



**CONSOLIDATED
FINANCIAL STATEMENTS**

AS OF DECEMBER 31, 2025

(Unofficial translation of the original in Bulgarian)

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Name of the Company:
Unified Identification Code:
Registered Office:
Web:
Telephone / Contacts:
E-mail:

FILKAB AD
BG115328801
92 Komatevsko shosse Str., Plovdiv
<http://www.filkab.com>
+359 32 608 881
office@filkab.com

CONSOLIDATED ANNUAL REPORT ON THE ACTIVITY

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1. Group's Profile

FILKAB AD (Parent company) is a joint-stock company, founded in 1999 and entered in the Commercial Register at the Registry Agency and is a leader in the country and the region with its main activity – trade in cables and wires, electrical and automation equipment, medium-voltage electrical equipment, cable accessories, lighting fixtures, and electrical installation materials.

FILKAB Group offers engineering services and performs overall activities – design, manufacturing, delivery, installation, and commissioning of complete electrical and automation projects, complete distribution systems (CDS) medium-voltage, concrete complete transformer substations (CCTS), metal cabinets and details from steel sheets, builds substations 110kV, street and industrial energy-efficient lighting, renewable energy decisions, battery energy storage systems (BESS) as well as fire extinguishing and fire alarm systems and others.

Among the clients and partners of the Group, there are companies operating in the sphere of electricity generation, transmission and distribution, of the telecommunications sector, companies performing electrical installation, construction, and trade activities, etc. Among those of particular importance are investors and general contractors of substantial and key projects, Bulgarian investors from small and medium-sized businesses, state companies and public associations.

Through its subsidiary companies (Engineering EAD, FILKAB Solar Ltd., FILKAB FS LTD., MAKKAB DOOEL – Macedonia and FILKAB MIG DOO - Serbia), as well as individually, the Group continues to develop actively its activities in the field of renewable energy sources (RES) and (BESS) not only in the supply of materials and services, but also in the complete delivery of large-scale photovoltaic projects, as well as standalone and co-located battery energy storage systems (BESS), acting as an EPC contractor. To date, the company has participated as a main contractor and/or subcontractor in a significant number of projects across Bulgaria, Greece, Romania, North Macedonia, Cyprus, Turkey, and Hungary.

According to the forecasts of the Ministry of Finance, the GDP rate in the country for 2026 will reach growth of 2.7%. In this regard, the Group should continue its activities on the diversification of offered products and services from the rapidly growing new areas – solutions Industry 4.0 for automation and data interchange, new efficient lighting sources, charging stations for electric cars, renewable energy sources and energy management systems. The Group is developing in this direction through its participation in projects as main contractor, subcontractor or supplier of electrical equipment, thus obtaining know-how, establishing contacts and partnerships with external companies and organisations, working with research institutes, participating in joint manufacturing activities with them.

2. Share Capital of the Parent Company

As of December 31, 2025 the registered share capital of the Parent company is at the total amount of BGN 20 000 thousand and is distributed in 2 000 000 ordinary shares at nominal value of BGN 10 per share. Shareholders are ten individuals. As of December 31, 2025, the net assets of the Group are at the amount of BGN 86 353 thousand (2024: BGN 78 701 thousand).

3. Group's Structure (branch network, subsidiary companies)

The Parent company has its own branch network across the country. The headquarters and the main warehouse are located in Plovdiv. In Sofia, Plovdiv, Varna, Burgas, Ruse, Veliko Tarnovo and Sliven, the Company has representations with large showrooms and warehouses.

The Parent company holds shares in the following companies:

No	Name of company of investment based on latest legal registration	Number of shares	Carrying amount of the investment in thousands of BGN	% of equity participation
1	ENGINEERING EAD, Bulgaria	10 000	139	100.0%
2	FILKAB SOLAR OOD, Bulgaria	3 500	35	70.0%
3	FILKAB FS OOD, Bulgaria	6 001	61	75.0%
4	FILKAB INVEST EOOD, Bulgaria	83 840	838	100%
5	FEC ORIZARI EOOD, Bulgaria	4 500 000	4 500	100%
6	MAK KAB DOOEL, Macedonia	600 000	1 222	100%
7	FILKAB MIG DOO, Serbia	7 400	102	75.5%
8	SOLAR REMUS S.R.L., Romania	4 498	19	99.9%
9	OTHER	-	2	2.0% - 10.0%
Total:			6 918	

In 2025, 90% of the capital of OSEE Orizari EOOD, a company established for the purpose of operating electrical energy storage facilities, was sold for BGN 1,270 thousand.

In 2025, the liquidation of Filkab Distributie SRL, Romania, was completed.

4. Parent Company Management Bodies Information

Management bodies of the Parent company are the General Meeting of Shareholders and the Board of Directors (BoD). The Parent company is represented by an Executive Director.

As of December 31, 2025, the Board of Directors of the Parent company consists of seven members, as follows:

1. Hristo Rumenov Tsankov, Chairman of the BoD;
2. Atanas Ivanov Tanchev, member of the BoD - Executive Director;
3. Zdravko Petkov Peychev, Deputy Chairman of the BoD;
4. Aleksandar Viktorov Prihodkov, member of the BoD;
5. Iliya Andreev Andreev, member of the BoD;
6. Kalina Margaritova Georgieva, member of the BoD.
7. Stefana Vasileva Madanska, member of the BoD

The operational management of the Parent company is carried out by:

1. Executive Director;
2. Department Directors;
3. Unit Managers;
4. Analytical Specialists and Administration.

The activity of the Parent company is divided into the following three areas:

1. Trade activity – which is of key importance to the company and is 68% of the total volume;
2. Production and project activity – in 2025 covering 32% of the total volume;
3. General operations.

5. Financial Position of the Group

	December 31, 2025	December 31, 2024	Change
Revenue	171 347	178 877	(4.2) %
Profit/(Loss) from operating activities, net	12 798	17 341	(26.2) %
Assets	166 911	136 461	22.3 %
Liabilities	80 558	57 760	39.5 %
Equity	86 353	78 701	9.7 %
Current assets	123 075	98 046	25.5 %
Current liabilities	57 301	36 977	55.0 %
Current liquidity ratio	2.15	2.65	(18.9) %
Quick ratio	1.03	1.19	(13.4) %
Capital utilization	52%	58%	(10.3) %
Return on assets	7.67%	12.71%	(39.7) %
Equity profitability ratio	14.82%	22.03%	(32.07) %
Equity to debt ratio	0.52	0.58	(10.03) %
Debt to equity ratio	1.93	1.73	11.6 %
Assets turnover	1.03	1.31	(21.4) %
Working capital, net	65 774	61 069	7.7%
Profit margin (net profit/ net revenue)	0.075	0.097	(23.0) %

6. Financial Instruments, Financial Risk Management

The Group's activities expose it to a variety of financial risks – market risk (comprising currency risk, interest rate risk and price risk); credit risk and liquidity risk. The Group does not use derivative financial instruments to manage financial risks.

Market risk

Currency risk

The Group performs transactions denominated in foreign currency primarily originated in EUR. As the EUR is fixed to the Bulgarian Lev, the Group is not exposed to currency risk. Taking into account the low volume of foreign currency transactions, the risk is minimal.

Interest rate risk

As the Group has no significant interest-bearing assets, the income and operating cash flows of the Group are not affected by the changes in market interest rates. Financial instruments that potentially expose the Group to interest rate risk are primarily the bank loans and finance lease contracts. As the contracted interest rate of the utilized loans is with a fixed markup over reference interest rate of the banks, the Group is potentially exposed to cash flow risk.

Price risk

The Group does not own any assets, the prices of which are dependent on the international market prices, so it is not exposed to price risk.

Credit risk

Financial assets that potentially expose the Group to credit risk are primarily its trade receivables. The Group has a significant concentration of credit risk in certain clients. Basically, the Group is exposed to credit risk, in case the clients do not meet their payment obligations. The Group's policy is directed to sales of goods on deferred payment to customers having favorable credit reputation, based on assessment of the customer's credit history and creditworthiness, expected sales volumes to the client, client's reputation, reference from contactors and others. For clients on deferred payment credit limits are defined, within which the clients are entitled to purchase goods on deferred payment. The credit limits are monitored by the Group's trade directorate on an ongoing basis.

Liquidity risk

Liquidity risk is the risk that the Group may have difficulties in paying its financial obligations. To manage this risk the management keeps an optimal level of quick liquid assets (cash and receivables), as well as the potential opportunity to demand additional credit line.

7. Future Development Prospects for the Group

Maintaining and expanding the Group's positions on the markets can be achieved by focused work in the following areas:

1. Identifying new potential customers in and out of the country. Attracting new loyal customers, as well as keeping the current ones;
2. Increasing sales through large construction and engineering companies and organizations. Cooperation and joint participation in the implementation of infrastructure and energy projects (water treatment plants, energy projects, new renewable energy sources, public infrastructure and others);
3. Maintaining consistent policy with trade companies, loyal to the Group and positioned in key regions, and taking targeted action to assist them;
4. Research, establishment of initial contact and initiation of regular deliveries to investors and contractors in projects financed under the Operational Programmes of the European Structural Funds;
5. Developing and establishing the company's B2B e-commerce platform while enhancing the efficiency of internal business processes through the implementation of a new ERP system, with the objective of achieving a stronger competitive advantage in the industry.
6. Work permanently on the discovery and implementation of new products and solutions in the trade activities with high profit margins, outstripping competitors on the market;
7. Implementing new cybersecurity measures and policies while enhancing existing ones to strengthen the company's cyber resilience and security posture.
8. Expanding the region presence of the Group.

8. Environment Protection and Healthy and Safety Working Conditions

The Group has implemented an integrated system for management of quality, environment and healthy and safety working conditions for which the Bulgarian entities from the group have the following certificates: ISO 9001:2015; ISO 14001:2015 and ISO 45001:2018, issued by the Bureau Veritas Certification.

9. Disclosure of Information Pursuant to the Commerce Act

In 2025 Filkab AD has no contracts under Art. 240b of the Commerce Act..

As of December 31, 2025, members of the Board of Directors possess Company's shares, as follows:

- Stefana Vasileva Madanska – 394 388 shares;
- Kalina Margaritova Angelova – 255 272 shares;
- Hristo Rumenov Tsankov – 200 000 shares;
- Atanas Ivanov Tanchev - 5 000 shares.

As at December 31, 2025 the participation of members of the Board of Directors in companies as general partners, having more than 25 percent of the capital of another company, as well as their participation in the management of other companies or cooperatives as procurators, managers or members of management bodies is, as follows:

- Atanas Ivanov Tanchev – “Electro Ins” OOD - participation in the capital with more than 25% and Managing Director, “Engineering” EAD – Chairman of the Board of Directors, “Ceramic” Ltd. - Managing Director;
- Stefana Vasileva Madanska – “Dana Farming” OOD. - participation in the capital with more than 25%;
- Zdravko Petkov Peychev – “Solar Stream” EOOD - participation in the capital with more than 25% and Managing Director.

10. Events after the Date of Preparation of the Annual Financial Statements

There are no events after the date of the reporting period, requiring adjustment or disclosure in the financial statements, that have occurred during the period from the reporting date to the date when these financial statements were approved for issuance.

11. Management Responsibilities

Management acknowledges that an adequate and consistent accounting policy has been applied and that the financial statements as of December 31, 2025 are prepared following the prudence principle in the valuation of assets, liabilities, income and expenses. Management is responsible for the accuracy of its books of account, for the safekeeping of assets and for the prevention and detection of fraud and other errors.

Atanas Tanchev
Executive Director

June 30, 2026
Plovdiv



INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of
FILKAB AD**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of FILKAB AD and its subsidiary companies (the Group), which comprise the consolidated balance sheet as at 31 December 2025, and the consolidated income statement, consolidated equity statement and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with National Accounting Standards (NAS) applicable in Bulgaria.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code)* together with the ethical requirements of the Law of Independent Financial Audit and Assurance on Sustainability (IFAAS) that are relevant to our audit of the consolidated financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IFAAS and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the management report prepared by management in accordance with Chapter Seven of the Accountancy Act, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or 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 for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with NAS applicable in Bulgaria 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 consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Independent Financial Audit Act and 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 economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Additional Matters to be Reported under the Accountancy Act

In addition to our responsibilities and reporting in accordance with ISAs, in relation to the management report, we have also performed the procedures added to those required under ISAs in accordance with the Guidelines of the professional organization of certified public accountants and registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of this other information to assist us in forming an opinion about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act 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 referring to the financial year for which the consolidated financial statements have been prepared is consistent with those consolidated financial statements.
- b) The management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.



Registered auditor, DES, Atanas Todorov - 0746
01.07.2026
4000, Plovdiv
Bul. Al. Stamboliyski 117

**CONSOLIDATED
FINANCIAL STATEMENTS
AS OF
DECEMBER 31, 2025**

CONSOLIDATED INCOME STATEMENT

for the year ended December 31, 2025

All amounts are in thousands of BGN, unless otherwise stated

	Note №	December 31, 2025	December 31, 2024
Revenue			
Revenue from sales	5	171 347	178 877
Other operating income	6	962	2 865
Total operating revenue		172 309	181 742
Finance income	13	1 287	25
Total revenue		173 596	181 767
Expenses			
Change in finished goods and work in progress		10 111	(3 546)
Expenses capitalized in property, plant and equipment		7 299	29
Materials expenses	7	(36 925)	(21 641)
Hired services	8	(21 087)	(7 980)
Personnel expenses	9	(15 398)	(14 604)
Depreciation and amortization expenses	10	(3 132)	(2 599)
Cost of goods sold	11	(96 723)	(108 779)
Other expenses	12	(1 748)	(2 277)
Total operating expenses		(157 603)	(161 397)
Finance costs	13	(1 735)	(1 201)
Total expenses	13	(159 338)	(162 598)
Accounting profit		14 258	19 169
Income tax expense	14	(1 460)	(1 828)
Profit for the period		12 798	17 341
Profit for the period, attributable to:			
Equity holders of the Parent company		11 762	16 255
Minority interest		1 036	1 086
		12 798	17 341

Approved for issuance on June 30, 2026.

Atanas Ivanov Tanchev
Executive Director

Silviya Vasileva Kostova
Compiler

Atanas Hristev Todorov
Registered Auditor
Managing Director
ATA ODITCONSULT EOOD
July 01, 2026, Plovdiv

(The accompanying notes from page 18 to page 53 are an integral part of these financial statements)

CONSOLIDATED BALANCE SHEET
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated

	Note №	December 31, 2025	December 31, 2024
ASSETS			
Non-current assets			
Property, plant and equipment	15	43 607	38 001
Intangible assets	16	92	158
Investments in entities	17	2	8
Deferred tax assets	14	135	248
		43 836	38 415
Current assets			
Inventories, net	19	63 915	54 146
Trade and other receivables	20	42 205	35 662
Cash	21	16 577	8 236
Income tax recoverable	22	378	2
		123 075	98 046
TOTAL ASSETS		166 911	136 461
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	28	20 000	20 000
Reserves	29	9 416	9 395
Retained earnings		42 190	30 185
Profit for the period		11 762	16 255
		83 368	75 835
Minority interest	30	2 985	2 866
Total equity		86 353	78 701
Non-current liabilities			
Trade and other liabilities	23	125	125
Bank loans	24	22 359	19 843
Finance lease liabilities	25	388	457
Retirement benefits obligation	26	385	358
		23 257	20 783
Current liabilities			
Trade and other payables	23	49 276	27 909
Bank loans	24	7 413	8 315
Finance lease liabilities	25	337	327
Income tax liabilities	22	275	426
		57 301	36 977
TOTAL EQUITY AND LIABILITIES		166 911	136 461

Approved for issuance on June 30, 2026.

Atanas Ivanov Tanchev
Executive Director

Silviya Vasileva Kostova
Compiler

Atanas Hristev Todorov
Registered Auditor
Managing Director
ATA ODITCONSULT EOOD
July 01, 2026, Plovdiv

(The accompanying notes from page 18 to page 53 are an integral part of these financial statements)

CONSOLIDATED EQUITY STATEMENT
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated

	Equity attributable to equity holders of the Parent company				Minority interest	Total equity
	Share capital	Reserves	Accumulated profit	Total		
Balance at January 1, 2024	20 000	9 307	34 655	63 962	1 978	65 940
Changes in equity for 2024						
Profit for the period			16 255	16 255	1 086	17 341
Foreign currency translations		43		43	(108)	(65)
Reserves		45		45		45
Dividend distribution			(4 470)	(4 470)	(90)	(4 560)
Balance at December 31, 2024	20 000	9 395	46 440	75 835	2 866	78 701
Changes in equity for 2025						
Profit for the period			11 762	11 762	1 036	12 798
Foreign currency translations		(165)		(165)	(804)	(969)
Reserves						
Dividend distribution			(4 250)	(4 250)	(113)	(4 363)
Other changes in equity		186		186		
Balance at December 31, 2025	20 000	9 416	53 952	83 368	2 985	86 353

Approved for issuance on June 30, 2026.

Atanas Ivanov Tanchev
Executive Director

Silviya Vasileva Kostova
Compiler

Atanas Hristev Todorov
Registered Auditor
Managing Director
ATA ODITCONSULT EOOD
July 01, 2026, Plovdiv

(The accompanying notes from page 18 to page 53 are an integral part of these financial statements)

This document is a translation of the original in Bulgarian, in case of divergence the Bulgarian original is prevailing

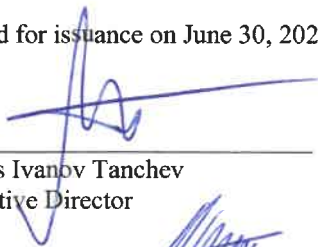
CONSOLIDATED CASH FLOW STATEMENT

for the year ended December 31, 2025

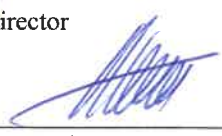
All amounts are in thousands of BGN, unless otherwise stated

	December 31, 2025	December 31, 2024
A. Cash flows from operating activities		
Proceeds from customers	202 488	164 336
Cash paid to suppliers	(153 664)	(133 794)
Remuneration and related payments	(15 657)	(14 621)
Taxes and fees paid	(14 746)	(11 756)
Corporate income tax paid	(1 870)	(1 986)
Net cash generated from operating activities:	16 551	2 179
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(4 960)	(977)
Proceeds from sale of property, plant and equipment	170	311
Proceeds from sale of investments	2 348	2 934
Purchase of investments	-	(64)
Net cash, used in investing activities:	(2 442)	2 204
C. Cash flows from financing activities		
Proceeds from borrowings	12 791	14 646
Repayments of borrowings	(12 024)	(13 814)
Interest paid on borrowings	(884)	(1 120)
Interest received on trade loans	10	8
Principal and interest paid on lease contracts	(471)	(410)
Dividends received	-	-
Dividends paid	(4 920)	(4 333)
Fees, charges, commissions and other paid, net	(263)	(139)
Net cash, (used in)/generated from financing activities:	(5 761)	(5 162)
Net increase in cash for the period	8 348	(779)
Cash at the beginning of the period	8 229	9 015
Cash at the end of the period (note 19)	16 577	8 236

Approved for issuance on June 30, 2026.


Atanas Ivanov Tanchev
Executive Director


Silviya Vasileva Kostova
Compiler


Atanas Hristev Todorov
Registered Auditor
Managing Director
ATA ODITCONSULT EOOD
July 01, 2026, Plovdiv

(The accompanying notes from page 18 to page 53 are an integral part of these financial statements)

**NOTES TO THE
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2025**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*for the year ended December 31, 2025**All amounts are in thousands of BGN, unless otherwise stated***1. Legal status and business activity**

FILKAB AD (the Parent company) is a joint-stock company, registered and settled in the Republic of Bulgaria, Unified Identification Code 115328801. The seat and registered office of the Parent company is 92, Komatevsko shosse Str., Plovdiv 4004. As of December 31, 2025 shareholders in the Parent company are twelve individuals.

Main activity of the Parent company and the subsidiary entities (the Group) is trade in cables and wires, electrical and automation equipment, medium voltage electrical equipment, cable accessories, lighting fixtures and electrical installation materials. The Group offers services for design and manufacture of lighting fixtures, low-voltage electrical switchboards, complete distribution systems 24 kV (CDS) and concrete complete transformer stations (CCTS). The Group continues to actively develop its activities in the field of renewable energy sources (RES) not only providing equipment, but also in the complete construction of photovoltaic power plants, including own development designs for constructions, inverter stations and others. In 2022 a new subsidiary Filkab Invest EOOD was established with main activity - investment and mediation activity in real estate transactions.

These financial statements have been approved for issuance by the management of the Group on June 30, 2026.

2. Basis for preparation of the financial statements and accounting principles**2.1. General**

The Group keeps its accounting records and prepares its financial statements in accordance with the requirements of the Bulgarian trade and accounting legislation. Since the beginning of 2005 National Standards for Financial Reporting of Small and Medium-sized Enterprises are enforceable in Bulgaria, enacted by Ordinance of the Council of Ministers № 46 dated March 21, 2005, amended and supplemented in October, 2007. By Ordinance № 394 from December 30, 2015, adopted are changes in the name of the standards, the wording “Standards for Financial Reporting of Small and Medium-sized Enterprises” is replaced with “Accounting Standards”. By the ordinance introduced are the provisions of Directive 2013/34/EU dated June 26, 2013 of the European Parliament and the Council regarding annual financial statements, consolidated financial statements and related reports of certain types of companies and regarding amendments to Directive 2006/43/EC of the European Parliament and the Council repealing Directives 78/660/EEC and 83/349/EEC. The National Accounting Standards (NAS) are enforceable from January 1, 2016. Subsequently the NAS have been amended by decrees of the Council of Ministers, published in the State Gazette issue № 3 from 2016 and № 15 from 2019.

These financial statements are prepared in accordance with NAS, applicable as of the balance sheet date.

Some items names, as well as the order of presentation of items in the balance sheet and the income statement have been changed in order to better the presentation of the Group’s activity and operating results.

These financial statements are consolidated financial statements, prepared in accordance with the accounting legislation in the Republic of Bulgaria and *Accounting Standard № 27 - Consolidated Financial Statements and Accounting for Investments in Subsidiaries* (AS 27).

These consolidated financial statements are prepared for general purpose and provide information for the financial position, results and cash flows, generated by the Group for the year ended December 31, 2025.

These consolidated financial statements are prepared on the historical cost basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended December 31, 2025

All amounts are in thousands of BGN, unless otherwise stated

2.2. Subsidiary companies and consolidation

These financial statements are consolidated financial statements, prepared in accordance with the accounting legislation in the Republic of Bulgaria. The Parent company has control over other entities, therefore pursuant to the Accountancy Act in the Republic of Bulgaria and based on AS 27 it should prepare consolidated financial statements.

A subsidiary is an entity controlled by another company. Control is presumed to exist when the investor has the right to manage the subsidiary's activity in order to obtain economic benefits. The control could be (i) direct, through ownership of more than half of the voting shares from the share capital of another entity, and (ii) indirect, through ownership of more than half of the voting shares of another entity, realized jointly or through subsidiaries and/or under contractual and/or factual arrangements for the control realization.

The acquisition of subsidiaries is accounted for using the purchase method. At their acquisition, the identifiable assets and liabilities of the respective subsidiaries are measured at their fair values at the acquisition date. The difference between the initial cost of the acquisition (the cost of the investment in the subsidiary) and the parent company's interest in the fair value of the net assets (identifiable assets less identifiable liabilities) of the subsidiary as at the date of acquisition is recognized as positive or negative goodwill (see also note 2.3).

When determining the fair values of the acquired identifiable assets and liabilities, the valuation principle according to the requirements of *AS № 22 - Reporting of Business Combinations* is applied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
2.2. Subsidiary companies and consolidation (continued)

As of December 31, 2025 and 2025 the Group includes the following subsidiary companies, which financial statements are consolidated:

Subsidiary	Activity	Share as of December 31, 2023 %	Share as of December 31, 2023 %
Engineering EAD	Installation	100.00%	100.00%
FILKAB Solar OOD	Design and construction of electrical equipment	70.00%	70.00%
Filkab FS OOD	Design and construction of fire alarm and fire extinguishing systems	75.00%	75.00%
FEC Orizari EOOD	Production	100.00%	100.00%
Filkab Invest EOOD	Real estates	100.00%	100.00%
Mak Kab DOO, Macedonia	Trade	100.00%	100.00%
Filkab MIG DOO, Serbia	Trade	75.50%	75.50%
Solar Remus S.R.L, Romania	Maintenance of PV park	99.90%	99.90%
			-

Foreign subsidiaries in the Group prepare and present their financial statements in accordance with their national accounting standards. In case of identified differences between reporting of transactions in accordance with NAS and the applicable national standards, appropriate consolidation adjustments and reclassifications for unification of the accounting policies are performed.

The financial statements of foreign subsidiaries are translated into the presentation currency of the Parent company in accordance with *AS № 21 - Effects of Changes in Foreign Exchange Rates* (see also note 2.4). For the purposes of consolidation, the financial statements of the subsidiaries and the separate financial statements of the Parent company are combined on a line by line basis for assets, liabilities, equity, income and expenses.

For the purposes of consolidation eliminated are all intragroup balances as at December 31, 2025 and 2024, transactions performed within the Group, as well as intragroup profits and losses including the unrealized ones. Eliminated is the share owned by the Parent company in the share capital of the subsidiaries with the carrying amount of the investment in the respective company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended December 31, 2025

All amounts are in thousands of BGN, unless otherwise stated

2.2. Subsidiary companies and consolidation (continued)

The results of operations of the subsidiary companies, acquired or left during the respective period are included in the consolidated income statement since the acquisition date and to the date on when the control is lost.

The minority interests, presented in the consolidated financial statements, are determined in accordance with *AS № 22 - Reporting of Business Combinations* and present the portion of net assets of subsidiaries attributable to interests that are not owned directly or indirectly through other subsidiaries of the Parent company. The minority interest as at the date of the business combination is calculated as a share of the fair values of the acquired identifiable assets and liabilities.

Profit or loss are attributable to the owners of the Parent company and to the minority interests.

2.3. Goodwill

Positive purchase goodwill presents the excess of the acquisition cost over the Group's share in the fair values of the identifiable assets and liabilities of the acquired company at the acquisition date and is recognized as an asset in the balance sheet as a positive value. Positive goodwill is not recognized and respectively the amounts of the identifiable assets and liabilities are adjusted, when the goodwill has incurred as a result of: (i) understatement of the identifiable assets; (ii) overstatement of identifiable liabilities or (iii) omission of identifiable assets.

Goodwill is amortized on a systematic basis over its useful life. The amortization for each period is recognized as an expense.

Negative purchase goodwill presents the excess of the Group's share in the fair values of the identifiable assets and liabilities of the acquired company over the acquisition cost at the acquisition date and is recognized as an asset in the balance sheet as a negative value.

Negative goodwill, identified as sufficiently reliable future identifiable losses and expenses, that do not present identifiable liabilities at the acquisition date, is recognized as income in the income statement in the period when the expected losses and expenses are recognized.

When the negative goodwill cannot be determined as identifiable expected future losses and expenses, that are reliably identified at the acquisition date, the negative goodwill is recognized as income in the income statement, as follows: (i) the amount exceeding the fair values of the identifiable non-monetary assets, is immediately recognized as income for the acquiring company; (ii) the amount, that does not exceed the fair values of the identifiable non-monetary assets, is recognized as income systematically for the acquired company on a straight line basis over a period, determined based on the remaining average useful life of the acquired identifiable depreciable assets; when there is no identifiable depreciable assets, the term shall be determined by the acquiring company within 5 to 10 years, except when the term of the control over the activity of the acquired company (regardless of the reasons) is less than 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended December 31, 2025

All amounts are in thousands of BGN, unless otherwise stated

2.4. Presentation currency and foreign currency transactions
Presentation currency

The Group prepares its consolidated financial statements in the national currency of the Republic of Bulgaria - the Bulgarian Lev.

These consolidated financial statements are presented in thousand Bulgarian Levs (BGN'000).

Foreign currency transactions

Transactions in foreign currency are initially recorded at the official rate of exchange of the respective national bank as of the date of the transaction. The foreign exchange rate differences, arising upon the settlement of these monetary positions or at restatement of these positions at rates, different from those when initially recorded, are reported in the profit or loss for the respective period.

As of December 31, 2025 and 2024 the monetary positions denominated in foreign currency are stated at the closing exchange rate of the Bulgarian National Bank (BNB). Since 1999 the Bulgarian Lev is pegged to the EURO at the rate of 1.95583 BGN/EUR. The closing exchange rate of the Bulgarian lev to the Romanian leu (new), Macedonian denar and Serbian dinar (calculated using the closing exchange rate of the Macedonian and Serbian national banks to the euro) for the periods, for which these consolidated financial statements are prepared are, as follows:

Foreign currency	December 31, 2025		December 31, 2024	
Romanian leu	1 RON = 0.3837	BGN	1 RON = 0.3932	BGN
Macedonian Denar	1 MKD = 0.032	BGN	1 MKD = 0.0314	BGN
Serbian dinar	1 RSD = 0.017	BGN	1 RSD = 0.0117	BGN

Translation of foreign operations

Assets and liabilities of foreign operations, including positive goodwill and adjustments to fair value, arising on acquisition, are translated into Bulgarian lev at the exchange rate, effective as at the date of the financial statements. Income and expenses of foreign operations are translated into Bulgarian lev as at the date of transaction. For 2025 and 2024, in accordance with *AS № 21 Effects of Changes in Exchange Rates*, an average exchange rate is used for recalculating the foreign operations results.

Exchange rate differences, arising on translation, are recognized as a separate item of equity as reserves from foreign currency adjustments, where they are reported to the disposal of the foreign operation.

For the purposes of presenting these consolidated financial statements, exchange differences arising on a monetary item, that is essentially a part of the net investment of the reporting entity in a foreign operation, are initially recognized as a separate item in equity and are reported as profit or loss after the disposal of the net investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
2.5. Accounting estimates and reasonable assumptions

The preparation of the financial statements in accordance with the NAS requires management to make certain accounting estimates and reasonable assumptions to assess the value of some assets, liabilities, revenues and expenses. These estimates and assumptions are based on the best estimates of management, taking into account historical experience and analysis of all factors of significance in the circumstances as of the date of the financial statements. The actual results could differ from those estimates, presented in these consolidated financial statements (see also note 4).

3. Definition and valuation the financial statements items
3.1. Property, plant and equipment and intangible assets

Property, plant and equipment are identifiable non-financial resources, acquired and owned by the Group, which:

- have physical substance;
- are held for use in the production and/or supply/sale of assets or services, for rental to others, or for administrative or other purposes;
- are expected to be used during more than one period;
- have value that is over the materiality value threshold at the amount of BGN 700, defined by the Group.

The value of the property, plant and equipment is based on their acquisition price, which is the purchase price along with all costs incurred in bringing the asset in use less accumulated depreciation and subsequent impairment loss (if any) (see also note 3.2).

The intangible assets are identifiable non-monetary assets without physical substance. The intangible assets are initially measured at cost. After initial recognition they are measured at cost less accumulated amortization and impairment loss, if any.

Any subsequent expenditure incurred is capitalized only if it increases the economic benefits of the respective asset. All other subsequent costs are reported as current expenses in the income statement.

The depreciation and amortization is charged by the Group over the estimated useful life of the assets, which is set by the management of the Group for each group of assets. The Group has approved an depreciation/amortization schedule upon individual depreciation rates, in accordance with the enforceable Bulgarian legislation.

The Group has adopted the straight-line method of depreciation.

The useful life of an asset is defined in terms of the asset's expected utility to the Group, and is a matter of judgment based on the experience with similar assets. The useful life of the property, plant and equipment and intangibles in years is estimated, as follows:

Useful life	2025	2024
Administrative and commerce buildings	25 years	25 years
Machines and equipment	4-8 years	4-8 years
Computers and software	2 years	2 years
Transport vehicles	4- 10 years	4- 10 years
Office equipment	7 years	7 years
Intangible assets	2-7 years	2-7 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended December 31, 2025

All amounts are in thousands of BGN, unless otherwise stated

3.1. Property, plant and equipment and intangible assets (continued)

Depreciation of an asset begins in the month, following the month in which the asset is available for use and ceases at the end of the month when the asset is derecognized.

The depreciation/amortization method applied to an asset and its estimated useful life are reviewed at least at each financial year-end, and changes are made to reflect the future usage of the asset or the expected pattern of consumption of the future economic benefits embodied in the asset. Such changes, if any, in the depreciation/amortization method and assets' useful life, are accounted for prospectively as a change in the accounting estimates in accordance with *AS 8 Net gains or losses for the period, fundamental errors and changes in accounting policies*.

Depreciation/amortization is not charged for land, assets under construction, fully depreciated assets and assets which are temporarily out of use.

3.2. Impairment of property, plant and equipment and intangible assets

As of the date of preparation of the financial statements, the management of the Group reviews its property, plant and equipment and intangible assets to determine whether there is any indication for impairment of these assets. If any such indication exists, the recoverable amount of the respective asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit, to which the asset belongs.

The recoverable amount is the higher of the asset's fair value less costs to sell the asset and its value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Impairment loss is recognized in profit or loss.

The amortized amount of the impaired asset is adjusted for future periods, so that the new carrying amount of the asset can be allocated based on the rest of its useful life after deducting the residual value, if any.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount. The increase of the carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the respective asset in prior periods. A reversal of an impairment loss is recognized in profit or loss.

3.3. Inventories

Inventories are assets held for sale in the ordinary course of business of the Group, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are stated at the lower of cost and net realizable value. Cost comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories in their present location and condition– transportation, customs duties and other similar costs. Net realizable value represents the estimated selling price less all estimated costs to be incurred in completing the production and selling.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended December 31, 2025

All amounts are in thousands of BGN, unless otherwise stated

3.3. Inventories (continued)

The costs on conversion of inventories include costs directly attributable to the units of production. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The costs of conversion of each product, which are not separately identifiable, are allocated between the products on a rational and consistent basis.

Upon consumption, the cost of inventories is defined by application of the weighted average cost method.

3.4. Financial instruments

Financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognized in the balance sheet only when the Group becomes a party to the contractual provisions of the instrument.

Financial assets/liabilities are classified according the purpose of acquisition/purpose enter into, and when financial assets/liabilities are part of a portfolio, they are classified according the purpose that the Group has set to achieve with the portfolio.

The Group classifies the financial assets and liabilities in the current and prior reporting periods into the following categories: loans and receivables granted by the Group (loans granted and trade and other receivables) and loans and liabilities, initially originating in the Group (interest bearing loans, trade and other liabilities, and liabilities under lease contracts). The classification depends on the purpose and term of the respective contract.

On initial recognition financial assets and liabilities are measured at fair value of the investment made or received for it plus transaction costs for dealing with financial instruments.

The subsequent measurement of the financial assets and liabilities is disclosed in the notes for the separate financial instruments below.

The Group derecognises all or part of its financial instruments (including those arising from collaterals) only when the contractual rights or obligations on them are redeemed. Paying off (completely or partially) of contractual rights or obligations, arising from a financial instrument exists on:

- realization of the rights or settlement of the obligations;
- denial of rights or cancellation of obligations;
- expiration of the period for realization of the rights or settlement of the obligations.

The effective interest method is a method of calculating the amortized cost of a financial asset or a liability (or group of financial assets/liabilities) and of allocating the interest expense or interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended December 31, 2025

All amounts are in thousands of BGN, unless otherwise stated

3.4. Financial instruments (continued)

3.4.1. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are originated when the Group provides cash, goods or services, having no intention to trade the receivable incurred. These receivables are stated at their amortized cost, calculated based on the effective interest rate method. For current receivables, which are expected to be settled within normal credit terms, the amortized cost is approximately equal to their nominal value.

3.4.2. Cash

For the purposes of cash flow presentation, cash represents cash on hand and cash in bank accounts of the Group and other high-liquidity investments, that could be converted in certain cash amount and are subject to insignificant changes in value. For the purposes of cash flow presentation, cash comprises unrestricted cash funds. Cash receipts from customers and cash payments to suppliers are presented in the cash flow statement as their gross amounts, including value added tax (VAT). Cash receipts and payments on revolving bank loans, overdrafts and factoring are presented net.

3.4.3. Impairment of financial assets

As of the date of preparation of the financial statements the Group's management assesses whether there is any objective evidence for impairment of financial assets, reported at amortized cost. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset, resulting in a decrease of the estimated future cash flows. It may not be possible to identify a single, discrete event, rather than a combined effect of several events that may have caused the impairment.

Trade and other receivables

The Group recognizes impairment of trade receivables, whether there is objective evidence, that the Group would not be able to collect all amounts due at their maturity date. The Group considers as indications for potential impairment significant financial problems of the debtor, the probability that the debtor will be a subject to a bankruptcy procedure or non-fulfillment of the contract terms. If any of these indications for impairment occurs, the impairment loss is calculated as a difference between the carrying amount and the present value of the expected future cash flows, discounted by the original effective interest rate for similar assets. Current receivables are not discounted if the discounting effect is immaterial. Impairment is recorded by using a separate impairment account, which is shown as a reduction to receivables in the balance sheet, and the impairment expenses are stated as Other expenses in the income statement. If a receivable is non-collectable and there is a recognized impairment loss for it, the receivable is written off by decrease of the respective allowance account. The recovery of the loss from impairment of trade receivables is reported as a decrease of the item, in which the impairment has been previously recorded.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*for the year ended December 31, 2025**All amounts are in thousands of BGN, unless otherwise stated***3.4. Financial instruments (continued)****3.4.4. Trade and other payables**

Trade and other payables incurred as a result of purchases of goods and services, which are not classified as financial liabilities measured at fair value through profit or loss, are stated in the balance sheet at amortized cost, calculated based on the effective interest rate. For current payables, which are expected to be settled within normal credit terms, the amortized cost is approximately equal to their nominal value.

3.4.5. Borrowings

Loans are initially recorded at the fair value of the proceeds received, net of transaction costs. After initial recognition, loans are measured at amortized cost, and any difference between the initial cost and maturity cost is recognized in the profit or loss over the loan period, using the effective interest rate method. If no transaction costs have been incurred in negotiating an interest bearing loan, the loan is reported at nominal value, which is equal to its amortized cost. This also applies to bank overdrafts, where the borrower is entitled to multiple utilizations or repayments of the borrowed funds within a pre-determined overdraft limit.

Finance costs, including direct issue costs are included in profit or loss, using the effective interest rate method, except for transaction costs on bank overdrafts, which are recognized in profit or loss on a straight-line basis over the overdraft period (see also note 3.11).

Loans are classified as current liabilities, unless the Group has an unconditional right to defer repayment of the liability for at least twelve months after the end of the reporting period.

3.4.6. Factoring

The Group performs transactions for assignment of trade receivables to a third party, which is a specialized factoring company (factor). Essentially these transactions are factoring of trade receivables with right of recourse.

The Group does not derecognize these financial assets until the cash flows from the end customer are not received, as not all risks and rewards, related to the trade receivables are transferred along with the transfer of the financial assets. Under the terms of the contract with the factor, the Group also recognizes financial liabilities, related to the fees and commissions. These liabilities are recognized at their fair value, as they are not subject to subsequent revaluation due to their short-term nature.

Upon receipt of the cash flows by the factor, the cash flows received are recorded as a current liability. Upon receipt of the cash flows related to trade receivable from the factor, the trade receivable is written off against the financial commitment to factor.

Trade receivables, that are a subject of the factoring agreement, are subsequently measured at their amortized cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
3.4. Financial instruments (continued)
3.4.7. Share capital

The share capital of the Group is presented at historical cost as of the date of its registration.

3.5. Deferred income and prepaid expenses

In the balance sheet of the Group deferred income and prepaid expenses comprise income and expenses that are prepaid in this period, but refer to future reporting periods - government grants (see also note 3.10), guarantees, insurance, subscriptions, rents and others.

3.6. Income tax

Income tax expense comprises of current income tax and deferred tax.

The tax currently payable is based on the taxable profit (tax loss) for the period, by the application of the effective tax rate according to the tax legislation as of the date of the financial statements. Deferred tax is the income tax expected to be payable (recoverable) on taxable (deductible) temporary differences. Temporary difference is the difference between the carrying amount of an asset or liability and the corresponding tax basis.

Deferred income taxes are calculated using the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets are recognized for deductible temporary differences, only to the extent that it is probable that sufficient taxable profit will be generated by the Group against which the deductible temporary difference can be utilized.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on the information available for the Group at the date of preparation of the financial statements. Deferred tax is recognized in profit or loss, except when it relates to items reported directly in equity, in which case the deferred tax is also reported in equity.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the Group might recover the assets.

Deferred tax assets and liabilities are reported net when they are subject to a uniform tax regime.

In accordance with the tax legislation enforceable for 2025 and 2024, the tax rate applied for the calculation of the current tax liabilities of the Group is 10%. The enforceable for 2026 tax rate of 10% is applied in the calculation of the amount of deferred tax assets and liabilities as of December 31, 2025. Pursuant to the requirements of the tax legislation for 2025, incomes of the subsidiaries abroad are taxed as follows: Macedonia - 10%; Romania - 16%; Serbia - 15%.

At the end of 2023, amendments to the Corporate Income Tax Law were adopted, which introduced a global minimum corporate tax of 15% for multinational and large national groups of enterprises, according to the conditions specified in the law, effective from January 1, 2024. These amendments implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development (OECD) in accordance with the agreement at global and European level, started with the BEPS initiative (Base Erosion and Profit Shifting) of the OECD, to address the tax challenges that have arisen as a result of the digitalization of the economy. The Parent company and its subsidiaries are not subject to additional corporate tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*for the year ended December 31, 2025**All amounts are in thousands of BGN, unless otherwise stated***3.7. Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognized at the lower of the present value of the minimum lease payments and their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet of the Group as a finance lease obligation amounting to the total amount of the lease payments, and the difference between the value at which the assets are recognized and the total amount of the lease payments, as prepaid financial expenses.

Lease payments are allocated between principal and interest, so as to achieve a constant interest rate over the remaining liability on the principal. Interest is recognized in profit or loss.

For assets acquired under finance leases depreciation expense is recognized as the Group's policy regarding depreciation of assets acquired under leases, is no different from the policy for other depreciable assets, owned by the Group.

Leases, whereas a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rental costs under operating lease contracts, net of any incentives received by the lessor, are recognized in profit or loss on a straight line basis over the term of the respective lease contract.

3.8. Employee benefits***Defined contributions plans***

The governments of the respective countries where the Group operates, are responsible for the security of pensions under defined contributions plans. The entities within the Group have an obligation to transfer monthly installments under these plans for all employees at an amount and over a sum defined in the local regulations, and the contributions are recognized in the income statement at the time of their incurrence. According to all local legislations a guiding principle is the principle of accrual, not the effective salaries payment.

Unused paid annual leaves accruals

According to the legislations in the countries, where the Group has established subsidiaries, the unused paid leave during the year can be used in subsequent reporting periods. Therefore, as of the balance sheet date the Group recognizes as a liability the undiscounted amount of the estimated expenses for unused paid annual leaves, expected to be paid to employees in future reporting periods with respect of their past service.

As of the end of each reporting period the Group recognizes as a liability the undiscounted amount of the estimated expenses for unused paid annual leaves, expected to be paid to employees in future reporting periods with respect of their past service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended December 31, 2025

All amounts are in thousands of BGN, unless otherwise stated

3.8. Employee benefits (continued)
Retirement benefits

Legal provisions regarding retirement benefits are different for the countries, where the Group operates. Upon termination of an employee labour contract at retirement in some of the countries, the Group is liable to indemnify the respective employee to certain amount depending on the employee's experience within the Group.

Considering that the average age of employees of the subsidiaries abroad is far from retirement age, and taking into account the conventional staff turnover, management has assessed that the eventual impact of the retirement benefits expenses would have been insignificant. Resulting this assessment, and due to the high uncertainty and remoteness in time, accruals for employee retirement benefits are not recognized in these consolidated financial statements of the Group.

Pursuant the provisions of the Labour Code (LC) enforceable in the Republic of Bulgaria, in these consolidated financial statements provisions are accrued only for the Parent company and for a subsidiary in Bulgaria regarding an employee labour contract termination at retirement. Retirement benefits are at the amount of two gross salaries, if the employee's experience is less than ten years, or six gross salaries, if the employee's experience in the companies is over ten consecutive years. Additionally, on early retirement due to disability, the employees are entitled to benefits amounting to two gross monthly salaries, provided that their length of service is at least five years, and they have received no other such benefits during the last five years of service.

In accordance with the requirements of *AS № 19 Employee benefits*, the Group recognizes a retirement benefits liability, which is determined estimated by a licensed actuary using the Projected Unit Credit Method. The current service costs, interest on the obligation and actuarial gains and losses from adjustments based on experience and changes in the actuarial assumptions are recognized in profit or loss,

The past service costs are recognized as an expense on a straight line basis over the average period, until the benefits become vested. To the extent that the benefits are already vested, immediately following the implementation of or after changes in the retirement benefits plan, the Group recognizes the past service cost immediately. The amount of the retirement benefits obligation, reported in the balance sheet represents the present value of the defined benefits obligation.

3.9. Provisions

Provisions are recognized in the balance sheet when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that a flow of resources embodying economic benefits will be required, to settle the obligation and it is possible to determine precisely enough the obligation amount.

Provisions are discounted, when the effect of the time value of money is material, using a current pre-tax discount rate, reflecting the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Future events, that may affect the amount needed to settle the obligation, are reflected in the provision amount, when there is sufficient objective evidence that these events will occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended December 31, 2025

All amounts are in thousands of BGN, unless otherwise stated

3.10. Government grants

Government grants, (financing, government grants), are assistance by the government, government agencies and similar bodies in the form of transfers of resources to a company in return for future compliance with certain conditions relating to the operating activities of the company. Government grants may be (i) related to assets and (ii) related to income.

Government grants are recognized when there is reasonable assurance that: (i) the company will comply with the conditions attaching to them; and (ii) the grants will be received.

Government grants, related to assets are presented in the balance sheet as deferred income, that are recognized as income on a systematic and rational basis over the useful life of the acquired assets.

The government grants received by two subsidiaries, are related to income, intended to offset expenses on production of green energy. The funds are received as direct subsidies based on the electricity produced and sold, as well as in the form of green certificates that are recognized in profit or loss for the period when they are sold through the official market for green certificates or directly to electricity generating companies.

Green certificates are reported at purchase cost, based on the official market price for green certificates as at the date of their acquisition.

3.11. Revenue and expenses recognition

Revenues and expenses are accrued when they arise, regardless of the cash receipts and payments. They are reported in compliance with the matching concept.

Revenues are carried at the fair value of the consideration received or receivable, less any discounts allowed by the entity.

Revenue is recognized when the amount of the revenue can be reliably measured and it is probable that future economic benefits will flow to the Group as a result of the transaction, and when all specific criteria for revenue recognition are met. It is considered that the amount of the revenue is not reliably measured until all contingencies related to the contract are dealt. The Group shall exercise judgment regarding the criteria for recognition of revenue based on its previous experience and the substance of each transaction and the class of each client.

Sales of goods

The revenue from sales of goods is recognized when the following conditions have been met:

- The significant risks and rewards of the ownership over the goods are transferred to the buyer;
- The Group has not retained a continuing involvement and effective control over the management of the goods, which usually relates to the ownership of the goods;
- It is possible in the event of the transaction, the Group to receive economic benefits;
- The income and expenses directly attributable to the transaction can be reliably measured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
3.11. Revenue and expenses recognition (continued)
Income from services

Revenue, associated with a transaction involving the rendering of services, is recognized by reference to the stage of completion of the transaction at the end of the reporting period. Revenue recognition by reference to the stage of completion of the transaction is called the percentage of completion method, whereby revenue is recognized in the accounting period in which the services are rendered. In case the outcome of the transaction cannot be reliably measured, revenue is recognized to the extent the expenses incurred are recoverable.

Interest income and dividends

Interest income is accrued by application of the effective interest rate method over the outstanding principal.

Dividend income is recognized, when the Group's rights to receive payment is established.

Expenses

Expenses are recognized in the profit or loss, when a decrease of future economic benefits arise, regarding decrease of an asset or increase of a liability, which can be reliably measured.

When the economic benefits are expected to incur during more than one financial period and the corresponding revenue cannot be measured precisely but only indirectly, the expenses shall be recognized based on procedures for rational and systematic allocation.

Borrowing costs

The borrowing costs are recognized in profit or loss in the period in which they are incurred and are determined on the basis of the outstanding principal and the applicable effective interest rate, which is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount of the liability.

Other income/expenses

Profit/(loss) from sale of property, plant and equipment is presented as other income/(expenses).

Compensations from third parties regarding impairment or loss of property, plant and equipment, are recognized in profit or loss, when such compensations become due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
3.12. Financial risk assessment and management
3.12.1. Financial risk factors

The Group's activities expose it to a variety of financial risks – market risk (comprising currency risk, interest rate risk and price risk); credit risk and liquidity risk. The Group does not use derivative financial instruments to manage financial risks.

3.12.2. Market risk
Currency risk

The Group performs transactions in foreign currency denominated primarily in BGN and EUR. As the EUR is fixed to the Bulgarian Lev, the Group is not exposed to currency risk regarding this foreign currency. Taking into account the low volume of other foreign currency transactions, the Group is not exposed to significant currency risk (see also note 20).

Interest rate risk

As the Group has no significant interest bearing assets, the incomes and operating cash flows of the Group are independent from changes in market interest rates. Financial instruments that potentially expose the Group to interest rate risk are primarily the bank loans and finance lease contracts. As the contracted interest rate of the utilized short-term loans is floating, based on EURIBOR or SOFIBOR, plus a markup, the Group is potentially exposed to cash flow risk, while the utilized long-term loans are with a fixed markup, the Group is potentially exposed to fair value risk.

If the interest rates on the loans with floating interest rate during 2025, had been 1% higher/(lower) with all other variables held constant, the financial result before taxes would have been BGN 298 thousand lower/higher (2024: BGN 282 thousand).

Price risk

The Group does not own any assets, the prices of which are dependent on the international market prices, so it is not exposed to price risk.

3.12.3. Credit risk

Financial assets that potentially expose the Group to credit risk are primarily its trade receivables. The Group has no significant concentration of credit risk in certain clients. Basically, the Group is exposed to credit risk, in case the clients do not meet their payment obligations. The Group's policy is directed to sales of goods on deferred payment to customers having favorable credit reputation, based on assessment of the customer's credit history and creditworthiness, expected sales volumes to the client, client's reputation, reference from contactors and others. For clients on deferred payment credit limits are defined, within which the clients are entitled to purchase goods on deferred payment. The credit limits are monitored by the Parent company's trade directorate on an ongoing basis.

3.12.4. Liquidity risk

Liquidity risk is the risk that the Group may have difficulties in paying its financial obligations. To manage this risk the management maintains an optimal level of quick liquid assets (cash and receivables); as well as the potential opportunity to demand additional credit line. The Group aims to make precise cash flow forecasts, which contributes to the effective management of the liquidity risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
3.12. Financial risk assessment and management (continued)
3.12.4. Liquidity risk (continued)

The Group's financial liabilities as at the end of the reporting period, are stated in the table below, classified according their contracted maturity. The amounts reported are the contracted discounted cash flows. The trade and other payables due within twelve months after the end of the reporting period are approximately equal to their carrying amount, as the discounting effect for them is insignificant.

	<u>Over 1 year</u>	<u>Up to 1 year</u>
December 31, 2025		
Borrowings (note 24)	26 042	8 410
Finance lease liabilities (note 25)	388	337
Trade and other payables (note 23)	125	(2)
Total	<u>26 555</u>	<u>8 745</u>
December 31, 2024		
Borrowings (note 24)	26 067	9 654
Finance lease liabilities (note 25)	457	327
Trade and other payables (note 23)	125	25 472
Total	<u>26 649</u>	<u>35 453</u>

3.13. Capital risk management

The primary goal of the Group in capital risk management is to maintain the share capital level in such limits, so that the Group could maintain its normal activities on a going concern basis, as well as to provide returns to its owners.

The capital structure is measured by the gearing ratio, which is a ratio between the net debt and equity. The net debt is calculated as the difference between interest bearing loans and finance lease obligations of the Group on one side and cash on the other side. The gearing ratio shows the extent to which the Group finances its activities with equity or with borrowings.

	December 31, 2025	December 31, 2024
Borrowings (note 24)	29 772	28 158
Finance lease liabilities (note 25)	725	784
Cash and cash equivalents (note 21)	(16 577)	(8 236)
Net debt	<u>13 920</u>	<u>20 706</u>
Equity	86 353	78 701
Gearing ratio	0.16	0.26

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended December 31, 2025

All amounts are in thousands of BGN, unless otherwise stated

4. Critical accounting judgments and sources of estimation uncertainty

The application of the adopted accounting policy requires the Group's management to apply certain accounting estimates and assumptions, which have significant effect on the financial statements. Such judgments rarely are equal to the actual results. Due to their nature the estimations are permanently reviewed and updated taking into account historical experience and analysis of all factors of significance, including expected future events, which the management believes are appropriate given the factual circumstances.

Retirement benefits obligation

Retirement benefits obligation is determined on the basis of actuarial valuation. This valuation requires certain assumptions about discount rates, future salary increases, staff turnover and mortality rates to be made. Due to the long-term nature of the personnel benefits on retirement, these assumptions are subject to considerable uncertainty. As of December 31, 2025, the Group's defined benefits obligation is at the amount of BGN 385 thousand (2024: BGN 358 thousand). Additional information about the defined benefits obligation is presented in note 26.

Useful lives of property, plant and equipment and intangible assets

Financial reporting of property, plant and equipment and intangible assets involves the use of estimates of their expected useful life and carrying amounts, that are based on judgments by the management of the Group.

Valuation of inventories

By the acquisition the inventories are recognized at cost comprising all costs of purchase, costs of conversion and other costs incurred in bringing the inventories in their present location and condition—transportation, customs duties and other similar costs.

At the end of each reporting period the inventories are valued at the lower of cost and net realizable value. The net realizable value represents the estimated selling price less all estimated costs to be incurred for the completing of the conversion and sale. The assessment is performed based on the best estimate of the management for the sales prices of the inventories as at the date of preparation of the financial statements.

Impairment of receivables

Allowance for impairment of trade receivables is recognized, whether there is objective evidence, that the Group would not be able to collect all amounts due at their maturity date. Significant financial problems of the debtor, the probability that the debtor will be subject to a bankruptcy procedure or financial reorganization, non-fulfillment of the contract terms or delay in payment are considered by the management, by the determination and classification of individual amount for impairment.

Assessment of the estimated loss from doubtful and uncollectable receivables is performed on an individual basis at the end of each financial year, depending on the overdue period. All doubtful receivables, not collected as at the date of the financial statements and for which indications for impairment existed, are impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
4. Critical accounting judgments and sources of estimation uncertainty (continued)
Corporate income tax

For its activities the Group is subject to tax audits by the Bulgarian tax authorities, as well as the tax administrations in the countries of the subsidiaries included in the consolidation. The Group recognizes liabilities for expected tax obligations from future tax audits on the basis of assessment of management whether additional taxes would be due for payment. When the finally payable taxes resulting from such events are different from the preliminary recorded taxes, these differences will be reported as short-term corporate income taxes payable and will affect the deferred taxes for the period in which this difference has occurred.

5. Revenue

	December 31, 2025	December 31, 2024
Revenue from sale of goods	116 060	128 373
Revenue from rendering of services	37 520	29 046
Revenue from sale of finished goods	17 767	21 458
Total	171 347	178 877

Revenue from sale of goods, is as follows:

	December 31, 2025	December 31, 2024
Cables and wires	73 460	83 395
Electrical and automation equipment	14 485	16 625
Transformer substations, complete distribution systems and others	9 713	10 332
Lighting fixtures and electrical materials	8 452	8 616
Cable accessories	6 908	5 977
Renewable energy sources	3 035	3 354
Other	7	74
Total	116 060	128 373

Revenue from sale of finished goods is, as follows:

	December 31, 2025	December 31, 2024
Construction projects, including concrete transformer substations	8 148	9 930
Electrical LV-switchboards	4 236	6 804
Electricity Generation from a Photovoltaic Power Plant (PV Plant)	2 698	2 251
Revenue from Residential Property Sales	1 208	-
Other	1 477	2 473
Total	17 767	21 458

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
6. Other income

	December 31, 2025	December 31, 2024
Income from sale of materials	601	417
Waste products	67	138
Rents	66	105
Profit from sale of property, plant and equipment and materials	59	1 726
Income from electricity	35	44
Liabilities written-off	30	17
Income from insurance indemnities	26	46
Income from grants	20	18
Surpluses of assets	11	6
Warranty benefits	-	134
Other	47	214
Total	962	2 865

For 2025 and 2024 the income from grants includes a government grant related to income pursuant to Decision No739 of the Council of Ministers (CMD 739) for compensation of non-domestic end-users of electricity.

7. Materials expenses

	December 31, 2025	December 31, 2024
Materials for the production process	35 779	20 597
Fuels	508	509
Electricity and water consumption	218	209
Maintenance materials	166	95
Materials for transport vehicles	79	59
Safety and protective equipment	57	27
Furniture and fittings	47	61
Office materials and consumables	43	39
Other	28	45
Total	36 925	21 641

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
8. Hired services

	December 31, 2025	December 31, 2024
Hired services on a subcontractor and for production process	17 193	3 978
Charges	793	706
Rents	716	727
Transportation	621	604
Repairs and maintenance	417	492
Insurances	292	261
Advertising and promotion	249	358
Charge of balancing	165	143
Consulting services	124	201
Notary and legal advisory services	124	139
Rental of vehicles	121	112
Communication	103	104
Personnel trainings	64	5
Other	105	150
Total	21 087	7 980

9. Personnel expenses

	December 31, 2025	December 31, 2024
Remunerations	13 197	12 556
Social security expenses	2 183	2 032
Expenses on accrued retirement benefits obligation (note 26)	18	16
Total	15 398	14 604

10. Depreciation and amortization expenses

	December 31, 2025	December 31, 2024
Depreciation of property, plant and equipment (note 15)	3 077	2 517
Amortization of intangible assets (note 16)	55	82
Total	3 132	2 599

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
11. Cost of goods sold

	December 31, 2025	December 31, 2024
Cables and wires	61 881	71 815
Electrical equipment and automation	11 809	13 356
Transformer substations, complete distribution systems and others	8 077	8 994
Lighting fixtures and electrical materials	6 766	6 956
Cable accessories	5 325	5 508
Renewable energy sources	2 859	2 083
Other	6	67
Total	96 723	108 779

12. Other expenses

	December 31, 2025	December 31, 2024
Social expenses	630	641
Business trips – in the country and abroad	336	287
Taxes, charges and other similar expenses	314	320
Representation expenses	175	236
Receivables written-off	60	165
Shrinkage and waste of inventory	34	302
Fines and penalties	17	143
Donations	6	38
Other expenses	176	145
Total	1 748	2 277

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
13. Finance income and expenses

	December 31, 2025	December 31, 2024
<i>Finance income</i>		
Income from the Sale of Equity Interests	1 269	-
Income from interest and delayed payments on trade loans	16	12
Exchange rate differences gains, net	-	13
Other income	2	-
Total	1 287	25
	December 31, 2025	December 31, 2024
<i>Finance expenses</i>		
Interest expenses on bank loans	875	1 027
Interest expenses on retirement benefits provisions (note 26)	13	8
Interest expenses on a finance lease	25	37
Total interest expenses	913	1 072
Exchange rate differences loss, net	562	-
Bank charges, commissions and other expenses, net	260	129
Total	1 735	1 201

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
14. Income tax

Income tax expense in the profit and loss comprises current income tax expense and deferred income tax expense in accordance with *AS № 12 Income Taxes*.

	December 31, 2025	December 31, 2024
Current income tax	1 343	1 835
Deferred tax	113	(7)
Taxes relating to previous years	4	-
Total tax expense	1 460	1 828

Net deferred tax assets arising from tax effects on the taxable and deductible temporary differences are, as follows:

	December 31, 2025	December 31, 2024
Property, plant and equipment	12	10
Deferred tax liabilities, total	12	10
Receivables and inventory	21	23
Retirement benefits provisions	39	37
Provisions on personal income	61	59
Impairment off assets	-	116
Unused paid annual leaves liabilities	2	3
Deferred tax assets, total	123	238
Deferred tax assets and liabilities, to be settled net	135	248

The reconciliation of the tax expense to the accounting profit, and a recalculation of the effective tax rate as at December 31, 2025 and 2024 are provided in the table below:

	December 31, 2025	December 31, 2024
Accounting profit	14 258	19 169
Income tax at the applicable tax rate of 10%	1 426	1 917
Tax effect on permanent differences	33	1
Tax effect from dividends income	(225)	(27)
Tax effect from consolidation adjustments	229	(63)
Taxes relating to prior periods	(3)	-
Total income tax expense	1 460	1 828
Effective tax rate	10.24%	9.54%

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for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
15. Property, plant and equipment

	Lands	Buildings	Machines, and equipments	Vehicles	Computers and other assets	Assets under construction	Total
Cost							
Balance at January 1, 2024	7 916	23 584	13 646	4 336	2 372	12 352	64 206
Additions	-	337	19 162	420	94	16 925	36 938
Put into operation	-	-	-	-	-	(28 644)	(28 644)
Disposals	(408)	(7 238)	(190)	(580)	(349)	(555)	(9 320)
Differences from foreign currency recalculations		(1)	75	(4)	2	3	75
Balance at December 31, 2024	7 508	16 682	32 693	4 172	2 119	81	63 255
Additions	-	2	7 809	712	255	241	9 019
Put into operation	-	-	-	-	-	-	-
Disposals	-	-	(357)	(391)	(268)	(166)	(1 182)
Assets derecognized after a merger	-	-	-	-	(1)	-	(1)
Differences from foreign currency recalculations	(4)	(4)	(34)	-	(1)	-	(43)
Balance at December 31, 2025	7 504	16 680	40 111	4 493	2 104	156	71 048
Depreciation							
Balance at January 1, 2024	1 279	11 248	9 193	2 617	2 008	-	26 345
Depreciation	1	780	1 292	296	148	-	2 517
On disposal	-	(2 710)	(149)	(401)	(348)	-	(3 608)
Balance at December 31, 2024	1 280	9 318	10 336	2 512	1 808	-	25 254
Depreciation	1	617	1 927	369	163	-	3 077
On disposal	-	-	(346)	(279)	(265)	-	(890)
Balance at December 31, 2025	1 281	9 935	11 917	2 602	1 706	-	27 441
Net book value							
At January 1, 2024	6 637	12 336	4 453	1 719	364	12 352	37 861
At December 31, 2024	6 228	7 364	22 357	1 660	311	81	38 001
At December 31, 2025	6 223	6 745	28 194	1 891	398	156	43 607

The assets acquired in 2025 and 2024 primarily comprise land, machinery, equipment, motor vehicles, computers, and furniture.

Property, plant and equipment with net book value of BGN 33 506 thousand (2024: BGN 27 752 thousand) serve as a collateral under bank loans utilized by the Group (see also note 24).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
16. Intangible assets

	Software	Other intangible assets	Total
Cost			
Balance at January 1, 2024	1 159	333	1 492
Additions	6	21	27
Foreign exchange rate recalculations	-	-	-
Balance at December 31, 2024	1 165	354	1 519
Additions	-	-	-
Derecognized assets/ Written-off assets	(248)	(104)	(352)
Foreign exchange rate recalculations	-	-	-
Balance at December 31, 2025	917	250	1 167
Amortization			
Balance at January 1, 2024	962	317	1 279
Amortization	75	7	82
Balance at December 31, 2024	1 037	324	1 361
Amortization	48	7	55
Derecognized/Written-off amortization	(248)	(93)	(341)
Balance at December 31, 2025	837	238	1 075
Net book value			
At January 1, 2024	197	16	213
At December 31, 2024	128	30	158
At December 31, 2025	80	12	92

17. Investments in entities

As at December 31, 2025 and 2024 the Group holds minority interest in the capital of two Bulgarian trade companies:

Company	December 31, 2025		December 31, 2024	
	BGN'000	Participation %	BGN'000	Participation %
Elresurs Ltd.	-	-	5	5%
Ikem AD	2	2%	2	2%
SSE Ceramic Ltd.	-	-	1	15%
Total	2		8	

Investments in trade companies are presented at cost of acquisition in accordance with the requirements of *AS № 27 - Consolidated Financial Statements and Accounting for Investments in Subsidiaries*, as these investments are not quoted in an active market and their fair value cannot be reliably determined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
18. Financial instruments by category

As of December 31, 2025 and 2024 the carrying amounts of the financial assets and liabilities by category, defined in accordance with *AS № 32 - Financial Instruments* are presented in the tables below:

Financial assets

	December 31, 2025	December 31, 2024
Trade and other receivables, net (note 20)	41 356	36 310
Cash and cash equivalents (note 21)	16 577	8 236
Total	57 933	44 546

Financial liabilities

	December 31, 2025	December 31, 2024
Trade and other payables (note 23)	59 475	36 813
Bank loans (note 24)	29 772	28 158
Finance lease liability (note 25)	725	784
Total	89 972	65 755

19. Inventory

	December 31, 2025	December 31, 2024
Goods	41 309	40 888
Work in progress	16 069	6 439
Materials	5 938	5 596
Finished goods	599	1 223
Total	63 915	54 146

At the end of 2012 a review of the net realizable value of the goods and finished products was performed, resulting in an identified excess over the cost for certain items at the amount of BGN 479 thousand, therefore impairment is charged to profit and loss for the period. In 2025 and 2024 a portion of the impairment was reversed at the amount of BGN 2 thousand (2025) and BGN 5 thousand (2024), respectively.

As of December 31, 2025 inventories at the amount of BGN 21 313 thousand (2024: BGN 15 813 thousand) are pledged as a collateral on bank loans utilized by the Group (see also note 24).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
20. Trade and other receivables

	December 31, 2025	December 31, 2024
Trade receivables	31 883	32 152
Advances granted	7 419	2 688
Refundable taxes, other than income taxes	1 586	285
	763	
Prepaid expenses	198	179
Deposits granted	120	102
Court receivables	78	33
Other receivables	158	223
Total	42 205	35 662

The carrying amount of trade and other receivables, denominated in original currency is, as follows:

	December 31, 2025	December 31, 2024
Bulgarian lev (BGN)	35 616	27 643
Macedonian denar (MKD)	4 426	6 483
Euro (EUR)	1 651	229
Serbian denar (RSD)	315	1 061
Romanian lei (RON)	197	246
Total	42 205	35 662

Group's policy regarding the monitoring of receivables and indications for impairment is disclosed in note 3.4.3. Trade receivables, that are overdue up to 3 months after their maturity date, are not considered non-performing.

As at 31 December 2025, the Group has trade receivables amounting to BGN 2,500 thousand that have been pledged as collateral for bank loans drawn down by the Group (see also Note 24).

21. Cash

	December 31, 2025	December 31, 2024
Cash in bank accounts	16 560	8 201
Cash on hand	17	35
Total	16 577	8 236

As at December 31, 2025 cash on bank accounts of the Group at the amount of BGN 13 347 thousand (2024: BGN 6 300 thousand) serve as a collateral on bank loans utilized by the Group (see note 24).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
22. Income taxes refundable/(payable)

	December 31, 2025	December 31, 2024
Balance at the beginning of the period	(424)	(774)
Corporate income tax accrued	(1 351)	(1 816)
Corporate income tax offset	-	(1)
Corporate income tax paid	1 878	2 167
Balance at the end of the period, including:	103	(424)
Income taxes refundable	378	2
Income taxes payable	(275)	(426)

23. Trade and other payables

	December 31, 2025	December 31, 2024
Non-current trade payables	125	125
Advances received from customers	23 979	5 959
Payables to suppliers	21 580	19 393
Payables on taxes	2 113	946
Payables to employees and social securities payable	1 143	1 094
Payables to related parties and key management personnel (note 32)	209	338
Guarantees	57	13
Other	195	168
Total current liabilities	49 276	27 911
Total trade and other payables	49 401	28 036

24. Borrowings

As at December 31, 2025 and 2024 the Group has bank loans received, as follows:

	December 31, 2025	December 31, 2024
Short-term loans	7 413	8 315
Long-term loans	22 359	19 843
Total	29 772	28 158

All short-term bank loans received by the Group are at a floating interest rate and a fixed markup. The interest rate is bound to the reference interest rate of the creditor banks, therefore the interest rates are updated on an ongoing basis. The bank loans terms can be renegotiated after one year of their allocation, after a respective financial analysis by the bank-creditor.

Bank loans granted to the Group are secured by a mortgage on property, plant and equipment, pledge of inventories, trade receivables and cash funds (see also notes 15, 19, 20 and 21).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
25. Finance lease liabilities

As at December 31, 2025 and 2024 the Group has liabilities under finance lease contracts for acquisition of vehicles and machines.

	December 31, 2025	December 31, 2024
Finance lease liabilities		
Up to one year	337	327
Between two and five years	388	457
Total	725	784

26. Retirement benefits obligation

Movement of the retirement benefits obligation, recognized in the balance sheet is, as follows:

	December 31, 2025	December 31, 2024
Balance at the beginning of the period	358	344
Expenses on current length of service	43	45
Interest expenses	13	8
Benefits paid	(16)	(51)
Actuarial (gain)/loss	(13)	12
Balance at the end of the period	385	358

For the years ended December 31, 2025 and 2024 expenses on current length of service are included in the personnel expenses.

Retirement benefits obligation liability as at December 31, 2025 and 2024 includes:

	December 31, 2025	December 31, 2024
Benefits on attainment of retirement age	382	355
Benefits on early retirement	3	3
Total	385	358

The amounts, recognized in the income statement, regarding retirement benefits obligation are, as follows:

	December 31, 2025	December 31, 2024
<i>Expenses on current length of service</i>	43	45
<i>Actuarial (gain)/loss</i>	(13)	12
Expenses on remunerations, total	30	57
Interest expenses	13	8
Total	43	65

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
26. Retirement benefits obligation (continued)

Provision is accrued upon adoption of the following basic financial assumptions:

	December 31, 2025	December 31, 2024
Discount rate	3.25%	2.25%
Future remunerations increase	3.01%	5.0%
Future remunerations increase after the fifth year	11.71%	3.0%

The demographic actuarial assumptions used are based on the following:

- data for the personnel turnover for the Group for the last three years;
- mortality rate data for the overall mortality of the population of Bulgaria, according to data of the National Statistical Institute for the period from 2022 to 2024.

Personnel turnover is, as follows:

Age	December 31, 2025	December 31, 2024
18 – 30 years	15%	15%
31 – 40 years	10%	10%
41 – 50 years	2%	2%
51 – 60 years	1%	1%
over 60 years	0%	0%

Under the provisions of the present Collective Labour Contract and pursuant to the Labour Code of the Republic of Bulgaria, the employees are entitled to retirement benefits amounting to two gross monthly salaries on attainment of retirement age or six gross monthly salaries if the length of service is in companies from the group for the last 10 consecutive years.

Defined benefit plan exposes the Group to the following actuarial risks:

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate of Bulgarian government securities, denominated in BGN, with maturity up to 10 years, and the data for the following periods is received by data interpolating.
Interest risk	A decrease in the interest rate of the Bulgarian government securities will increase the defined benefit plan liability.
Longevity risk	The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan's liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
26. Retirement benefits obligation (continued)

A sensitivity analysis based on reasonably possible changes in the respective assumptions, at the end of the reporting period, assuming all other assumptions held constant is, as follows:

	Less 1 %	Assumptions and results used	Plus 1 %
Discount rate	2.25%	3.25%	4.25%
Amount of the liability (BGN thousand)	79 594	75 390	71 544
Difference (BGN thousand)	4 204	-	(3 846)
Difference (%)	6%	-	(5)%
Salary growth	2.01%	3.01%	4.01%
Amount of the liability (BGN thousand)	71 550	75 390	79 508
Difference (BGN thousand)	(3 840)	-	4 118
Difference (%)	(5)%	-	5%
Probability of early retirement	10.71%	11.71%	12.71%
Amount of the liability (BGN thousand)	79 831	75 390	71 274
Difference (BGN thousand)	4 441	-	(4 116)
Difference (%)	6%	-	(5)%
Mortality assumption	-1 year	Mortality rate	+ 1 year
Amount of the liability (BGN thousand)	76 113	75 390	74 622
Difference (BGN thousand)	723	-	(768)
Difference (%)	1%	-	(1)%

The sensitive analysis presented above may not be representative of the actual change in the retirement benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above calculations the projected unit credit method is used, the same as that applied in calculating the retirement benefit obligation liability, recognized in the balance sheet.

27. Deferred income

In 2025 and 2024, the Group has not recognized any revenue that will be deferred.

28. Share capital

The share capital is presented at nominal value, according to the court decision for registration. As of December 31, 2025 and 2024 the share capital fully paid in at the amount of BGN 20,000 thousand is distributed into 2 000 000 shares with a nominal value of BGN 10 each.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
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29. Reserves

	Legal reserves	Other reserves	Reserve from foreign currency translations	Total
Balance at January 1, 2024	2 116	7 337	(146)	9 307
Changes in equity for 2024				
Foreign currency translations	-	-	43	43
Reserves allocated	45	-	-	45
Balance at December 31, 2024	2 161	7 337	(103)	9 395
Changes in equity for 2025				
Foreign currency translations	-(	-	(165)	(165)
Reserves allocated	-	186	-	186
Balance at December 31, 2025	2 161	7 523	(268)	9 416

Reserve from foreign currency translations is resulting from translation of the financial statements of the subsidiary entities abroad into the presentation currency of the Parent company.

Changes in the reserve from foreign currency translations include:

	December 31, 2025	December 31, 2024
Balance at the beginning of the period	(103)	(146)
Effect from recalculation of the net assets at the closing exchange rate as of the end of the period	(2)	35
Foreign currency exchange rate differences, reclassified from equity to profit or loss for the period	(163)	6
Effect from translation of the income statement at average exchange rate for the period, and of the balance sheet at closing exchange rate as of the end of the period	-	2
Balance at the end of the period	(165)	(103)

30. Minority interest

	December 31, 2025	December 31, 2024
Filkab Solar Ltd. Bulgaria	2 368	2 338
Filkab FS Ltd, Bulgaria	376	353
Filkab Mig DOO, Serbia	241	189
Filkab Distribution, Romania	-	(14)
Total	2 985	2 866

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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31. Dividends

Based on a decision of the General meeting of the shareholders of the Parent company in 2025 and 2024, dividends are distributed from the accumulated profit from previous years at the amount of BGN 4 250 thousand and BGN 4 470 thousand, respectively, that are reported as a decrease in retained earnings in the statement of changes in equity for 2025 and 2024.

32. Related parties transactions

The subsidiary entities, that are controlled by the Parent company and included in the consolidation, are disclosed in note 2.2.

In 2025 and 2024 the Parent company performed transactions with the following related parties:

Related party	Nature of relationship
Management of the Company	Key management personnel
Consortium Filkab - Engineering	Consortium between the Parent company and a subsidiary entity

Related parties transactions relate mainly to: purchase-sale of goods and services and remunerations paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2025
All amounts are in thousands of BGN, unless otherwise stated
32. Related parties transactions (continued)

During 2025 and 2024 the transactions with related parties are, as follows:

Related party	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
	<i>Sale of goods and services</i>	<i>Sale of goods and services</i>	<i>Purchase of goods and services</i>	<i>Purchase of goods and services</i>
Consortium Filkab - Engineering	83	-	25	-

As at December 31, 2025 and 2024 the outstanding transactions with related parties are, as follows:

Related party	December 31, 2025	December 31, 2025	December 31, 2024	December 31, 2024
	Receivables	Payables	Receivables	Payables
Key management personnel	-	209	-	338
	-	209	-	338

33. Events after the date of the financial statements

There are no events after the date of the reporting period, requiring adjustment or disclosure in the financial statements, that have occurred during the period from the reporting date to the date when these financial statements were approved for issuance.