided and prepared in accordance with the requirements of Art. 116 c, paragraph 1 of the Public Offering of Securities Act.

Opinion in connection with Art. 100 (n), paragraph 10, in conjunction with Art. 100 (n), paragraph 8, items (3) and (4) of the Public Offering of Securities Act

Based on the procedures performed and the knowledge and understanding obtained about the Entity's activity and the environment in which it operates, the description of the main characteristics of the Entity's internal control and risk management systems relevant to the financial reporting process, which is part of the 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 misstatements.

Additional reporting on the audit of the separate financial statements in connection with Art. 100 (n), paragraph 4, item 3 of the Public Offering of Securities Act

Statement in connection with Art. 100 (n), paragraph 4, item 3, letter "b" of the Public Offering of Securities Act

Information on related party transactions is disclosed in Note II.3.3 to the separate financial statements. Based on the audit procedures that we performed on related party transactions as part of our audit of the separate financial statements as a whole, no facts, circumstances or other information have come to our knowledge that would indicate that related party transactions have not been disclosed in the accompanying separate financial statements for the year ended 31 December 2025 in all material respects and in accordance with the

requirements of IAS 24 “Related Party Disclosures”. We have addressed the results of our audit procedures on related party transactions in the context of forming our opinion on the separate financial statements as a whole and not for the purpose of expressing a separate opinion on related party transactions.

Statement in connection with Art. 100 (n), paragraph 4, item 3 (c) of the Public Offering of Securities Act

Our responsibilities for the audit of the financial statements as a whole, described in the “Auditor’s responsibilities for the audit of the separate financial statements” section of our report, include evaluating whether the separate financial statements present fairly the significant transactions and events. Based on the audit procedures that we performed on the significant transactions underlying the separate financial statements for the year ended 31 December 2025, no facts, circumstances, or other information have come to our attention that would indicate material misstatements or omissions in disclosures in accordance with the requirements of the applicable IFRS as adopted by the European Union. We have considered the results of our audit procedures on significant transactions and events within the Entity in the context of forming our opinion on the separate financial statements as a whole and not for the purpose of expressing a separate opinion on these significant transactions.

Report on Other Legal and Regulatory Requirements

Reporting on the compliance of the electronic reporting format of the separate financial statements, included in the annual separate financial statements for the activities under Art. 100 (n), paragraph 4 of POSA, with the requirements of the ESEF Regulation

In addition to our responsibilities and reporting in accordance with ISAs, described above in the “Auditor’s responsibilities for the audit of the separate financial statements” section, we have performed the procedures under 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)”, issued by the professional organisation of certified public accountants and registered auditors in Bulgaria – the Institute of Certified Public Accountants (ICPA).

These procedures relate to verifying that the form and content of the readable part of this electronic format correspond to the audited separate financial statements, and expressing an opinion on the compliance of the electronic format of the separate financial statements of “TRACE GROUP HOLD” PLC for the year ended 31 December 2025, attached in the electronic file “8945006KNJB87NPK6P55-20251231-BG-SEP.xhtml”, 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 European single electronic reporting format (“ESEF Regulation”). According to these requirements, the electronic format of the separate financial statements, included in the annual separate financial statements for the activities under Art. 100 (n), paragraph 4 of POSA, should be presented in XHTML format.

The Entity's Management is responsible for the preparation and fair presentation of the separate financial statements in XHTML format in compliance with the requirements of the ESEF Regulation.

Our opinion is limited only to the electronic reporting format of the separate financial statements, attached in the „8945006KNJB87NPK6P55-20251231-BG-SEP.xhtml“ electronic file, and does not cover the additional information, included in the annual separate financial statements for the activities under Art. 100 (n), paragraph 4 of POSA.

In our opinion, based on the procedures that we have performed, the electronic reporting format of the separate financial statements of the Entity for the year ended 31 December 2025 that are part of the attached electronic file – „8945006KNJB87NPK6P55-20251231-BG-SEP.xhtml“ – has been prepared, in all material respects, in compliance with the requirements of the ESEF Regulation.

Reporting in accordance with Art. 10 of Regulation (EU) № 537/2014 regarding 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 and Assurance of Sustainability Reporting Act, pursuant to Art. 10 of Regulation (EU) № 537/2014, we further report the information disclosed below.

- We were appointed as statutory auditor of the financial statements of “TRACE GROUP HOLD” PLC (“the Entity”) for the year ended 31 December 2025 by the General Meeting of Shareholders, held on 30 June 2025, for a period of one year. Kalin Apostolov, Registered Auditor / CPA and holder of Diploma № 0657, was appointed as Audit Engagement Partner by the auditing company of the Registered Auditor – “KA Audit” LTD. “KA Audit” LTD was registered as the auditing company “Parker Russell Bulgaria” LTD, with registration № 195 in January 2026. There have been no other changes to the auditing company's structure and ownership. The appointment of Kalin Apostolov as Audit Engagement Partner (on behalf of the auditing company “Parker Russell Bulgaria” LTD) for the audit of the financial statements for the 2025 financial reporting period was reconfirmed at the General Meeting of Shareholders, held on 30 March 2026;
- The audit of the Entity's financial statements for the year ended 31 December 2025 is the fifth consecutive statutory audit engagement, performed by the Registered Auditor / Audit Engagement Partner and the first audit engagement conducted by “Parker Russell Bulgaria” LTD (formerly registered as “KA Audit” LTD – an auditing company of the registered auditor / CPA until 06 January 2026) for this entity;
- We hereby confirm that the audit opinion expressed is consistent with the additional report submitted to the Audit Committee of the Entity, 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 prohibited services as 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 of the Entity;
- During the period, apart from the statutory audit, we have not provided any services to the Entity, including those required to be disclosed in the management report and / or the financial statements of the Entity.

Auditing company
“Parker Russell Bulgaria” LTD, Reg. № 195
№ 23, Sitnyakovo Blvd., fl. 5, 1505, Sofia,
31 March 2026

Kalin Apostolov
Manager
Registered Auditor,
Audit Engagement Partner

Digitally signed by Kalin Apostolov Apostolov
Date: 2026.03.31 23:21:44 +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 “Independent Auditor’s Report on the Separate Financial Statements of “Trace Group Hold” PLC for the year ended 31 December 2025”, consisting of 8 (eight) pages in Bulgarian, and that I am competent in both English and Bulgarian to render such a translation.



TO

The Shareholders of “TRACE GROUP HOLD” PLC

DECLARATION

Pursuant to Art. 100 (n), paragraph 4, item 3 of the Public Offering of Securities Act

I, the undersigned:

Kalin Apostolov Apostolov, in my capacity of:

- Managing Partner of the auditing company “Parker Russell Bulgaria” LTD (registered under № 195 in the Registry pursuant to Art. 20 of the Independent Financial Audit and Assurance of Sustainability Reporting Act), with registered address at: № 23, “Sitnyakovo” Blvd., Office Centre Sitnyakovo, fl. 5, Sofia; and
- Registered Auditor (CPA), acting as Audit Engagement Partner (holder of Diploma № 0657, registered in the Register pursuant to Art. 20 of the Independent Financial Audit and Assurance of Sustainability Reporting Act) on behalf of “Parker Russell Bulgaria” LTD **hereby declare that:**

the auditing company “Parker Russell Bulgaria” LTD was appointed to conduct a statutory financial audit of the separate financial statements of “TRACE GROUP HOLD” PLC for the financial reporting year 2025, prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union (EU), the applicable financial reporting framework as defined in item 8 of the Additional Provisions of the Accountancy Act as “International Accounting Standards”. Following our audit, we issued an independent auditor’s report, dated 31 March 2026.

I HEREBY CERTIFY THAT as stated in our auditor’s report on the annual financial statements of “TRACE GROUP HOLD” PLC for the financial reporting year 2025, dated 31 March 2026:

1. ***Art. 100 (n), paragraph 4, item 3 (a) Audit Opinion:*** In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Entity as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) (*page 1 of the Audit Report*);

2. **Art. 100 (n), paragraph 4, item 3 (b) Information on transactions of “TRACE GROUP HOLD” PLC and its related parties.** Information on related party transactions is disclosed in detail in Note II.3.3 to the separate financial statements. Based on the audit procedures that we performed on related party transactions as part of our audit of the separate financial statements as a whole, no facts, circumstances or other information have come to our knowledge or attention that would indicate that related party transactions have not been disclosed in the accompanying separate financial statements for the year ended 31 December 2025 in all material respects and in accordance with the requirements of IAS 24 “Related Party Disclosures”. We have addressed the results of our audit procedures on related party transactions in the context of forming our opinion on the separate financial statements as a whole and not for the purpose of expressing a separate opinion on such related party transactions (page 6 of the Audit Report).
3. **Art. 100 (n), paragraph 4, item 3 (c) Information on significant transactions.** Our responsibilities for the audit of the financial statements as a whole, described in the “Auditor’s responsibilities for the audit of the separate financial statements” section of our report, include evaluating whether the separate financial statements present fairly the significant transactions and events. Based on the audit procedures that we performed on the significant transactions underlying the separate financial statements for the year ended 31 December 2025, no facts, circumstances or other information have come to our knowledge or attention that would indicate material misstatements or inadequate disclosures in accordance with the applicable IFRS as adopted by the European Union. We have considered the results of our audit procedures on significant transactions and events within the Entity in the context of forming our opinion on the separate financial statements as a whole and not for the purpose of expressing a separate opinion on these significant transactions (page 6 of the Audit Report).

The assurance provided in this Declaration should be considered solely and exclusively in the context of the independent auditor’s report issued by us, dated 31 March 2026, as a result of the statutory financial audit of the annual separate financial statements of “TRACE GROUP HOLD” PLC for the financial reporting year ended 31 December 2025. This declaration is intended only for the above-mentioned addressees and has been prepared solely and exclusively in compliance with the requirements set out in Art. 100 (n), paragraph 4, item 3 of the Public Offering of Securities Act (POSA) and should not be considered as a substitute for our conclusions contained in audit report, dated 31 March 2026, with regard to matters covered by Art. 100 (n), item 3 of POSA.

Auditing company

***“Parker Russell Bulgaria” EOOD, registration № 195
№ 23, “Sitnyakovo” Blvd., fl. 5, 1505, Sofia***

Kalin Apostolov Digitally signed by Kalin Apostolov Apostolov
Manager Date: 2026.03.31 23:28:39 +03’00’
Registered Auditor / CPA, Audit Engagement Partner

***31 March 2026
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 “Declaration under Art. 100 (n), paragraph 4, item 3 of the Public Offering of Securities Act (POSA)”, consisting of 2 (two) pages in Bulgarian, and that I am competent in both English and Bulgarian to render such a translation.

