

**CONSOLIDATED INTERIM REPORT ON THE ACTIVITIES
OF MONBAT AD**

AS AT 30.06.2024 PURSUANT TO ARTICLE 100o, PARAGRAPH 4, ITEM 2 OF LPOS

1. IMPORTANT DEVELOPMENTS FOR MONBAT AD THAT OCCURRED DURING THE PERIOD (01.01.2024 – 30.06.2024)

During the period (01.01.2024 – 30.06.2024) Monbat AD has disclosed to the FSC, BSE AD and the public the following information through the information platform x3news.com, available at - <http://www.x3news.com/?page=News&unqid=61d58d1244c76>, as well as on the corporate page of the company, available at <https://www.monbatgroup.com/bg>

Table No 1

Date	Developments
05-01-2024	<p>MONBAT AD announced the following information: Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014 - Announcement for the General Assembly of Bondholders</p> <p>We inform you that on 05.01.2024 the Commercial Register and the Register of Non-Profit Legal Entities (CRRNPLE) of the Registry Agency received for announcement an invitation to convene a general meeting of bondholders of the corporate bonds issue by "MONBAT" AD with ISIN code ISIN BG2100023170, which will be held on 22.01.2024 at 10:30 a.m., in the city of Sofia, Bulgaria, №1, Gurko Blvd., Grand Hotel Sofia, Triaditsa Hall 1, with the following agenda and proposals for decisions:</p> <p>Item 1. Discussion and adoption of a decision on a proposal received from the issuer "MONBAT" AD for a change in the terms of the bond issue with ISIN code BG2100023170 consisting in a change in the repayment plan of the bond loan, namely: postponement of payment of the second principal repayment installment, related to the technical time required for the use of the proved financing, which, together with MONBAT AD's own funds, will be used for the full payment of the maturing part of the principal amounting to EUR 8 404 500.</p> <p>Proposal for a resolution on item 1: The General Meeting of Bondholders accepts a proposal received from the Issuer for a change in the terms and conditions of the bond issue with ISIN code BG2100023170 and agrees to postpone the payment of the second principal repayment installment in the amount of EUR 8 404 500, representing 30% of the total raised amount of the issue, for a period of sixty calendar days starting from 20 January 2024.</p> <p>The management of the Company invites all bondholders holding bonds of the bond issue, issued by MONBAT AD with ISIN code ISIN BG2100023170, entered in the registers of the Central Register of Securities, as such 5 (five) days prior to the date of the General Meeting, to attend in person or through their authorized representatives.</p>
08-01-2024	<p>MONBAT AD announced the following information: Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014 – Announcement:</p> <p>In relation to the convened General Meeting of Bondholders (GMB) on the corporate bond</p>

Date	Developments
	<p>issue, issued by MONBAT AD with ISIN code ISIN BG2100023170, which will be held on 22.01.2024 at 10:30 a.m., in the city of Sofia at 10:30 a.m., №1, Gurko Blvd., Grand Hotel Sofia, Triaditsa Hall 1, we inform you that in case of the acceptance of the proposed resolution by the bondholders, MONBAT AD will make the interest payment due on 20.01.2024 within the period specified in the prospectus and will accordingly pay the principal payment due on 20.01.2024 in the amount of EUR 8 404 500 with a sixty-day postponement, without changing the date of determination of the bondholders who will receive the two payments. Consequently, the adoption of the proposed resolution by the GMB will not result in a change of the addressees to whom the second principal payment will be paid, as the right to receive payment for the repayment of the principal amount of the bonds shall be given to the bondholders who have acquired bonds no later than three (3) working days before 20.01.2024. During the five-day period (in working days) before the due date of payment for the repayment of the bonds, no transactions shall be made with the bonds.</p>
22-01-2024	<p>MONBAT AD announced the following information: Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014 - Announcement</p> <p>In relation to the General Meeting of Bondholders (GMB) on the corporate bond issue, issued by MONBAT AD with ISIN code ISIN BG2100023170, which held on 22.01.2024 at 10:30 a.m., in the city of Sofia at 10:30 a.m., №1, Gurko Blvd., Grand Hotel Sofia, Triaditsa Hall 1, we inform you that the General Assembly accepted unanimously the proposal received from the Issuer for a change in the terms and conditions of the bond issue with ISIN code BG2100023170 and agrees to postpone the payment of the second principal repayment installment in the amount of EUR 8 404 500, representing 30% of the total raised amount of the issue, for a period of sixty calendar days starting from 20 January 2024.</p>
22-01-2024	<p>MONBAT AD announced the following information: Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014 – Announcement -notification regarding interest payment on corporate bond issue with ISIN code - BG 2100023170</p> <p>LEGAL BASIS: art. 100e 1, para. 1, item 3, letter "d" of the Public Offering of Securities Act.</p> <p>“MONBAT” AD, as issuer of the bond issue, ISIN code BG2100023170, notifies of an interest payment due on 20.01.2024.</p> <p>Total amount of interest payment: EUR 784 201.41 Date on which the composition of the bondholders was determined: 17.01.2024. Payment amount per bond: EUR 27.99 Maturity date of next interest payment: 20.07.2024</p>
24-01-2024	<p>MONBAT AD announced the following information: Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014 - Minutes of the Bondholders meeting</p>
30-01-2024	<p>MONBAT AD announced the 2023 Q4 Individual financial report.</p>
29-02-2024	<p>MONBAT AD announced the following information: Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014 – Announcement - Monbat AD</p>

Date	Developments
	<p>convenes an online meeting of the company's bondholders on 07.03.2024 at 1.30 pm.</p> <p>Monbat AD convenes an online meeting of the company's bondholders on 07.03.2024 at 1.30 pm. The company's bondholders may request their participation by 06.03.2024 to the e-mail of the Investor Relations Director d.peeva@irsbg.info indicating the name of the bondholder and its representative at the meeting.</p>
29-02-2024	<p>MONBAT AD announced the Q4 2023 consolidated financial report.</p>
29-02-2024	<p>MONBAT AD announced Semi-annual report in pursuance of Art. 100f (1), item 2 in relation to Art. 100f (2) of the POSA about fulfilment of the obligations of an issuer, related to its bond issue</p>
20-03-2024	<p>MONBAT AD announced the following information: Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014 – Announcement</p> <p>NOTIFICATION UNDER ITEM 4.20.1 OF THE DOCUMENT FOR THE OFFERED SECURITIES OF THE ISSUE OF CONVERTIBLE CORPORATE BONDS WITH ISIN BG2100023170 ISSUED BY MONBAT AD</p> <p>According to the Minutes dated 22.01.2024 of the General Meeting of the Bondholders of the issue of convertible corporate bonds with ISIN BG2100023170 issued by "Monbat" AD, the payment of the second installment of the principal of the issue in the amount of EUR 8,404,500, representing 30% of the total raised amount of the issue is to be made after 60 calendar days starting from 20.01.2024.</p> <p>The decision taken at the General meeting of the bondholders held on 22.01.2024 to postpone the second installment of the bond issue, by 60 calendar days is necessary to provide enough time for the use of the loan agreed with the financing Monbat AD banking institution for the refinancing of the payment.</p> <p>According to the loan agreement, a pre-condition for the use of the loan is to provide the necessary collateral, which is free from encumbrances in third parties. Part of this security is a mortgage on immovable property used to secure debts owed to another lending institution servicing Monbat AD, which have been repaid or which Monbat AD has declared its willingness to repay early, of for which the company has notified the bank in writing of its intention.</p> <p>In consideration of the longer than originally expected time for the competent authority of the creditor bank (based abroad) to make a decision on the removal of the encumbrances, Monbat AD is not yet in a position to use the agreed loan which should be used to pay the second principal installment the issue.</p> <p>At this moment, the decision to remove the encumbrances has already been taken by the competent authority of the Bank and technically the removal process has been initiated, with the relevant documentation to be signed.</p>

Date	Developments
	<p>In consideration of the technical time required for the removal of the encumbrances and securing the real estate as collateral free from encumbrances to the financing institution Monbat AD, and in regard of the time required for the transfer of the money from Central Depository AD to the bondholders, management expects that the Company will be in a position to pay the second installment on the convertible bond issue no later than 15 April 2024</p>
22-03-2024	<p>MONBAT AD announced the following information: Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014 – notification in relation to the decision of the Board of Directors (BOD) of Monbat AD, taken on 21.02.2024, presented to the FSC in accordance with the requirements of Article 116b, para. 4 of the Public Offering of Securities Act (POSA), with reference No. RG-05-1293-7/26.02.2024, we hereby inform that a preliminary sale-purchase contract was signed on 22.03.2024 for a real estate owned by „Leventa" Ltd, UIC 117632621.</p>
28-03-2024	<p>MONBAT AD announced the following information: Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014 – Invitation for convening a general meeting of bondholders</p>
29-03-2024	<p>MONBAT AD announced the 2023 Annual individual financial report</p>
03-04-2024	<p>MONBAT AD announced the following information: Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014 – notification regarding the upcoming principal payment on the convertible bond issue issued by "MONBAT" AD, ISIN BG2100023170 with the following content:</p> <p>In relation to the announcement made on 20.03.2024 and published via the information platform EXTRI NEWS, we would like to inform you that the second repayment of principal in the amount of EUR 8 404 500 will be made on 05.04.2024 (Friday). The amount has been transferred by the Company to the Central Depository AD ("CD" AD) on 03.04.2024. Bondholders who are registered in the register of the Central Depository AD as bondholders as of 17.01.2024 are entitled to receive payment under the Issue.</p>
05-04-2024	<p>MONBAT AD announced the following information: Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014 – notification regarding principal payment made on issue of corporate bonds, ISIN code - BG2100023170 with text:</p> <p>Legal basis: art. 100f 1, para. 1, item 3, letter "d" of the Public Offering of Securities Act. MONBAT AD, as issuer of the bond issue, ISIN code BG2100023170, notifies of a second principal installment payment in the amount of EUR 8 404 500 made on 05.04.2024. The date on which the composition of the bondholders was determined: 17.01.2024. Payment amount per bond: EUR 300. Maturity date of the next interest payment: 20.07.2024.</p>
16-04-2024	<p>MONBAT AD announced the following information: Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014 – minutes of the mandate commission for the general meeting of the bondholders of “MONBAT” AD, UIC 111028849, in the city of Sofia on 16 April 2024 confirming the lack of quorum for a General Meeting of Bondholders.</p>

Date	Developments
29-04-2024	MONBAT AD announced the 2023 Annual consolidated financial report.
30-04-2024	MONBAT AD announced the 2024 Q1 Individual financial report.
21-05-2024	<p>MONBAT AD announced Invitation and materials for a General shareholders meeting and materials for the general meeting of shareholders, which will be held on 06-24-2024 at 10:30 a.m. in Sofia-1000, Gurko Blvd. No. 1, Grand Hotel Sofia, Triaditsa Hall 1, with the following agenda and proposals for solutions:</p> <ol style="list-style-type: none"> 1.Approving the audited Annual financial Report on the company’s activities for the year 2023 prepared according to the Delegated Regulation (EC) 2019/815 and submitted to Financial Supervision Commission (FSC), Bulgarian Stock Exchange (BSE) and to the public. <u>Proposal for a Resolution</u>: The General Assembly of Shareholders approves the audited Annual financial Report on the company’s activities for the year 2023 prepared according to the Delegated Regulation (EC) 2019/815 and submitted to Financial Supervision Commission (FSC), Bulgarian Stock Exchange (BSE) and to the public. 2.Adopting the Report for the implementation of the Remuneration Policy of the members of the Board of Directors of Monbat AD for 2023. <u>Proposal for a Resolution</u>: The General Assembly of Shareholders adopts the Report for the implementation of the Remuneration Policy of the members of the Board of Directors of Monbat AD for 2023. 3.Approving the audited consolidated Annual financial Report on the company’s activities for the year 2023 prepared according to the Delegated Regulation (EC) 2019/815 and submitted to Financial Supervision Commission (FSC), Bulgarian Stock Exchange (BSE) and to the public. <u>Proposal for a Resolution</u>: The General Assembly of Shareholders approves the audited consolidated Annual financial Report on the company’s activities for the year 2023 prepared according to the Delegated Regulation (EC) 2019/815 and submitted to Financial Supervision Commission (FSC), Bulgarian Stock Exchange (BSE) and to the public. 4.Adopting a decision to release from responsibility the members of the Board of Directors for their activities during 2023. <u>Proposal for a Resolution</u>: The General Assembly of Shareholders releases from responsibility the members of the Board of Directors for their activities during 2023. 5.Approving the Annual Report on the activities of the IR Director of Monbat AD for the year 2023. <u>Proposal for a Resolution</u>: The General Assembly of Shareholders approves the presented Report on the activities of the IR Director for the year 2023. 6.Approving the Report on the activities of the audit committee for the year 2023. <u>Proposal for a Resolution</u>: The General Assembly of Shareholders approves the presented Report on the activities of the audit committee of Monbat AD for the year 2023. 7.Adopting a decision for electing the audit committee of the company. <u>Proposal for a Resolution</u>: The General Assembly of Shareholders elects an audit committee with the following members: Anelia Petkova Angelova – Tumbeva, Iskra Simeonova Atanasova and Sashka Dineva Ileva. 8. Taking a decision for setting up the mandate of the audit committee and the amount of the

Date	Developments
	<p>remuneration of its members. <u>Proposal for a Resolution</u>: The General Assembly of Shareholders sets up one-year mandate of the audit committee and the amount of the remuneration of its members, as follows: for a participation in each session of the audit committee its members shall receive remuneration in the net amount of BGN 500 and for the Chairman of the audit committee - remuneration in the net amount of BGN 700.</p> <p>9. Election of a certified auditor for the year 2024. <u>Proposal for a Resolution</u>: The General Assembly of Shareholders approves a resolution for election of a certified auditor for the year 2024 in accordance with the proposal of the audit committee.</p> <p>10. Adopting a decision for distribution of the company's profit generated in 2023 in the amount of BGN 2,907,603.41. <u>Draft Resolution</u>: The company's profit after taxes, generated during the year 2023 in the amount of BGN 2,907,603.41 to be assigned to the Non distributed profit from past years fund.</p>
30-05-2024	MONBAT AD announced the Q1 2024 consolidated financial report.
30-05-2024	MONBAT AD announced Semi-annual report in pursuance of Art. 100f (1), item 2 in relation to Art. 100f (2) of the POSA about fulfilment of the obligations of an issuer, related to its bond issue
03-06-2024	<p>MONBAT AD announced the following information: Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014 - Notice of an upcoming meeting with the Company's bondholders:</p> <p>Monbat AD convenes an online meeting of the company's bondholders on 07.06.2024 at 11 am.</p> <p>The company's bondholders may request their participation by 06.06.2024 to the e-mail of the Investor Relations Director d.peeva@irsbg.info indicating the name of the bondholder and its representative at the meeting.</p>
24-06-2024	MONBAT AD announced Minutes from a General shareholders meeting

All important events that occurred after the date of the annual closing were disclosed through the disclosure system of Monbat AD, namely - the regulated securities market, the Financial Supervision Commission and the public. The information is also available on the company's website www.monbatgroup.com.

No adjusting or other significant non-adjusting events have occurred between the reporting date and the date of authorization of these interim condensed financial statements except for the ones already disclosed in the annual individual and consolidated financial statements of Monbat AD.

On 5 April 2024 the Company has paid the second installment of the principal of the convertible bond issue in the amount of EUR 8 405 thousand (BGN 16 438 thousand).

2. IMPACT OF THE IMPORTANT DEVELOPMENTS FOR MONBAT AD THAT OCCURRED AS AT 30.06.2024 ON THE RESULTS IN THE FINANCIAL STATEMENTS

For the period 01.01.2024 – 30.06.2024, MONBAT AD reports on a consolidated basis revenues from contracts with customers in the amount of BGN 177 953 thousand, which represents a decrease of 8.2% compared to the revenues realized for the same period of 2023 from contracts with customers on a consolidated basis in the amount of BGN 193 891 thousand.

For the reporting period of 2024 the normalized EBITDA (profit before interest and amortization, decreased with financial incomes and impairments and increased with financial expenses) from continuing operations of MONBAT AD on a consolidated basis amounts to BGN 20 125 thousand compared to the EBITDA from continuing activities on a consolidated basis registered in the same period of 2023 – BGN 18 262 thousand. This represents an increase of 10.2%.

EBIT (profit before interest, decreased with financial incomes and increased with financial expenses) from continuing operations of MONBAT AD on a consolidated basis is BGN 8 378 thousand, compared to EBIT from continuing activities for the same period of 2023 on a consolidated basis in the amount of BGN 7 447 thousand.

The consolidated profit before taxes from continuing operations generated by MONBAT AD for reporting period of 2024 is BGN 2 491 thousand compared to the consolidated profit before taxes from continuing operations for the same period of 2023 of BGN 3 541 thousand. This represents a decrease in profit before taxes by 29.7%.

The consolidated net profit from continuing operations generated by MONBAT AD for the period 01.01.2024 – 30.06.2024 is BGN 1 612 thousand and registered a decrease of 67.0% compared to the net profit of the company on a consolidated basis for the same period of 2023, which was BGN 4 879 thousand.

FINANCIAL INDICATORS

Table No 2

LIQUIDITY RATIOS	30.06.2024	30.06.2023
Total liquidity ratio	1.31	1.38
Quick liquidity ratio	0.84	0.86
Absolute liquidity ratio	0.08	0.04
Immediate ratio	0.08	0.04

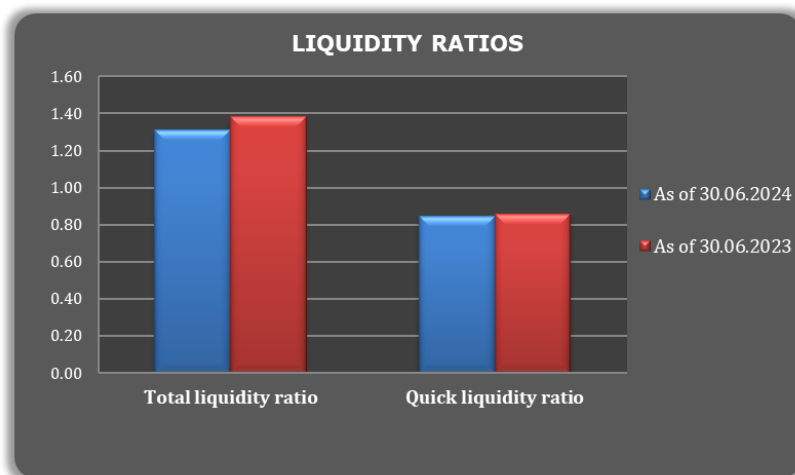


Table No 3

PROFITABILITY RATIOS	30.06.2024	30.06.2023
Profitability of capital	0.05	0.08
Return on equity (ROE)	0.01	0.01
Return assets (ROA)	0.004	0.006

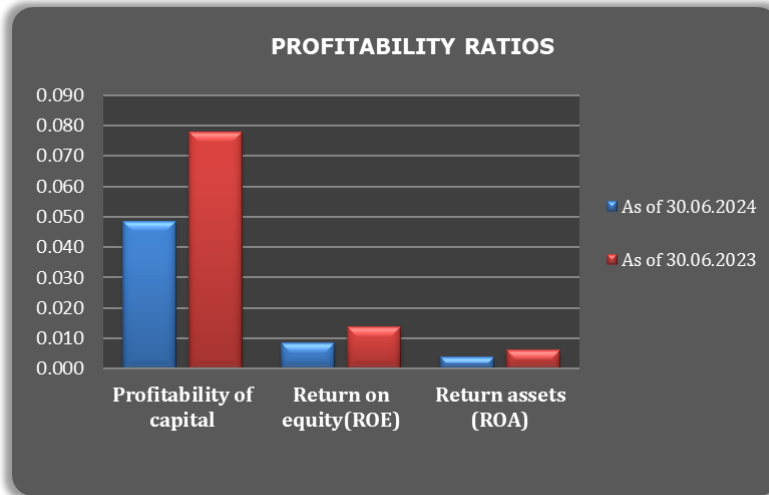


Table No 4

LEVERAGE RATIOS	30.06.2024	30.06.2023
Financial leverage Ratio	1.20	1.24
Debt/Assets	0.55	0.55
Equity to Debt Ratio	0.83	0.80

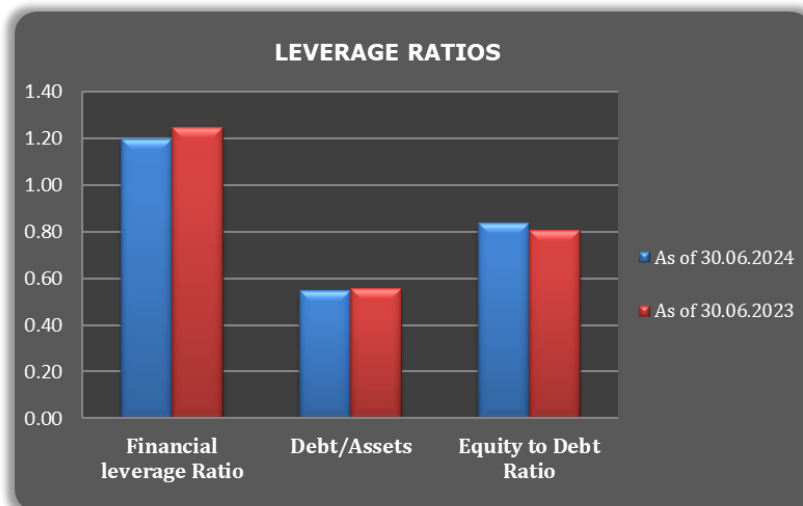
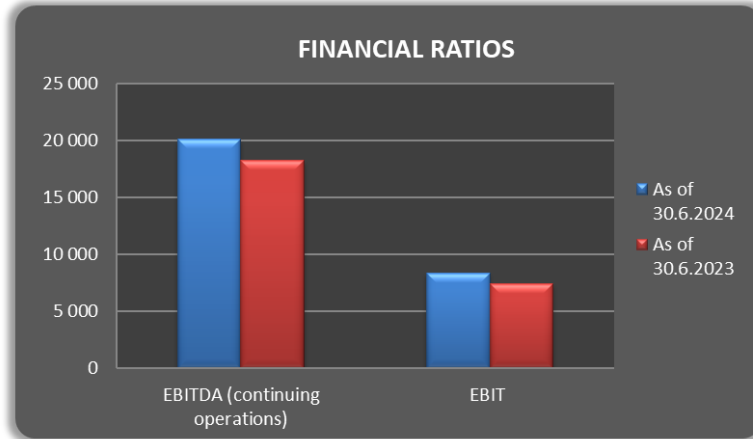


Table No 5

FINANCIAL RATIOS	30.06.2024	30.06.2023
Adjusted EBITDA from continuing operations	20 125	18 262
EBIT from continuing operations	8 378	7 447



3. DESCRIPTION OF THE PRINCIPAL RISKS AND UNCERTAINTIES WHICH MONBAT AD WILL FACE DURING THE FOLLOWING FINANCIAL PERIOD

SYSTEMATIC RISKS

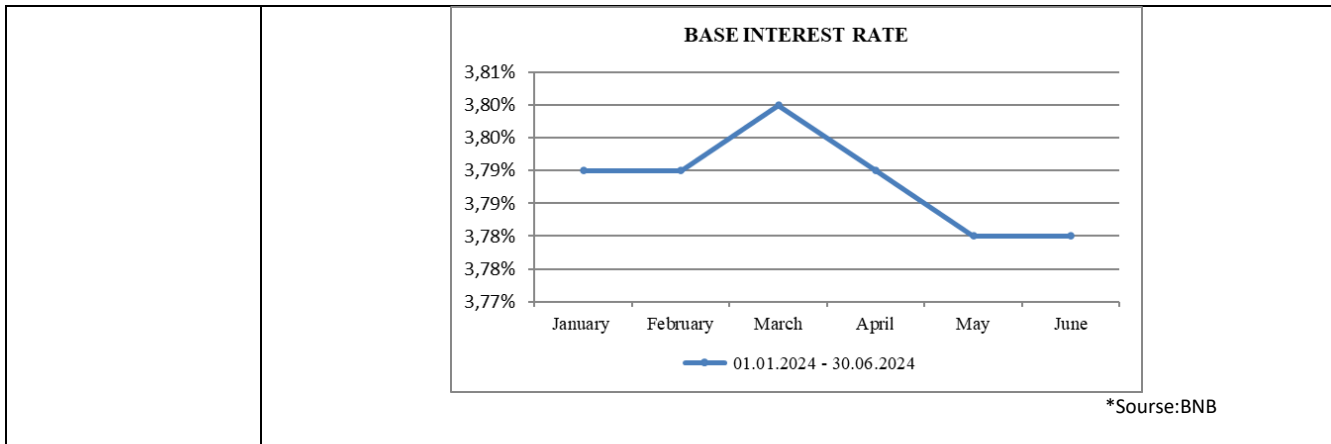
Systematic risks are related to the market and the macro-environment the Group operates in, and therefore could not be managed or controlled by the management team. The following are examples of systematic risks: political risk, macroeconomic risk, inflation risk, currency risk, interest rate risk, tax risk.

Table No. 6

Risk type	Description
POLITICAL RISK	<p>Political risk is the probability of a change of government or a sudden change in its policy, of domestic political turmoil and adverse changes in European and/or national legislation, resulting in a negative change in the environment in which local businesses operate and losses for investors.</p> <p>The looming political instability has the potential to impact macroeconomic growth and the business environment in Bulgaria. In this regard, in the event that uncertainty is created in the Bulgarian economy - regarding fiscal and/or monetary policy, the rule of law and law enforcement, the level of corruption and bureaucratic burdens, etc. – this can lead to a decline in investment, capital outflow from the country and more conservative behavior on the part of investors/customers. This, in turn, may lead to a slowdown in economic growth or even a recession and a reduction in employment and disposable income, which will reduce economic activity and worsen the creditworthiness of certain economic entities. In this regard, it is possible that some entities report weaker financial results than expected. Despite the partial accession to Schengen, highlighted as a success by the two largest political parties in the Bulgarian parliament, Bulgaria has held its sixth consecutive parliamentary elections in the last three years. The results of the negotiations on forming a majority in parliament to elect a stable government are not encouraging, which makes another parliamentary election increasingly likely as a result of the inability to form a majority in parliament. The current political instability is likely to push Bulgaria further away from both land border</p>

	<p>accession to Schengen and adoption of the euro as its national currency in 2025 – a goal that analysts say no longer seems realistic. The observed political uncertainty calls into question the possibility of carrying out adequate reforms in administration, education and health care, which form the main budget expenditures. An additional budgetary pressure is the war in Ukraine. In 2024, minimal growth of the gross domestic product is expected, which will not allow the recovery of the national economy, due to the growth of energy costs and problems with the supply chain. In this direction, attention should be paid to the actual growth - whether it will meet the government forecasts; the expected increase in exports; the ability of the government to take profitable loans in international markets; the efforts made for a moderate recovery of domestic consumption.</p> <p>The uncertainty regarding the priorities applied by the central government also puts at risk the possibility of adequate reforms in structural sectors in the country, with a view to optimizing the process of effective absorption of EU funds. Attention should be paid to reforms in the ineffective pension-insurance system, the health system and education; the administrative coordination and rules for the financing of projects, including improving the process of allocation, coordination and management of funds from European funds. Despite the changes made to the Basic Law of the Republic of Bulgaria, proclaimed by the political forces with the greatest representation in the 49th National Assembly, as an important factor for carrying out judicial reform, the main problem facing the country is finding support among the parliamentary represented forces in the struggle against corruption. An additional problem is the lack of specific policies on the part of the central authorities, taking into account the economic interest of Bulgaria from the so-called "green deal".</p>
<p>OVERALL MACROECONOMI C RISK</p>	<p>According to data of the National Statistical Institute from 28.06.2024, the overall indicator of the business climate in June 2024 decreased by 0.9 points compared to May (from 25.4% to 24.5%), which is due to the unfavorable business climate in the retail and service sectors.</p> <div data-bbox="606 1209 1236 1601" data-label="Figure"> <p>The chart displays the 'Business climate - total' indicator as a percentage from 2014 to 2024. The y-axis ranges from -20% to 60% in increments of 20%. The x-axis shows years from 2014 to 2024. A blue line represents the monthly data, which fluctuates between approximately 10% and 35% from 2014 to 2019. In early 2020, there is a sharp decline to about -15%. The indicator then recovers, staying mostly between 15% and 30% through 2024. A horizontal dashed line at approximately 22% is labeled 'Long-term average'. The source is cited as 'Source: NIS'.</p> </div> <p>In June 2024, the composite indicator "business climate in industry" remained at its level of the previous month (from 17.8% to 17.5%). Industrial entrepreneurs rate current manufacturing activity as reduced, while their expectations for activity over the next three months are favourable. The uncertain economic environment and labour shortages continue to be the main problems for business development, with the negative impact of the first factor intensifying over the last month. In terms of industrial selling prices, managers do not expect any change in the next three months.</p> <p>In June 2024, the composite indicator " business climate in construction" maintained approximately its May level (from 31.4% to 31.0%). In the view of builders, current construction activity is improving, while their expectations for activity over the next</p>

	<p>three months are more reserved. The uncertain economic environment, labour shortages, material prices and competition in the industry remain the most serious constraints to activity, with a reduction in their negative impact compared to the previous month. Regarding selling prices in construction, most managers forecast them to remain unchanged over the next three months.</p> <p>In June 2024, the composite indicator "business climate in the services sector" declined by 1.2 points (from 19.6% to 18.4%) due to unfavourable expectations of managers about the business situation of enterprises in the next six months. In terms of demand for services, the current trend is assessed as favourable, while expectations for the next three months are more negative. The main factor limiting activity remains the uncertain economic environment, indicated by 45.1% of enterprises. Second and third are competition in the industry and labour shortages. Regarding selling prices in the service sector, managers forecast them to remain unchanged over the next three months.</p> <p>According to the macroeconomic forecasts of the Eurosystem experts, set out in the Economic Bulletin No 4/2024 of the European Central Bank, average annual real GDP growth is expected to be 0.9% in 2024 and to accelerate to 1.4% in 2025 and to 1.6% in 2026. Compared with the March 2024 forecasts, the GDP growth outlook has been revised up for 2024 due to surprising positive data at the beginning of the year and better incoming information. The GDP growth forecast has been revised down slightly for 2025 and remains unchanged for 2026.</p> <p>The national fiscal and structural policies should be directed towards increasing the productivity and competitiveness of the economy, which would support an increase in potential growth and a reduction in price pressures in the medium term. Effective, rapid and comprehensive execution of the "New Generation EU" agenda, progress towards a Capital Markets Union and the completion of the Banking Union, as well as the strengthening of the Single Market would help to foster innovation and increase investment in the green and digital transition. Full and immediate implementation of the EU's revised economic governance framework will help governments to reduce budget deficits and debt ratios on a sustainable basis.</p>
<p>INTEREST RISK</p>	<p>Interest rate risk is related to a possible negative change in interest rates established by the financial institutions of the Republic of Bulgaria.</p> <p>At its meeting on 6 June 2024, the Governing Council of the European Central Bank decided to cut the ECB's three key interest rates by 25 basis points each. On the basis of an updated assessment of the inflation outlook, the dynamics of core inflation and the strength of the monetary policy transmission mechanism, it was appropriate to ease its restrictiveness after nine months of unchanged interest rates. Since the September 2023 Board meeting, inflation has fallen by more than 2.5 percentage points and the outlook for inflation has improved noticeably. Core inflation has also declined, confirming signs of easing price pressures, and inflation expectations have declined at all time horizons. Monetary policy has maintained restrictive financing conditions. Demand suppression and stabilising inflation expectations have contributed significantly to the return of inflation to a lower level.</p> <p>The ECB's June 2024 macroeconomic projections for the euro area foresee inflation slowing further as a result of the continued weakening of chain pressures and the impact of monetary tightening, although at a more moderate pace than observed in 2023. As a whole, annual average inflation as measured by HICP is expected to decline from 5.4% in 2023 to 2.3% in 2024, 2.0% in 2025 and 1.9% in 2026.</p>



INFLATION RISK	<p>Inflation risk is a general price increase in which money depreciates and households and firms are likely to incur losses.</p> <p>According to NSI data, in January 2024 the monthly inflation was 0.5%, and the annual inflation for January 2024 compared to January 2023 was 3.8%. The average annual inflation for the period February 2023 - January 2024 compared to the period February 2022 - January 2023 is 8.4%.</p> <p>According to NSI data, in January 2024 the monthly inflation was 0.2%, and the annual inflation for January 2024 compared to January 2023 was 4.0%. Average annual inflation for the period February 2023 - January 2024 compared to the period February 2022 - January 2023 is 7.8%.</p> <p>In February 2024, the monthly inflation was 0.3%, and the annual inflation for February 2024 compared to February 2023 was 3.3%¹. Year-to-date inflation (February 2024 vs. December 2023) is 0.8%, and average annual inflation for the period March 2023 - February 2024 vs. March 2022 - February 2023 is 7.4%.</p> <p>In February 2024, the monthly inflation was 0.3%, and the annual inflation for February 2024 compared to February 2023 was 3.5%¹. Year-to-date inflation (February 2024 vs. December 2023) is 0.4%, and average annual inflation for the period March 2023 - February 2024 vs. March 2022 - February 2023 is 6.9%.</p> <p>In March 2024, the monthly inflation rate was 0.2%, and the annual inflation rate for March 2024 compared to March 2023 was 3.0%. Year-to-date inflation (March 2024 vs. December 2023) is 1.0%, and average annual inflation for the period April 2023 - March 2024 vs. April 2022 - March 2023 is 6.5%.</p> <p>In March 2024, monthly inflation was 0.2%, and annual inflation for March 2024 compared to March 2023 was 3.1%. Year-to-date inflation (March 2024 vs. December 2023) is 0.7%, and average annual inflation for the period April 2023 - March 2024 vs. April 2022 - March 2023 is 6.2%.</p> <p>In April 2024, monthly inflation is -0.3% and annual inflation for April 2024 compared to April 2023 is 2.4%. Year-to-date inflation (April 2024 versus December 2023) is 0.7% and the average annual inflation rate for May 2023 to April 2024 versus May 2022 to April 2023 is 5.7%.</p> <p>In April 2024, monthly inflation is -0.1% and annual inflation for April 2024 compared to April 2023 is 2.5%. Year-to-date inflation (April 2024 versus December 2023) is 0.6% and the average annual inflation rate for May 2023 - April 2024 versus May 2022 - April 2023 is 5.5%.</p> <p>In May 2024, monthly inflation is -0.2% and annual inflation for May 2024 compared to May 2023 is 2.3%. Year-to-date inflation (May 2024 versus December 2023) is 0.4% and the average annual inflation rate for June 2023 - May 2024 versus June 2022 - May</p>
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	<p>2023 is 5.1%.</p> <p>In May 2024, monthly inflation is 0.0% and annual inflation for May 2024 compared to May 2023 is 2.7%. Year-to-date inflation (May 2024 versus December 2023) is 0.6%, and average annual inflation for June 2023-May 2024 versus June 2022-May 2023 is 5.1%.</p> <p>In June 2024, monthly inflation is -0.2% and annual inflation for June 2024 compared to June 2023 is 2.5%. Year-to-date inflation (June 2024 versus December 2023) is 0.2% and average annual inflation for July 2023-June 2024 versus July 2022-June 2023 is 4.6%.</p> <p>In June 2024, monthly inflation was 0.2% and annual inflation for June 2024 compared to June 2023 was 2.8%. Year-to-date inflation (June 2024 versus December 2023) is 0.7% and average annual inflation for July 2023 - June 2024 versus July 2022 - June 2023 is 4.7%.</p> <div data-bbox="555 707 1291 1111" data-label="Figure"> <table border="1"> <caption>Inflation 01.01.2024-30.06.2024</caption> <thead> <tr> <th>Month</th> <th>% of inflation</th> </tr> </thead> <tbody> <tr> <td>January</td> <td>0.50%</td> </tr> <tr> <td>February</td> <td>0.30%</td> </tr> <tr> <td>March</td> <td>0.20%</td> </tr> <tr> <td>April</td> <td>-0.30%</td> </tr> <tr> <td>May</td> <td>-0.20%</td> </tr> <tr> <td>June</td> <td>-0.20%</td> </tr> </tbody> </table> </div> <p style="text-align: right;">*Source: NIS</p>	Month	% of inflation	January	0.50%	February	0.30%	March	0.20%	April	-0.30%	May	-0.20%	June	-0.20%
Month	% of inflation														
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June	-0.20%														
<p>CURRENCY RISK</p>	<p>The currency risk exposure is the dependence on and the effects of the currency exchange rates changes. The systematic currency risk is the probability of possible change in the currency regime of the Country (Currency Board), which would result either in devaluation of the Bulgarian lev (BGN) or in appreciation of the BGN against foreign currencies.</p> <p>Currency risk will have impact on companies with market shares, which are completed in a currency other than BGN and EUR. Due to the laws in force in the country, the Bulgarian lev is fixed to the Euro at an exchange rate of EUR 1 = BGN 1.95583, and the Bulgarian National Bank has to maintain a level of Bulgarian leva in turnover equal to the currency reserves of the bank, the risk of devaluation of the BGN compared to the European currency is minimum, and for the most part consists in a possible elimination of the currency board in the country. At this stage, this appears to be very unlikely because the Currency Board is expected to be removed at the time of accepting the Euro as official legal tender in Bulgaria.</p> <p>At its meeting on June 30, 2021, the Coordination Council for preparation of the Republic of Bulgaria for euro area membership adopted a draft National Plan for the introduction of the euro in the Republic of Bulgaria. Bulgaria's commitment to adopt the single European currency is reaffirmed in the Treaty on the Accession of the Republic of Bulgaria and Romania to the European Union, after it was initially stated at the start of our country's EU membership negotiations. Preparations for Bulgaria's accession to the euro area are on target for January 1, 2025. The changes are made in a decree of the Council of Ministers on the establishment of a coordination council for our preparations for euro area membership, submitted for public discussion. Our country missed the previous target date for the introduction of the euro in our country</p>														

- January 1, 2024, after the caretaker government failed to submit a report on the fulfilment of the eurozone membership criteria in February.

The introduction of the euro is planned without a transitional period as the date of adoption of the euro will coincide with its introduction as the official unit of payment. The conversion will be done by applying the irrevocably fixed exchange rate between the euro and the lev. And after the introduction of the euro within a month, the lev and the euro will be legal tender at the same time. The National Plan for the Introduction of the Euro in Bulgaria is the strategic document based on which the operational work for the replacement of the lev with the euro will be implemented. The document has been prepared and adopted within the deadline of 30 June 2021, set in Decree № 103 of the Council of Ministers of 25 March 2021 amending and supplementing Decree № 168 of the Council of Ministers of 2015 on the establishment of a Coordination Council for the preparation of Republic of Bulgaria for euroarea membership (SG, issue 52 of 2015).

On 11.11.2022 the Coordinating Council for the preparation of the Republic of Bulgaria for euro area membership adopted the Communication Strategy for information and publicity of Bulgaria's accession to the euro area. The adoption of the Communication Strategy is an important step on the path of our country's accession to the euro area and corresponds with the decision of the National Assembly adopted on 27.10.2022, which obliges the Council of Ministers, in coordination with the Bulgarian National Bank, to accelerate the consultations and negotiations with the European institutions and to speed up the technical preparations for the introduction of the euro. It is based on the National Plan for the introduction of the euro in the Republic of Bulgaria adopted by the Council of Ministers and describes the principles and tasks of a comprehensive information and communication campaign; the responsible institutions that will implement the different activities within the overall campaign; the stages for the implementation of the activities; the target groups; the channels for the dissemination of information, etc.

The Council of Ministers of the Republic of Bulgaria by Decision No 797 of 13 November 2023 adopted an updated National Plan for the introduction of the euro in Bulgaria. The update is made in order to clarify the texts of the Plan in relation to the change of the indicative date for the introduction of the euro to 1 January 2025, as well as to reflect the progress achieved until now in the technical preparations for the introduction of the euro and to adapt the remaining preparatory activities to the new indicative date.

As an annex to the Plan, 'Methodological guidance to administrative authorities on adapting information systems to the euro' is included to ensure the accurate and uniform application of the euro introduction requirements by administrative authorities when adapting their information systems to work with the euro. The national plan for the introduction of the euro in the Republic of Bulgaria foresees the implementation of a large-scale communication and information campaign which will inform citizens about all practical aspects of the introduction of the euro as the official means of payment by providing accurate, accessible and timely information.

The new political crisis, due to the inability to reach an agreement in the new parliament to support a new regular government, again delays the possible date for the adoption of the euro as the national currency. The target date of 01.01.2025 is impossible to achieve without a stable government and a parliamentary majority guaranteeing the fulfilment of the euro area accession obligations.

On 27.04.2024, according to the Ministry of Finance, Fitch Ratings affirmed Bulgaria's

	<p>long-term foreign and local currency sovereign credit rating at 'BBB' with a positive outlook. At the same time, the agency warns that the lack of progress in joining the eurozone due to political instability will be a factor that could lead to negative developments for the country's credit rating. Other risks are related to possible non-fulfilment of the convergence criteria with the euro area, weaker economic growth prospects as a result of adverse political developments, which complicate the implementation of reforms. The credit rating assesses a country's creditworthiness, and its specific value is calculated on the basis of a number of factors, including economic growth, the size of government debt, political instability and others. A deterioration in credit rating has a direct impact on the cost of sovereign debt."</p> <p>"Despite a slowdown in the euro adoption process after January 2025 and renewed political uncertainty, Fitch Ratings reports that there is broad political commitment at the local and EU level to adopt the euro. All legislative measures reflecting post-entry commitments to the Exchange Rate Mechanism II have been adopted," the rating agency commented.</p> <p>According to Fitch, Bulgaria could meet the inflation criterion, which is the final obstacle to eurozone accession, in the fourth quarter of 2024 at the earliest.</p> <p>"However, the lack of a stable government and potentially lengthy negotiations to form a coalition could delay eurozone entry after 2025. The adoption of the euro is a factor that supports Bulgaria's rating," Fitch commented.</p> <p>The agency expects Bulgarian economic growth to speed up to 2.4% in 2024 and to 3.1% in 2025. Annual average inflation is expected to be 3.3% in 2024 and 2.9% in 2025.</p> <p>According to BNB data as of 28 June 2024, gross external debt at the end of April 2024 amounts to EUR 43 140.4 million (42.6% of GDP²), which is EUR 891.6 million (2%) less compared to the end of April 2023 (EUR 44 032 million, 46.9% of GDP). At the end of April 2024, short-term liabilities were €7238m (16.9% of gross debt, 7.2% of GDP), a decrease of €441m (5.7%) from April 2023 (€7723.9m, 17.5% of debt, 8.2% of GDP). Long-term liabilities amount to EUR 35,857.5 million (83.1% of gross debt, 35.4% of GDP), decreasing by EUR 450.6 million (1.2%) compared to the end of April 2023 (EUR 36,308.1 million, 82.5% of debt, 38.6% of GDP).</p>
<p>TAX RISK</p>	<p>Preservation of the current taxation regime is of defining importance for the financial result of the companies. There is no guarantee that the tax laws, which are of direct consequence for the operation of the company, would not be changed in a direction which would result in a significant overhead expense, and respectively would have an adverse effect on the profit of the company. The taxation system in Bulgaria is still undergoing the process of development and consequently the existence of contradictory tax practices is a possibility.</p>
<p>RISKS RELATED TO MILITARY CONFLICTS IN THE MIDDLE EAST AND UKRAINE</p>	<p>The outbreak of military conflict in the Middle East, in addition to the simmering Russia-Ukraine conflict, has the potential to deal a new blow to economic confidence, and at a time when hopes are rising to contain price rises triggered by Russia's invasion of Ukraine in 2022. The conflict that erupted, accompanied by hundreds killed when Hamas fighters invaded from their enclave and Israel responded with force, added the possibility of a wider Middle East conflict to the sense of global instability caused by the hostilities in Ukraine that began more than 20 months ago.</p> <p>Depending on the duration of the conflict and how intense it is expected to become, it will be assessed whether it has the potential to spread to other parts of the region. It is not possible at this time to outline the extent of the effects and manifestations of the conflict on oil and stock prices.</p> <p>Despite the fact that more and more politicians are talking about the need for peace</p>

	<p>talks between the fighting parties, as of the date of this report there has been no serious initiative acceptable to both sides in the conflict to start peace talks.</p> <p>The raging conflict in Gaza has the potential to add an unpredictable set of downside risks to a global economy that is already slowing. The conflict risks higher oil prices and risks to inflation, including affecting the growth prospects of the global economy. Oil and gas price increases caused by military conflicts not only reduce the purchasing power of populations and companies, but also raise the cost of food production.</p> <p>The increasing international pressure on the parties to the conflict has not yet led to the desired end to the fighting and the start of negotiations to find a peaceful solution to the conflict.</p> <p>In addition to serious military conflicts, nations are now struggling with unusually high levels of debt, weak private investment and the slowest recovery in trade for five decades, reducing the chances of an early recovery. Higher interest rates are the result of central bank efforts to tame inflation, making it harder for governments and private companies to access credit and prevent defaults.</p> <p>Added to economic problems fueled by deepening geopolitical conflicts are tensions between the United States and China over technology transfer and security, complicating efforts to work together on other issues such as climate change, debt relief or regional conflict prevention.</p> <p>The U.S. and U.K. attack launched in early 2024 against Yemeni Houthi rebel targets risks significantly expanding the conflict in Gaza. The attacks were the first major act of revenge since the Houthis began attacking merchant ships in the Red Sea - through which about 15% of the world's maritime traffic passes. US and UK forces have attacked anti-aircraft surveillance systems, radars and arsenals of drones, cruise and ballistic missiles in various parts of Yemen under the control of Houthi rebels. At the same time, car manufacturers Tesla and Volvo have already announced the temporary suspension of some of their production in Europe due to component shortages resulting from changes in maritime traffic through the Red Sea. The attacks launched by the United States and the United Kingdom not only increase the scope of the conflict to other actors and geographical spaces, but open the gap between the United States and almost the entire Arab world. Geopolitical tensions coupled with the outbreak of active hostilities in multiple regions contribute to an unstable global order characterized in undermining trust and uncertainty. Recent developments, coupled with the ongoing and deepening impact of extreme meteorological conditions, are increasing cost-of-living pressures and heightening economic uncertainty in much of the world. To these risks should be added the risks associated with the misinformation of societies, which have become increasingly evident in societies that have been politically and economically weakened in recent years. These risks will become increasingly difficult to overcome as global cooperation erodes. At the same time, the consequences of an increasingly fragmented world are affecting the ability to manage emerging global risks precisely because of a lack of consensus and cooperation.</p>
<p>RISK OF ELECTRICITY PRICE INCREASES</p>	<p>The Maritsa East and Bobov Dol coal-fired plants produce over 47 per cent of Bulgaria's electricity. As of 01.07.2024, the commitment of Maritsa East 2 TPP to NEK for electricity production will be cancelled and given the high price of emissions and the fact that the plant is to go fully on the free market, contributes to it stopping operation. As of the date of this report, there is no comprehensive analysis of how this circumstance will affect the price of electricity for economic entities, as there is data that the price of household consumers may increase by about 20 percent. The shocks in the domestic electricity generation market caused by the possible shutdown of coal plants are combined with the shocks in the international market. The rise in the prices of electricity and energy carriers, which increased particularly sharply after Russia's</p>

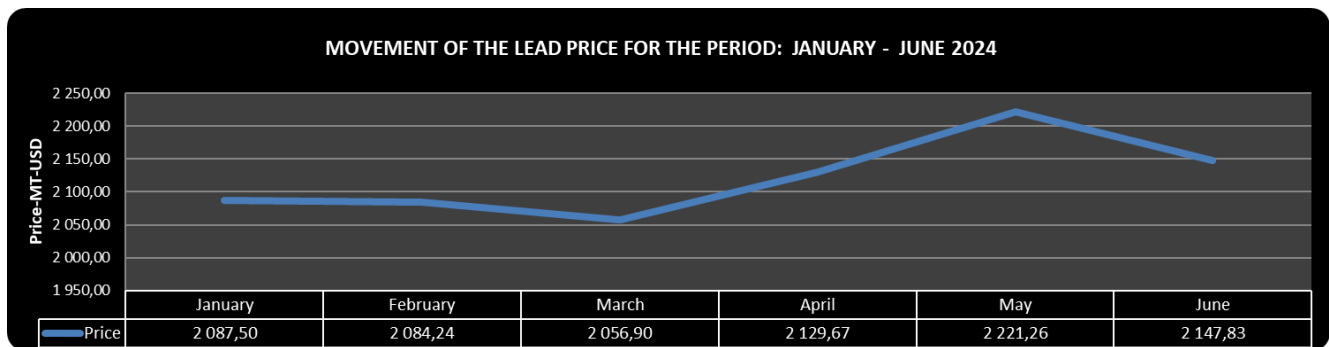
	<p>invasion of Ukraine, put pressure on European consumers. In 2024, the armed conflict in Gaza, which threatened the supply of energy carriers, was added to the general instability on a global scale. The escalation of the war in Gaza and the involvement of the Houthis from Yemen and the subsequent bombing by the US and the UK have led to serious risks to shipping in the Red Sea and hence to the avoidance of this route by oil suppliers.</p> <p>The mentioned military conflicts lead to serious uncertainty in the supply of oil and gas, and hence affect their price, and the price of electricity respectively.</p> <p>If the Red Sea is closed to shipping, even for a short period of time, this will cause another spike in energy prices.</p>
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UNSYSTEMATIC RISKS

RISK OF PRICE CHANGES IN THE BASIC PRIME AND RAW MATERIALS

The principal activity of MONBAT AD is production and trading with accumulator and lead-acid batteries – starter batteries, stationary batteries for telecom application, semi-traction batteries, specialized batteries – army power range and locomotive batteries. Major prime and raw materials for the Group’s production process are lead and lead alloys, polypropylene, polyethylene separator and sulfuric acid.

As at 30.06.2024 lead takes approximately 62% of the cost structure per unit.



****Average lead price or the period 01.01.2024 – 30.06.2024 is – 2 121.23USD/MT**

The risk of price change in the basic raw material – lead is being managed through construction of company’s own recycling facilities and through an indexation of sales prices to end customers.

DEPENDENCE OF MONBAT AD ON DISTRIBUTORS, SUPPLIERS, CUSTOMERS

There is no dependence of MONBAT AD on customers due to the fact that the Group’s sales are not being made directly with customers but through the mediation of an extensive distribution network in the country and abroad. Significant part of the sales with deferred payment in the country and for export is being insured in the Bulgarian Export Insurance Agency (BAEZ) or COFACE by reason of which the risk of non-payment on the part of the customers is mitigated.

As a result of its marketing and distribution strategy, Monbat enjoys excellent market diversification, with sales in more than 75 countries and important markets for this period are Germany, France, Tunisia, and Italy. With its well-developed distributor network Monbat accesses end customers in from all the major markets in the EU, the Middle East and North Africa. Starter batteries ultimately are retailed through automotive retailers and repair shops. Stationary batteries are sold directly to telecom companies and other users.

Breakdown of the markets of MONBAT AD on a consolidated basis for the period 01.01.2024 – 30.06.2024 is shown in the table below.

Table No 7

Country	30.06.2024		30.06.2023	
	Export (EURO '000)	%	Export (EURO '000)	%
Germany	9 274	11.0	7 536	8.3
France	7 983	9.5	8 894	9.8
Tunisia	7 251	8.6	5 445	6.0
Italy	6 748	8.0	7 073	7.8
Spain	4 673	5.5	6 425	7.1
Greece	4 502	5.3	4 221	4.7
Romania	3 776	4.5	6 958	7.7
United Kingdom	3 625	4.3	3 834	4.2
The Netherlands	3 457	4.1	4 147	4.6
Sweden	2 778	3.3	3 283	3.6
Saudi Arabia	2 621	3.1	2 258	2.5
Poland	2 003	2.4	3 625	4.0
Serbia	1 763	2.1	1 464	1.6
Hungary	1 448	1.7	1 225	1.4
Ukraine	1 414	1.7	4 438	4.9
Finland	1 393	1.7	1 050	1.2
Portugal	1 309	1.6	1 167	1.3
Ireland	1 130	1.3	842	0.9
Algeria	1 004	1.2	1 610	1.8
Others	16 116	19.1	15 220	16.8
TOTAL	84 268	100.0	90 715	100.0

For the period 01.01.2024 – 30.06.2024 MONBAT AD has generated consolidated revenues from export sales totaling EUR 84 286 thousand which represents 92.6% of the total net sales revenues.

For the period 01.01.2024 – 30.06.2024 the major market for MONBAT AD was Germany with sales of EUR 9 274 thousand which represents 11.0% of the total consolidated export sales of the Group.

The generated consolidated sales revenues on the domestic market for the first half of 2024 were BGN 13 139 thousand (EUR 6 718 thousand) and represent 7.4% of the net sales revenues of the Group.

Influence of macroeconomic and geopolitical factors

The war between Russia and Ukraine, which started on February 24, 2022, caused a wide international response and affected the countries of Europe in various aspects. The ongoing hostilities between Russia and Ukraine, the imposition of sanctions and restrictions by the European Union, the United States, Canada, Great Britain and other countries against Russia, the Russian Central Bank, credit institutions, companies, individuals, caused significant turmoil in the

financial markets in 2022. As a result, the year 2023 brought continued geopolitical tensions, recalibration of economic growth, inflation, rising interest rates in the US and Europe, and rising commodity prices.

The Group has no net investments, subsidiaries or assets in Russia, Belarus and Ukraine, but trades with companies based in Ukraine.

The Group undertook measures, through which to limit the negative consequences on the financial results.

Risk analysis and measures and actions taken:

- In 2023 and the beginning of 2024 there was normalization of the markets of the main products and goods with which the Group trades, compared to 2022. The following market development was observed:
 - Increased demand for starter car batteries in Western European markets, where historic record sales of this type of product were achieved in 2023, and demand remains strong in the first half of 2024. In 2022, demand for these products was significantly depressed by sharp inflationary movements in the region and the associated shift in consumer behaviour.
 - Decline in sales of larger and more profitable semi-cyclical batteries, representing mainly purchased goods, due to the normalization of the delivery period of US manufacturers of this type of batteries, which was drastically extended in 2022 due to the logistical challenges during the period, and respectively the reorientation of the market back towards US products.
 - Decline in stationary (telecom) battery sales due to substantial volumes to leading telecom operators and system integrators in Russia in the first two months of 2022, just before the start of the war in Ukraine.
- In 2023 and 2024, the Group has not made sales to Russia, while sales to Ukraine represent 1.6% of total revenue for the first half of 2024 (2023: 4.9%).
- In relation to supply chains, the Group is not directly dependent on Russian, Ukrainian or Belarusian suppliers.
- As a result of market volatility, in first quarter of 2024 the average market price of lead was around 1 962 EUR/MT (2023: 1 970 EUR/MT). The Group addresses this volatility and dependence of the price of lead on stock market indices by applying a standard indexation of the selling prices of its production to all its counterparties.

The Group analyses on an ongoing basis all possible impacts of changing micro- and macroeconomic conditions on the Group's future financial position and results of operations. Inflationary processes, expressed in increased costs of direct materials, energy and labour per unit of production, have a significant impact on the Group's operations. The Group has been able to limit the effect of these negative impacts of the macroeconomic environment by refining its customer and product mix (with a focus on higher-margin products and markets) and, where necessary, applying an indexation of selling prices to its customers.

**4. INFORMATION ABOUT THE CONCLUDED LARGE TRANSACTIONS WITH RELATED PARTIES
AS AT 30.06.2024**

All transactions with related parties have been announced in the interim consolidated financial statement of MONBAT as at 30.06.2024.

Date: 29.08.2024

For MONBAT AD:

Viktor Spiriev
/ Executive member of the Board of Directors /