

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

AS AT 31.12.2024 PURSUANT TO article 100o, paragraph 4, item 2 OF LPOS

1. IMPORTANT DEVELOPMENTS FOR MONBAT AD THAT OCCURRED DURING THE PERIOD (01.01.2024 – 31.12.2024)

During the period (01.01.2024 – 31.12.2024) 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&uniqid=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> |

| Date | Developments |
|------------|--|
| | <p>In relation to the convened General Meeting of Bondholders (GMB) on the corporate bond 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</p> |

| Date | Developments |
|------------|---|
| | Bondholders. |
| 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 |

| Date | Developments |
|------------|--|
| | <p>Sashka Dineva Ileva.</p> <p>8. Taking a decision for setting up the mandate of the audit committee and the amount of the 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 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 |
| 22-07-2024 | <p>MONBAT AD announced the following inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014 - notification regarding interest payment on corporate bond issue with ISIN code - BG 2100023170, legal basis: art. 100e 1, para. 1, item 3, letter "d" of the Public Offering of Securities Act with the following content:</p> <p>“MONBAT” AD, as issuer of the bond issue, ISIN code BG2100023170, notifies of an interest payment due on 20.07.2024.</p> <p>Total amount of interest payment: EUR 598 162.04</p> <p>Date on which the composition of the bondholders was determined: 17.07.2024.</p> <p>Payment amount per bond: EUR 21.35</p> <p>Maturity date of next interest payment: 20.01.2025.</p> |

| Date | Developments |
|------------|---|
| 30-07-2024 | MONBAT AD announced the 2024 Q2 Individual financial report. |
| 29-08-2024 | MONBAT AD announced the Q2 2024 consolidated financial report. |
| 29-08-2024 | 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 |
| 03-09-2024 | MONBAT AD announced the following inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014 - notification with the following content: Monbat AD convenes an online meeting of the company's bondholders on 10.09.2024 at 3.30 pm. The company's bondholders may request their participation by 09.09.2024 to the e-mail of the Investor Relations Director d.peeva@irsbg.info or contact@monbat.com indicating the name of the bondholder and its representative at the meeting. |
| 30-10-2024 | MONBAT AD announced the 2024 Q3 Individual financial report. |
| 28-11-2024 | MONBAT AD announced the Q3 2024 consolidated financial report. |
| 28-11-2024 | 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 |
| 04-12-2024 | MONBAT AD announced the following inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014 - notification with the following content: Monbat AD convenes an online meeting of the company's bondholders on 09.12.2024 at 2.00 pm. The company's bondholders may request their participation until 10.00 am on 09.12.2024 to the e-mail of the Investor Relations Director d.peeva@irsbg.info or contact@monbat.com indicating the name of the bondholder and its representative at the 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.

On January 20, 2025, the Company made the final payment of interest and principal on the convertible bonds issue in the amount of EUR 14 476 thousand (BGN 28 313 thousand), whereby the bond issue was fully repaid.

No adjusting or other significant non-adjusting events have occurred between the date of the interim condensed consolidated financial statements and the date of approval for publication.

2. IMPACT OF THE IMPORTANT DEVELOPMENTS FOR MONBAT AD THAT OCCURRED AS AT 31.12.2024 ON THE RESULTS IN THE FINANCIAL STATEMENTS

For the period 01.01.2024 – 31.12.2024, MONBAT AD reports consolidated revenues from contracts with customers in the amount of BGN 385 347 thousand, which represents a decrease of 1.7% compared to 2023 revenues in the amount of BGN 392 060 thousand.

For the reporting period of 2024 normalized EBITDA (profit before interest and amortization, decreased with financial incomes and impairments and increased with financial expenses) from continuing operations of MONBAT AD amounts to BGN 42 626 thousand compared to BGN 40 522 thousand in 2023. This represents an increase in EBITDA of 5.2%.

For the reporting period of 2024 EBIT (earnings before tax, increased by financial expenses and reduced by financial income) from continuing operations of MONBAT AD is BGN 18 550 thousand, compared to EBIT from continuing operations for the same period of 2023 of BGN 17 894 thousand.

Consolidated profit before taxes from continuing operations generated by MONBAT AD in 2024 is BGN 9 370 thousand compared to BGN 16 818 thousand in 2023. This represents a decrease in profit before taxes by 44.3%.

Consolidated net profit for 2024 is BGN 7 153 thousand, an increase of 18.4% compared to the net profit of the company on a consolidated basis for the same period of 2023, which was BGN 6 041 thousand.

FINANCIAL INDICATORS

Table No 2

| LIQUIDITY RATIOS | 31.12.2024 | 31.12.2023 |
|---------------------------------|-------------------|-------------------|
| Total liquidity ratio | 1.23 | 1.35 |
| Quick liquidity ratio | 0.77 | 0.87 |
| Absolute liquidity ratio | 0.08 | 0.06 |
| Immediate ratio | 0.08 | 0.06 |

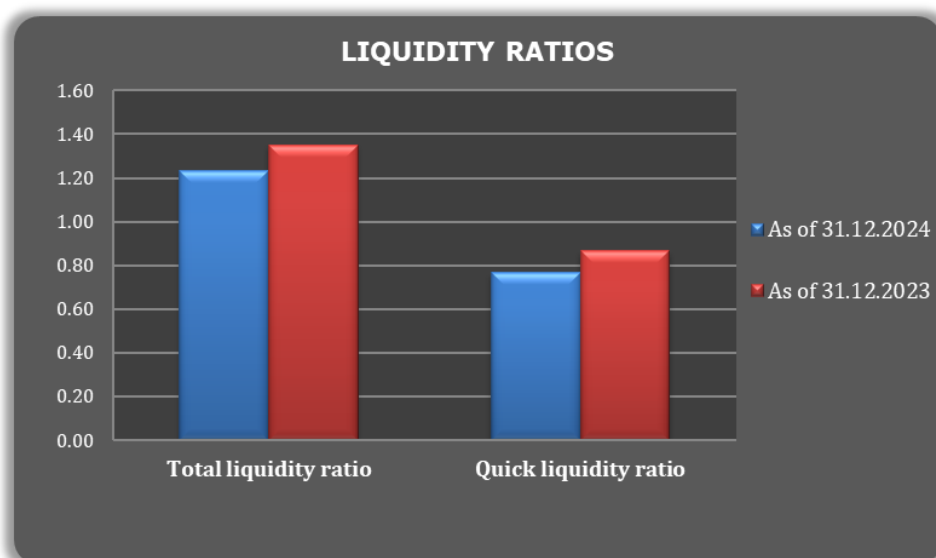


Table No 3

| PROFITABILITY RATIOS | 31.12.2024 | 31.12.2023 |
|--------------------------|------------|------------|
| Profitability of capital | 0.20 | 0.27 |
| Return on equity (ROE) | 0.034 | 0.047 |
| Return assets (ROA) | 0.016 | 0.021 |

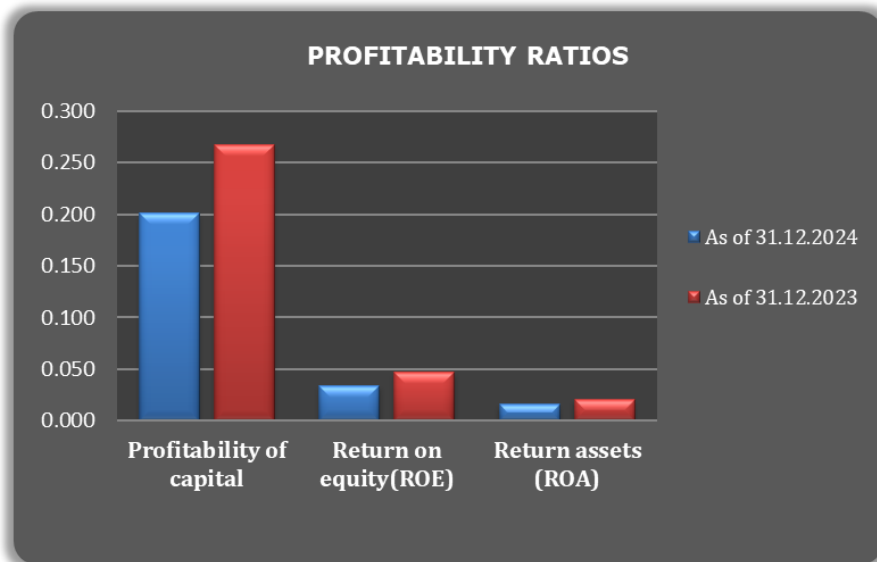


Table No 4

| LEVERAGE RATIOS | 31.12.2024 | 31.12.2023 |
|--------------------------|------------|------------|
| Financial leverage ratio | 1.16 | 1.28 |
| Debt/Assets | 0.54 | 0.56 |
| Financial autonomy ratio | 0.86 | 0.78 |

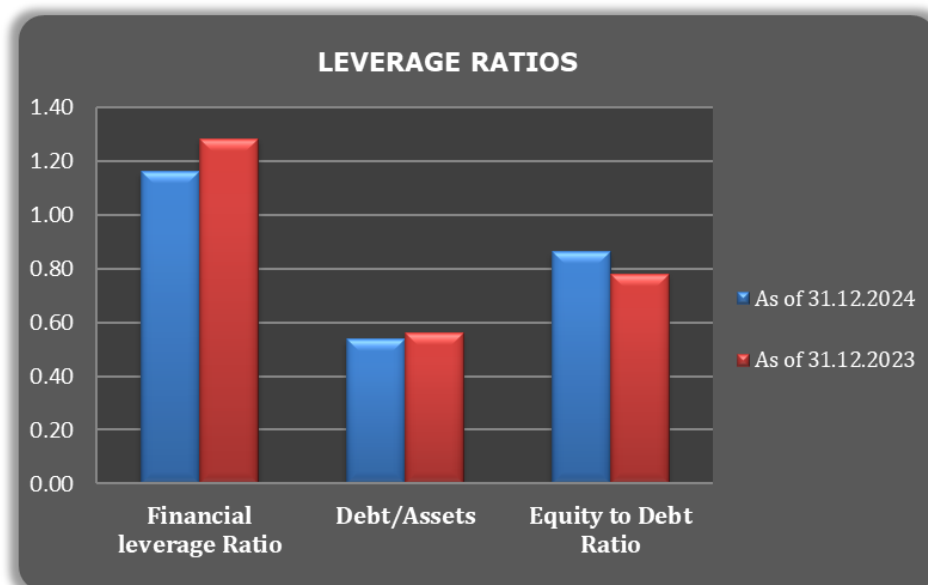
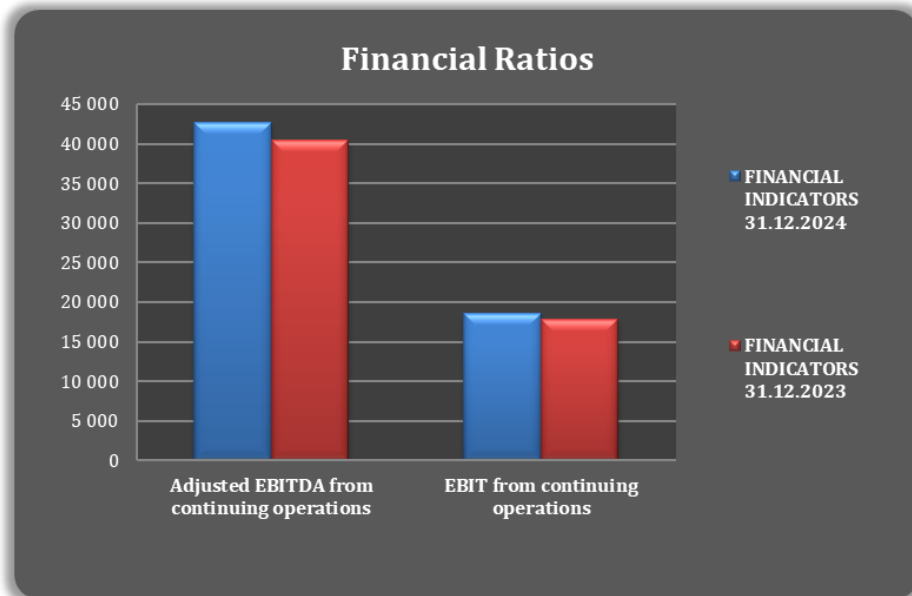


Table No 5

| FINANCIAL RATIOS | 31.12.2024 | 31.12.2023 |
|--|------------|------------|
| Normalized EBITDA from continuing operations | 42 626 | 40 522 |
| EBIT from continuing operations | 18 550 | 17 894 |



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 Company operates in and therefore could not be managed or controlled by the company 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 ongoing 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. The expectations of the</p> |

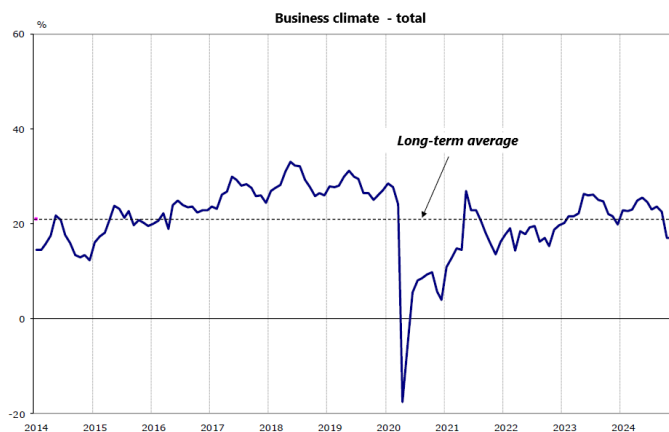
business community are that a regular government will be formed with a maximum long-term horizon of action, which will take a clear commitment to maintain macroeconomic stability and a good business environment. The main focus of the Bulgarian government, which is expected to be formed and supported by four parties in the Bulgarian Parliament, should be economic stability and foreign investment. Crucial to this is the conduct of prudent budgetary policies, respect for fiscal rules, and keeping direct taxes low.

In any case, the support of a more stable majority in parliament would give a government a horizon for action to take decisions, which as a result would contribute to improving the investment climate.

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".

**OVERALL
MACROECONOMIC
RISK**

According to the data of the National Statistical Institute as of 30.12.2024, the overall indicator of the business climate in December 2024 increased by 1.7 points (from 17.0% to 18.7%) compared to the previous month. The indicator increased in industry, retail trade and services. Only construction recorded a decrease.

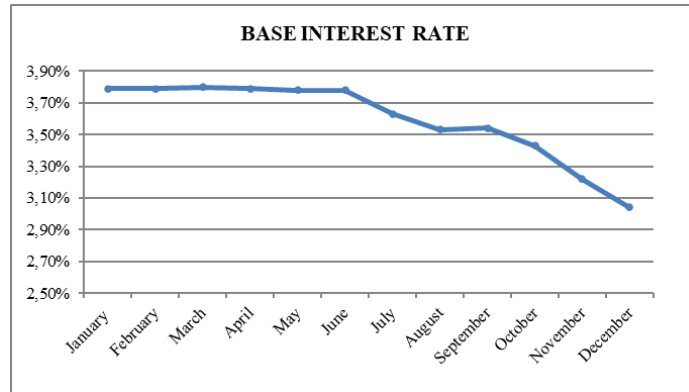


Source: NIS

In December 2024, the composite indicator "business climate in industry" increased by 1.9 points (from 15.8% to 17.7%) as a result of more favourable expectations of industrial entrepreneurs about the business situation of enterprises in the next six months. According to them, there has been some increase in the order provision in manufacturing over the last month, which, however, has not been accompanied by increased expectations for manufacturing activity over the next three months. The uncertain economic environment and labour shortages continue to be the main obstacles to business development, with the negative impact of the first factor increasing in December. Managers' forecasts for industrial selling prices over the next three months are increasing.

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| | <p>In December 2024, the composite indicator "business climate in construction" falls by 3.5 points (from 20.4% to 16.9%), due to more moderate assessments and expectations of construction developers about the business situation of enterprises. At the same time, their forecasts for construction activity over the next three months are more reserved. The main problem for activity in the sector remains the uncertain economic environment, indicated by 58.9% of enterprises. Labour shortages and materials prices are the second and third most important issues. A majority of construction developers anticipate selling prices to remain unchanged over the next three months.</p> <p>In December 2024, the composite indicator "business climate in the services sector" increased by 2.4 points (from 9.5% to 11.9%), due to the favourable assessments and expectations of managers about the business situation of enterprises. However, their views on the current and expected demand for services are more moderate. The uncertain economic environment remains the most serious obstacle to activity in the sector. The most recent survey recorded an increase in the negative impact of the 'competition in the industry' factor, which has replaced labour shortages in third place. Regarding selling prices in the services sector, managers expect an increase, although the majority of them foresee that they will remain at the same level over the next three months.</p> <p>According to the macroeconomic forecasts of the Eurosystem experts, set out in the Economic Bulletin No 8/2024 of the European Central Bank, average annual real GDP growth is projected to be around 0.7% in 2024, 1.1% in 2025 and 1.4% in 2026, before declining to 1.3% in 2027. Compared with the September 2024 projections, the real GDP growth forecast has been revised down mainly due to revisions to investment data in the first half of 2024, expectations of weaker export growth in 2025 and a small downward revision to the expected increase in domestic demand in 2026. Fiscal and structural policies will make the economy more competitive and resilient as well as more productive. It is crucial that Mario Draghi's proposals to strengthen Europe's competitiveness and Enrico Letta's proposals to strengthen the single market are swiftly followed by concrete and ambitious structural policies. The Governing Council welcomes the European Commission's assessment of governments' medium-term fiscal and structural policy plans as part of the EU's revised economic governance framework. Governments should now focus their attention on fully implementing their commitments under the framework without delay. This will contribute to a sustained reduction in budget deficits and debt ratios, while at the same time prioritising growth-friendly reforms and investment.</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 12 December 2024, the Governing Council of the European Central Bank decided to decrease by 25 basis points the ECB's three key interest rates. In particular, the decision to lower the deposit facility rate, through which the Governing Council sets the monetary policy course, is based on an updated assessment of the inflation outlook, the dynamics of core inflation and the good functioning of the monetary policy transmission mechanism. The Governing Council is determined to ensure a lasting stabilisation of inflation at the medium-term target of 2%.</p> <p>According to the December 2024 euro area macroeconomic forecasts by Eurosystem experts, overall inflation is expected to average 2.4% in 2024, 2.1% in 2025, 1.9% in 2026 and 2.1% in 2027, when the EU's extended emissions trading scheme will come</p> |

into effect.



*Source:BNB

INFLATION RISK

Inflation risk is a general price increase in which money depreciates and households and firms are likely to incur losses.

Index of consumer prices: 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%.

Harmonised index of consumer prices: 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%.

Index of consumer prices: 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%.

Harmonised index of consumer prices: 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%.

Index of consumer prices: 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%.

Harmonised index of consumer prices: 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%.

Index of consumer prices: 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%.

Harmonised index of consumer prices: 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%.

Index of consumer prices: 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 2023 is 5.1%.

Harmonised index of consumer prices: 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%.

Index of consumer prices: 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%.

Harmonised index of consumer prices: 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%.

Index of Consumer Prices: In July 2024, monthly inflation is 0.8% and annual inflation for July 2024 compared to July 2023 is 2.4%. Year-to-date inflation (July 2024 versus December 2023) is 1.1% and average annual inflation for August 2023-July 2024 versus August 2022-July 2023 is 4.1%.

Harmonized Index of Consumer Prices: In July 2024, monthly inflation is 1.2% and annual inflation for July 2024 versus July 2023 is 2.8%. Year-to-date inflation (July 2024 versus December 2023) is 1.9% and average annual inflation for August 2023-July 2024 versus August 2022-July 2023 is 4.3%.

Index of Consumer Prices: In August 2024, monthly inflation is 0.1% and annual inflation for August 2024 compared to August 2023 is 2.1%. Year-to-date inflation (August 2024 versus December 2023) is 1.2%, and average annual inflation for September 2023-August 2024 versus September 2022-August 2023 is 3.6%.

Harmonized Index of Consumer Prices: In August 2024, monthly inflation was 0.1% and annual inflation for August 2024 versus August 2023 was 2.4%. Year-to-date inflation (August 2024 versus December 2023) is 2.0%, and average annual inflation for the September 2023-August 2024 versus September 2022-August 2023 period is 3.8%.

Index of Consumer Prices: In September 2024 monthly inflation is -1.0% and annual inflation for September 2024 compared to September 2023 is 1.2%. Year-to-date inflation (September 2024 versus December 2023) is 0.1% and the average annual inflation rate for October 2023-September 2024 versus October 2022-September 2023 is 3.2%.

Harmonized Index of Consumer Prices: In September 2024 monthly inflation is -1.1% and annual inflation for September 2024 versus September 2023 is 1.5%. Year-to-date inflation (September 2024 versus December 2023) is 0.8%, and average annual inflation for October 2023-September 2024 versus October 2022-September 2023 is 3.4%

Index of Consumer Prices: In October 2024, monthly inflation is 1.1% and annual inflation for October 2024 compared to October 2023 is 1.8%. Year-to-date inflation (October 2024 versus December 2023) is 1.2%, and average annual inflation for November 2023-October 2024 versus November 2022-October 2023 is 2.9%.

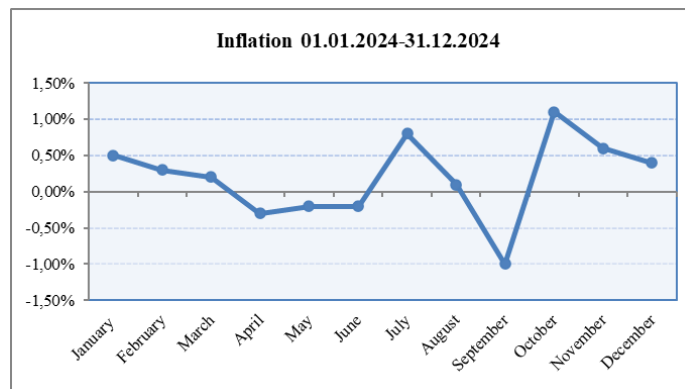
Harmonized Index of Consumer Prices: In October 2024, monthly inflation is 0.6% and annual inflation for October 2024 versus October 2023 is 2.0%. Year-to-date inflation (October 2024 versus December 2023) is 1.5%, and average annual inflation for November 2023-October 2024 versus November 2022-October 2023 is 3.1%.

Index of Consumer Prices: In November 2024, monthly inflation is 0.6% and annual inflation for November 2024 compared to November 2023 is 2.1%. Year-to-date inflation (November 2024 versus December 2023) is 1.8%, and average annual inflation for December 2023-November 2024 versus December 2022-November 2023 is 2.6%.

Harmonized Index of Consumer Prices: November 2024 monthly inflation is 0.3% and annual inflation for November 2024 versus November 2023 is 2.0%. Year-to-date inflation (November 2024 versus December 2023) is 1.7%, and average annual inflation for December 2023-November 2024 versus December 2022-November 2023 is 2.8%.

Index of consumer prices: In December 2024, the monthly inflation rate is 0.4% and the annual inflation rate for December 2024 compared to December 2023 is 2.2%. Year-to-date inflation (December 2024 versus December 2023) is 2.2% and the average annual inflation rate for January 2024 to December 2024 versus January 2023 to December 2023 is 2.4%.

Harmonized Index of Consumer Prices: In December 2024, the monthly inflation rate is 0.3% and the annual inflation rate for December 2024 compared to December 2023 is 2.1%. Year-to-date inflation (December 2024 versus December 2023) is 2.1%, and average annual inflation for January 2024 to December 2024 versus January 2023 to December 2023 is 2.6%



*Source: NIS

CURRENCY RISK

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.

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.

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.

According to the Activity Report of the Ministry of Finance for the period 9 April - 26 August 2024, a Partnership Agreement was signed on 12 April 2024 between the European Commission (EC) and the Republic of Bulgaria to organize information and communication campaigns on the introduction of the euro in the country. The document foresees the coordination of the efforts of the Bulgarian and European authorities in order to raise public information about the functioning of the Economic and Monetary Union and to support the smooth changeover from the euro to the lev. On 26 June 2024, the European Commission (EC) and the European Central Bank (ECB) published the Convergence Reports 2024, in which they present their assessment of the progress towards the euro area made by the six Member States obliged to adopt the euro: Bulgaria, the Czech Republic, Hungary, Poland, Romania and Sweden.

According to this year's convergence reports, Bulgaria continues to steadily meet three of the four numerical criteria for membership, namely those on the stability of public finances (budget balance and government debt), the exchange rate and the long-term interest rate. Bulgaria does not meet only the price stability criterion, as inflation is expected to fall in the coming months, which would allow Bulgaria to meet the last challenge to its euro area membership. The reports note that of the six countries under consideration, only Bulgaria's legislation can be considered compatible with EU law, subject to the conditions and interpretations set out in the reports. In the context of full membership of the euro area, Bulgaria should continue its steps towards ensuring a stable and predictable business environment and institutional framework to achieve sustainable convergence with the countries of the euro area.

According to the Ministry of Finance, on 18 October 2024 the rating agency Fitch Ratings confirmed Bulgaria's long-term foreign and local currency credit rating BBB with a positive outlook. Bulgaria's rating is supported by the country's strong external and fiscal position compared to countries with the same rating, the credible policy framework from the European Union (EU) membership and the long-standing functioning of the currency board regime. Fitch notes that low labour productivity and unfavourable demographics have a deterrent effect on potential growth and the long-term stability of government finances. The positive outlook reflects the country's prospects for euro area membership, which would lead to further improvements in its external position indicators. The Agency considers that there is broad political commitment at national and European level to adopt the euro.

Bulgaria fulfils all the nominal convergence criteria for euro adoption, with the exception of price stability. Inflation in Bulgaria continues to cool, narrowing the gap between the country's annual average inflation and that of the three best performing EU Member States.

According to BNB data from 30.01.2025, gross external debt at the end of November 2024 amounted to EUR 47,689.2 million (46.6% of GDP²), which is EUR 3,864.1 million (8.8%) more than at the end of November 2023 (EUR 43,825.1 million, 46.3% of GDP). At the end of November 2024, short-term liabilities were EUR 8,142.8 million (17.1% of gross debt, 8% of GDP) and increased by EUR 679.4 million (9.1%) compared to November 2023 (EUR 7,463.4 million, 17% of debt, 7.9% of GDP). Long-term liabilities

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| | <p>amounted to EUR 39,546.4 million. euros (82.9% of gross debt, 38.6% of GDP) at the end of November 2024, increasing by 3,184.7 million euros (8.8%) compared to the end of November 2023 (36,361.7 million euros, 83% of debt, 38.4% 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 ongoing third year of war in Ukraine, the conflict between Israel and Hamas, further complicated by hostilities involving the Yemeni Houthis and the inclusion of territories from Lebanon and Syria in the military conflict, reinforces the belief that geopolitics has important significance for the global economy in 2024. The global economy can be affected by geopolitical events both directly and indirectly. On the trade side, increased restrictions due to tensions between countries can disturb trade flows and cause supply chain problems. Restrictions can also affect commodity prices and lead to shortages of key resources such as oil and gas, affecting industrial production worldwide. Taken together and mutually reinforcing, the global economy could experience higher inflation, lower growth and significant welfare losses in times of geopolitical tension. Many of the geopolitical risks that the world will face in 2025 come from existing contradictions between the world's economically and militarily leading states.</p> <p>Although less likely, there is a risk that regional war in the Middle East could lead to actions against or by Iran that could significantly disturb Iranian and global oil supplies.</p> <p>Moreover, a crisis in the Middle East could have a significant impact on global markets, even without disrupting oil supplies. Given that roughly 12% of global maritime trade passes through the Red Sea, Houthi attacks are likely to keep cargo insurance rates high, cause longer trade voyages, disturb supply chains, and increase inflationary pressures. At the same time, the situation in Ukraine is becoming more challenging as the likelihood of a de facto partition of the country increases. Russia has a material advantage as its economic and military capabilities have strengthened. Ukraine, on the other hand, is struggling with labour shortages and is seeking to improve its defence production. Increased cooperation between Iran, North Korea and Russia, as well as failures of the Chinese growth model, also carry international risks.</p> <p>President Donald Trump's inauguration also has the potential to affect the global economy in three main ways.</p> <p>The first is through increased pressure on the Federal Reserve - the US central bank - and unconventional fiscal policies (taxes and public spending). Although Trump's insistence on lowering interest rates could hurt the disinflation process, his unconventional tax reductions could put even more pressure on fiscal balances through higher deficits. In addition, his proposed policy of imposing 10% tariffs on all imported goods could further disturb supply chains. Trump's stance on foreign policy and security issues, especially with regard to NATO member states, could change global power dynamics. The possibility of a new trade war between the US and China cannot be underestimated, which will further complicate the economic development of the European Union.</p> |

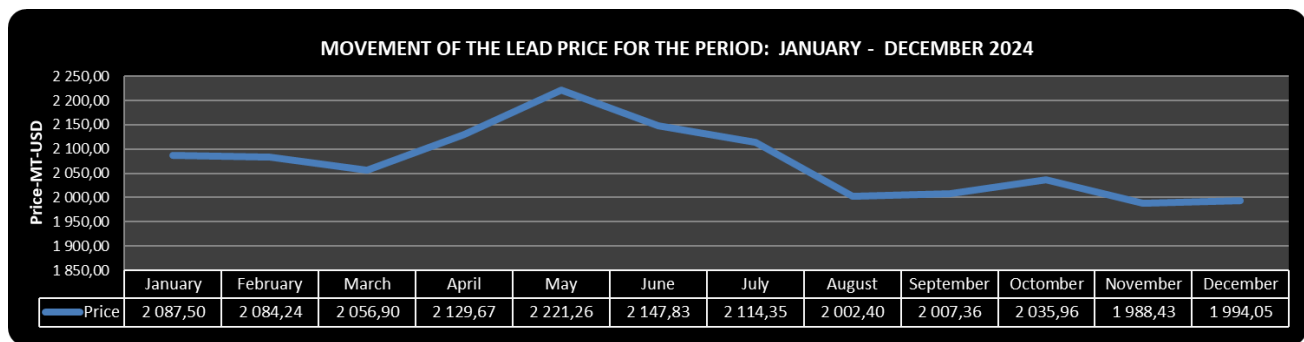
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|--|---|
| | <p>In addition to serious military conflicts, nations are now struggling with unusually high levels of debt, weak private investment and the slowest recovery in trade for five decades, reducing the chances of an early recovery. Higher 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>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 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, Hezbollah from Lebanon and hostilities on the territory of Syria and the subsequent bombing by Israel, 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> |

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 company’s production process are lead and lead alloys, polypropylene, polyethylene separator and sulfuric acid.

In 2024 lead takes approximately 62% of the cost structure per unit.



**Average lead price or the period 01.01.2024 – 31.12.2024 is – 2 072.50 USD/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 Group’s sales are not 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, Italy and France. 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 sales by markets of MONBAT AD on an individual basis as at 31.12.2024 is shown in the table below.

Table No 7

| Country | 31.12.2024 | | 31.12.2023 | |
|----------------|--------------------|--------------|--------------------|--------------|
| | Export (EURO '000) | % | Export (EURO '000) | % |
| Germany | 20 328 | 11.2 | 20 161 | 10.9 |
| France | 16 164 | 8.9 | 18 582 | 10.0 |
| Italy | 13 657 | 7.5 | 12 748 | 6.9 |
| Tunisia | 13 418 | 7.4 | 12 452 | 6.7 |
| Romania | 10 591 | 5.8 | 10 498 | 5.7 |
| Greece | 7 885 | 4.3 | 8 168 | 4.4 |
| Ukraine | 7 546 | 4.2 | 6 564 | 3.5 |
| Poland | 7 170 | 4.0 | 8 728 | 4.7 |
| United Kingdom | 6 474 | 3.6 | 7 954 | 4.3 |
| Spain | 6 359 | 3.5 | 9 253 | 5.0 |
| Algeria | 6 204 | 3.4 | 3 754 | 2.0 |
| Netherlands | 5 885 | 3.2 | 7 020 | 3.8 |
| Sweden | 5 292 | 2.9 | 5 040 | 2.7 |
| Saudi Arabia | 4 424 | 2.4 | 2 822 | 1.5 |
| Serbia | 4 047 | 2.2 | 4 886 | 2.6 |
| Hungary | 3 324 | 1.8 | 2 806 | 1.5 |
| Ireland | 2 858 | 1.6 | 2 258 | 1.2 |
| Finland | 2 183 | 1.2 | 2 130 | 1.2 |
| Portugal | 2 180 | 1.2 | 2 133 | 1.2 |
| Others | 35 365 | 19.5 | 37 085 | 20.0 |
| TOTAL | 181 354 | 100.0 | 185 042 | 100.0 |

For the period 01.01.2024 – 31.12.2024 MONBAT AD achieved consolidated revenues from international markets amounting to EUR 181 353 thousand, which represents 92.0% of the Group's total net sales revenues.

In 2024, major market for MONBAT AD was Germany with EUR 20 328 thousand revenues, which represents 11.2% of the total consolidated export of the Group.

Sales revenues generated on the domestic market in 2024 were BGN 30 652 thousand (EUR 15 672 thousand) and represent 8.0% 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 years 2023 and 2024 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.

To address the aforementioned circumstances, 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 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 again in 2024, thanks to long-standing partnerships with local distributors of car batteries and other automotive spare parts, as well as the addition of new customers to the Group's portfolio. 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 the sales of larger and more profitable semi-cyclical batteries, 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 sales in 2024 of starter batteries intended for heavy-duty vehicles (trucks and tractors), due to market movements that put the goods sold by the Group in a relatively uncompetitive position. To address this decline in sales of this range of batteries, the Company's Design and Technology department has been working to improve the design and technical characteristics of the batteries, whereby their performance and cost have improved, accordingly an increase in demand from the Company's customers is expected.
- In 2023 and 2024, the Group has not made sales to Russia, while sales to Ukraine represent 3.8% of total revenue for 2024 (2023: 3.3%).
- 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 nine months of 2024 the average market price of lead was around 1 916 EUR/MT (2023: 1 977 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 analyzes 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 31.12.2024

All transactions with related parties have been announced in the interim consolidated financial statement of MONBAT as at 31.12.2024.

Date: 28.02.2025

For MONBAT AD:

Viktor Spiriev
/ Executive member of the Board of Directors /