SOF Connect AD

ANNUAL REPORT ON THE ACTIVITY,

INDEPENDENT AUDITOR’S REPORT AND

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

SOF Connect AD
ANNUAL REPORT ON THE ACTIVITIES
For the year ended 31 December 2025

The management of SOF Connect AD presents its annual report and annual financial statements as at 31 December 2025, which are prepared in accordance with the International Financial Reporting Standards (IFRS) Accounting Standards, as adopted in the European Union ("IFRS Accounting Standards as adopted by the EU").

General Information

SOF Connect AD (the Company) was registered with the Commercial Register of the Republic of Bulgaria under UIC 206155179 on 7 July 2020. The seat and registered office of the Company is located at the Republic of Bulgaria, 1540 Sofia, 1 Christopher Columbus Blvd, Sofia Airport. The financial year of the Company ends on the 31st of December.

The main activity of the Company is: exploitation, maintenance, development and expansion of Sofia civil airport for public use in connection with a concession agreement dated 22 July 2020, signed between SOF Connect AD and the Ministry of Transport, Information Technology and Communications of the Republic of Bulgaria for the concession of Sofia Civil Airport – public state property. The awarded concession involves activities such as airport operator, airport administration and ground-handling operator; performance of commercial airport services, such as food and beverages, car parking, environmental and facility management and other airport services and activities related to the operation of Sofia Airport.
The starting date of the concession is 19 April 2021 and the concession is for a period of 35 years.

SOF Connect AD focused mainly on achieving the international safety, security and quality of service standards, meeting the needs and expectations of various clients (airlines, service providers, passengers, citizens). The activity of airport administration involves the management, development, maintenance and operation of the airport infrastructure (construction works and capital expenditures necessary to build, repair or modernise Sofia Airport or part thereof).

Structure of the Share Capital

The registered capital of the Company amounts to BGN 6,650,000 (six million six hundred and fifty thousand) divided into 2,550,000 (two million five hundred and fifty thousand) ordinary (Class A), registered shares with one vote each, each with nominal and issue value of BGN 1 (one) and 4,100,000 (four million and one hundred thousand) preferred (class B), registered shares with fifty-six votes each and a nominal value of BGN 1 (one) and an issue value of BGN 56 (fifty-six).

The Company has not declared or distributed dividends to its shareholders in 2025.

Management

The members of the Management Board are elected for a term of three years. As at 31 December 2025, the members of the Management Board are:

- Jesús Caballero Pinto, Chief Executive Officer and Chairperson of the Management Board
- Juan Ramon Matas Sebastia, Chief Operations and Services Officer and member of the Management Board
- Anelia Dimova, Chief Human Resources Officer, and member of the Management Board

The Company is represented by Jesús Caballero Pinto, Chief Executive Officer.

A Supervisory Board with a three-year term of office was also elected, which as at 31 December 2025 includes the following members:

- Thierry Déau
- Marco Rosso
- David Delgado-Romero
- Guyve Sardari
- Filip Gunev
- Fadi Selwan
- David Feldman

As at 31 December 2025, the shareholders in the Company are:

-Meridiam Eastern Europe Investments SAS – 99.98%
-Meridiam Infrastructure Europe III S.L.P. – 0.01%
-Meridiam Investments SAS – 0.01%

Information about the ultimate beneficial owner of the Company: Meridiam Infrastructure Europe III S.L.P., France – a partnership limited by shares is an investment fund managed by Meridiam SAS and as such is subject to specific regulations and has no shareholders as such, but only institutional investors. There is also no natural person/company investor in Meridiam Infrastructure Europe III S.L.P., which owns a direct or indirect share of 25% or more in SOF Connect AD.

In 2025, no contracts were concluded by the members of the Management Board and the Supervisory Board within the meaning of Article 240b of the Commerce Act.

The remuneration paid to the members of the Management and the Supervisory Boards in 2025 amounts to BGN 1,784 thousand.

The shareholdings of the members of the Management Board and the Supervisory Board of SOF Connect AD in other companies as unlimited partners with more than 25% of the capital in these companies, as well as their participation in the management of other companies and cooperatives as procurators, executive directors or members of the governing bodies, are duly represented in accordance with the requirements of the applicable law, in particular:

Member of the Supervisory or Management Board	**Holding more than 25% of the shares in the capital of other companies**	**Participating in the management of other companies**
Thierry Déau	54 Invest SAS	Autostrada Wielkopolska S.A. Autostrada Wielkopolska II S.A. Norscut, Concessao de Auto-Estradas, S.A. Vélopolis SAS Suez Sonate TopCo (Suez) Allego Opera Charging BV Centrale Electrique de l'Ouest Guyanais Evergaz SA Ecole Nationale des Ponts et Chaussées Fondation des Ponts et Chaussées AIFP Meridiam SAS, funds holdings managed by Meridiam SAS and participations
Marco Rosso	Alpenbeteiligungs AG, Switzerland	Autostrada Wielkopolska S.A. Autostrada Wielkopolska II S.A. Tram di Firenze SpA A49 Autobahngesellschaft mbH & Co. KG Pisamover SpA Meridiam Glasfaser A GmbH & Co. KG Cargo Sous Terrain Montabau Fiber Vodafone Fiber Deployment Plan 1 Boyne Energy Campus Meridiam Service SARL
David Delgado-Romero	MDLH Auteuil SCP	Dobra Energia dla Olsztyna Sp.z.o.o. Infra Invest Iberia SA GranVia A.S. VIA SALIS, s.r.o. Netcity Telecom SRL

Member of the Supervisory or Management Board	Holding more than 25% of the shares in the capital of other companies	Participating in the management of other companies
		Tieyhtio Valtatie 7 Oy (E18 I) Tieyhtio Vaalimaa Oy (E18 II) Kumppanuuskoulut Oy (Espoo Schools)
Guyve Sardari	-	DirectRoute (Limerick) Ltd
Fadi Selwan	MDLH Auteuil SCP	Evergaz SA Terminal à Conteneurs de Nouakchott SA Autostrada Wielkopolska S.A. Autostrada Wielkopolska II S.A. SR400 Peach Partners LLC Conrac Solutions Acquisition RNO ConRAC LaGuardia Gateway Partners, LLC I-66 Express Mobility Partners NTE Mobility Partners LLC YZG Saglik Yatirim ADN PPP Saglik Yatirim BRS Saglik Yatirim A.S. ELZ Saglik Yatirim A.S. BIOVEA ENERGIE Concessionária de Auto-Estradas, SA Airport International Group NeuConnect Deutschland GmbH & Co.KG Purple Line Transit Partners, LLC Societe Autroroutiere du Gabon Centrale Electrique de l'Ouest Guyanais Gaziantep Integrated Health Campus Ravinala SETRAG Norscut, Concessao de Auto-Estradas, S.A. US Fiber Platform Voltalis SA Meridiam SAS and affiliates, funds holdings managed by Meridiam SAS and participations
Filip Gunev	PMG Analytics Ltd. PMG Kareer Horizons“ Ltd	PMG Analytics Ltd. PMG Kareer Horizons“ Ltd
David Feldmann	100% Exambela SARL (Switzerland)	-
Jesús Caballero Pinto	-	Airport International Group Airport Council International Europe ACI Fund Council LaGuardia Gateway Partners, LLC
Juan Ramon Matas Sebastia	-	-
Anelia Dimova	-	-

The members of the Management Board and respectively of the Supervisory Board do not participate in the share capital and are prohibited from acquiring shares or bonds of the Company.

Key performance indicators

in BGN thousand	**2025**	**2024**
Operating revenue	327,127	267,098
Operating expenses (excl. depreciation and amortisation)	190,768	147,884
Earnings before Interest, Taxes, Depreciation, and Amortisation (EBITDA)	136,359	119,214
EBITDA / Operating revenue (%)	42%	45%
Earnings before Tax (EBT)	43,274	22,247
EBT/ Operating income (%)	13.2%	8.3%
EBT before revaluation of derivatives	48,673	32,091
Net profit for the period	38,942	20,012
Total assets	1,490,012	1,588,619
Total liabilities	1,237,373	1,374,965
Total equity	252,639	213,654
Total equity / Total assets (%)	17%	13%
Total liabilities / Total equity (%)	490%	644%
Total liabilities / Total assets (%)	83%	87%
Return on equity (%)	15%	9%
Return on assets (%)	2.61%	1.26%

Financial Performance and Financial Position

The concession agreement entered into force on 19 April 2021 and allowed the Company to commence generating revenue and cash flows from the exploitation of Sofia Airport. In 2025 the Company reported operating income in the amount of BGN 327,127 thousand (2024: BGN 267,098 thousand) and operating costs in the amount of BGN 190,768 thousand (2024: BGN 147,884 thousand). The result for the period is a net profit of BGN 38942 thousand (2024: net profit BGN 20,012 thousand).

In 2025 EBITDA reached BGN 136,359 thousand (2024: BGN 119,214 thousand) while EBT before revaluation of derivatives amounted to BGN 48,673 thousand (2024: BGN 32,091 thousand). In 2025, Sof Connect realized a loss from revaluation of interest rate swaps of BGN 5,399 thousand (2024: loss of BGN 9,844 thousand). As a result, EBT after the revaluation of derivatives declined to BGN 43,274 thousand or 13.2% of Operating Income (2024: BGN 22,247 thousand or 8.3% Operating income).

As at 31 December 2025 the Company has recognised total assets in the amount of BGN 1,490,012 thousand (31 December 2024: BGN 1,588,619 thousand), including concession rights in the amount of BGN 1,043,368 thousand (31 December 2024: BGN 1,064,149 thousand) and capitalized expenses related to concession in the amount of BGN 36,745 thousand (31 December 2024: BGN 37,477 thousand). In addition, the Company has capitalized BGN 3,597 thousand related to the right of use of assets under IFRS 16 (31 December 2024: BGN 5,549 thousand). As of 31 December 2024, as result of the full disbursement of Facility 2 and Facility 3 all related bank fees have become part of the amortized cost of the respective facilities.

The management of the Company exerts strict control over the operating costs to maintain the financial stability of the Company, as well as to timely and accurately service its liabilities to suppliers, creditors and related parties. The Company enjoys a strong liquidity position and all liabilities are being repaid timely. The policy of the Company is to maintain adequate liquidity to ensure all liabilities are timely met, will continue in 2026 and the Company does not anticipate any issues in this area.

The Company has secured bank loans in the amount of BGN 469 million and capital from the shareholders (including shareholders' loans) in the amount of BGN 469 million. As at 31 December 2025, the total amount of the committed bank loans and shareholder funds has been utilized and partially repaid.

The Company operates in Bulgaria and is exposed to several external risk factors – political, economic, social, technological, legal and those related to environmental protection. The management analyses and takes necessary measures to mitigate the impact of each of these factors.

To partially restore the economic balance of the concession, which was disrupted by the COVID-19 pandemic, in 2021 the Company and the Ministry of Transport and Communications signed an annex to the concession agreement, postponing the payment of the annual concession fees during the first ten years to the economic imbalances caused by the COVID-19.

The Company's management has considered the enduring consequences of the COVID-19 pandemic and the ongoing military conflicts in Ukraine and in the Middle East and has concluded that they do not create major uncertainty regarding the ability of the Company to continue its operations as a going concern.

Business development

Market environment – traffic

Reported traffic

Period	Passengers	Flights
2019	7,107,096	61,371
2020	2,937,846	35,954
2021	3,364,151	40,771
2022	6,003,653	53,722
2023	7,208,987	60,561
2024	7,922,702	65,764
2025	8,413,762	68,064

The main competitors of Sofia Airport in terms of development of the air transport network are the airports in Athens, Belgrade, Bucharest and others in the region.

Externalization of activities

On 1 October 2025, the Company and Swissport Bulgaria AD entered into Cargo Operations Agreement whereby SOF Connect granted to Swissport Bulgaria the right to develop and perform cargo operations at the airport against payment of a cargo services fee and against the obligation to perform certain investments to improve the quality and the safety of the cargo areas at Sofia Airport. On 1 February 2026, SOF Connect AD transferred to Swissport Bulgaria its cargo activities along with respective employeesin accordance with Art. 123, para. 1, item 7 of the Labor Code.

On 5 December 2025, the Company and Aviapartner Bulgaria EOOD entered into a Ground Handling Operator Agreement whereby the latter assumed the right to perform the ground handling services at Sofia Airport and stepped into the then existing ground handling contracts between SOF Connect and third-party airlines. Furthermore, SOF Connect agreed to sell to Aviarpernter Bulgaria certain vehicles and equipment necessary for the performance of the ground handling services.On 1 February 2026 SOF Connect transferred to Aviapartner Bulgaria the ground handling activity with the respective employees in accordance with Art. 123, para. 1, item 7 of the Labor Code.

On 5 December 2025, SOF Connect and Aviapartner Bulgaria entered into an Operational Service agreement, whereby Aviapartner Bulgaria undertook to provide the following services to SOF Connect for a period of four years:

- Passenger transportation services between the two existing terminals at the airport,
- Staff transportation services, and
- Operational readiness services

On 5 December 2025, SOF Connect and Aviapartner Bulgaria entered into an Agreement for Provision of PRM Support Services whereby Aviapartner Bulgaria undertook to provide assistance to passenger with reduced mobility (PRM) at Sofia Airport. On 1 February 2026 the Company transferred to Aviarpartner Bulgaria the PRM-related activities and the respective employees in accordance with Art. 123, para. 1, item 7 of the Labor Code.

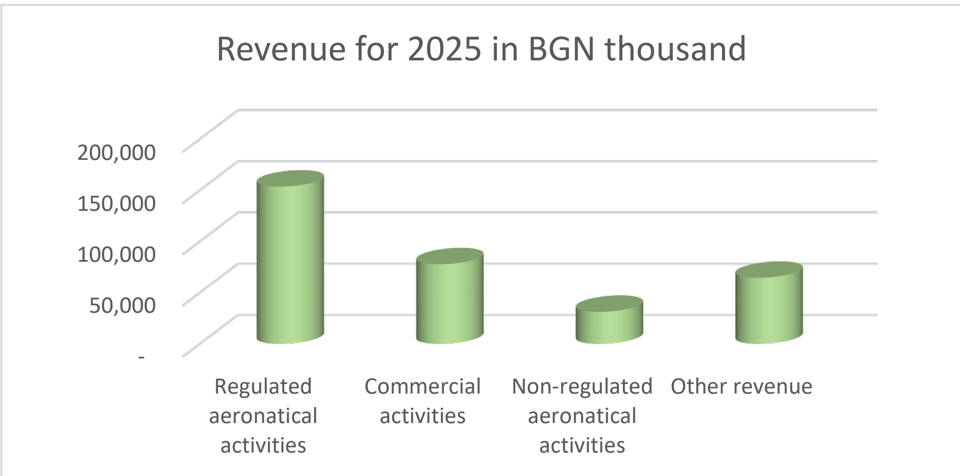
On 5 December 2025, SOF Connect and Aviapartner Bulgaria entered into Ground Handling Shared Infrastructure Use Agreement whereby Aviapartner Bulgaria agreed to provide SOF Connect with access to and right to use the ground handling infrastructure, necessary for the provision of the ground handling services at the Sofia Airport, against a fee.

Revenue

SOF Connect reports several categories of revenue:

- Revenue from regulated aeronautical activities – revenue from airport charges;
- Revenue from non-regulated aeronautical activities – revenue from ground handling, cargo, de-icing services, transportation, storage and laboratory analysis of fuels, into-plane services, serving passengers with reduced mobility, etc.
- Revenue from non-aeronautical activities (commercial activities) – revenue from retail sales in stores, revenue from car parking, rental of areas and premises, revenue from advertising, revenue from guest and VIP lounge services.
- Revenue from construction works and equipment as a commitment under concession agreement.

In 2025, the Company's reported revenue from regulated aeronautical activities in the amount of BGN 153,580 thousand (47% of the total revenue) (2024: BGN 144,314 thousand or 54% of total revenue) followed by revenue from commercial activities – BGN 77,675 thousand (24%) (2024: BGN 59,472 thousand or 22% of total revenue), revenue from non-regulated aeronautical activities – BGN 31,223 thousand (10%) (2024: BGN 31,223 thousand or 12% of total revenue), revenue from construction works and equipment as a commitment under concession agreement in the amount of BGN 64,501 thousand (20%) (2024: BGN 31,947 thousand or 12% of total revenue).



Note: Other revenue includes revenue from construction works and equipment as a commitment under the concession.

Since 1 January 2023 Sofia Airport introduced new regulated airport charges, which will be applied for the period 2023-2027, thus giving all airlines a long-term visibility regarding the level of regulated charges at Sofia Airport.

The largest share of the revenue from non-regulated aeronautical activities is realised from Fuel and De-Icing services, followed by the revenue from ground handling activities.

The ground handling activities on the territory of Sofia Airport are mainly carried out by three licensed operators – SOF Connect AD, Swissport Bulgaria AD and Goldair Handling Bulgaria Ltd.

The largest share of the revenue from commercial activities in 2025 has been realised from rent of premises and from the operation of public car parking facilities.

The rent of premises category includes rent of commercial outlets (duty-free and duty-paid stores, speciality shops, etc.), food & beverage premises as well as offices and warehouses. The duty-free / duty paid outlets account for the largest share of all rent revenues, followed by food & beverage outlets and speciality shops. SOF Connect works with reputable international operators, including Avolta (formerly Dufry), Lagardere Travel Retail and SSP. Avolta operates the duty-free/duty-paid retail outlets at the airport based on a 8.5 year retail subcontracting agreement signed in 2022, as well as several specialty shops.

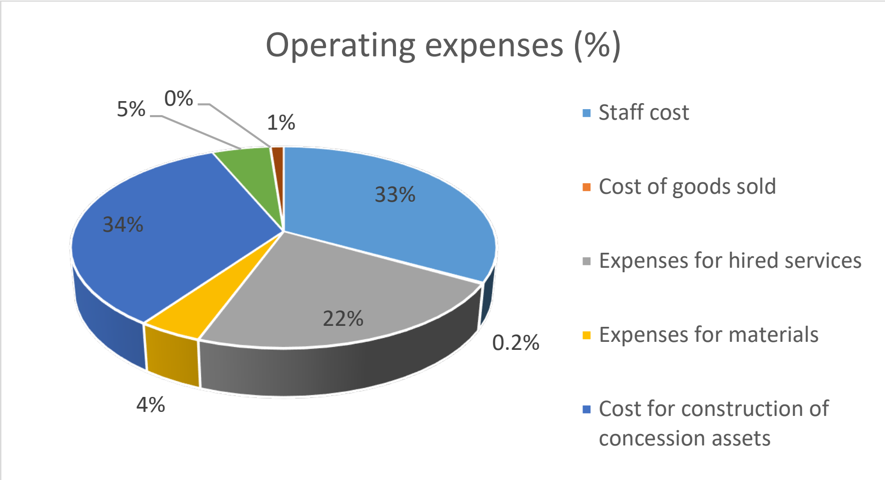
The following initiatives took place in 2025:

- At the beginning of April 2025, two new retail outlets operated by Avolta were opened: a last-minute shop at the pier and a new arrivals shop at Terminal 2.
- In mid-April, two new F&B units commenced operations — Starbucks and Camden Food Co. — further strengthening the airport's food and beverage offering.
- At the end of April, a contract was signed with a new business lounge operator. By the end of November, construction of the new business lounge at Terminal 2 had officially begun.
- At the beginning of July, the entire interim phase of the new food & beverage (F&B) court operated by SSP was completed, strengthening the airport's food and beverage offering with six new units - Starbucks, Camden Food Co., Negroni, Upper Crust, and Bar 09/27.
- Throughout 2025, refurbishment of the Terminal 1 commercial area was underway. In mid-November, the fully refurbished arrivals shop at Terminal 1 was reopened, with refurbishment of the departure stores scheduled to continue in 2026.
- At the beginning of December, the first hybrid retail concept at Sofia Airport was launched in the Non-Schengen area of Terminal 2, operated by Avolta. The concept combines an F&B outlet — Brew'd — with a duty-free shop.
- Shortly before the Christmas holidays, a brand-new F&B concept, Sofia Eats, was opened at Terminal 1, offering traditional Bulgarian cuisine.
- Both Relay stores at T1 were refurbished, renewal of the three Costa premises among both terminals was also successfully completed.

Working with established and well-known international companies is part of SOF Connect's strategy to provide the best-in-class customer experience for passengers and airlines.

Expenses

The reported operating expenses of the Company for 2025, excluding depreciation and amortization charges, amount to BGN 190,768 thousand (2024: BGN 147,884 thousand). The structure of the operating expenses in 2025 is presented on the following graph:



Staff costs have the second largest share (33%) (2024: 41%) after the cost of construction services. The signed in 2025 Collective Labor Agreement (CLA) with the labour unions operating at Sofia Airport is applicable until 30 June 2026.

The cost of goods sold amount to BGN 452 thousand (0.2%) (2024: BGN 510 thousand) (0.3%) and include the cost of de-icing fluid and fuels sold.

The costs of hired services and materials amount to BGN 50,695 thousand (27%) (2024: BGN 45,334 thousand or 31%) and consist of costs of repairs, subscriptions and contract services, advertising and PR services, state fees, insurance premiums, utilities, and the cost of spare and other materials required for the maintenance of the Company's huge asset base.

The cost for construction of concession asset amount to BGN 64,501 thousand (34%) (2024: BGN 31,947 thousand or 22%)

Investments under the Concession Agreement

The Company has committed to invest EUR 624 million over the term of the concession agreement, of which the committed investments for the first five years of the concession (2021-2025) amount to EUR 73.1 million. For 2025, SOF Connect AD reported a total of EUR 35.6 million investments, comprising both of capital expenditures in public and private assets, advances to suppliers of non-current assets as well as current maintenance and repair works. The total implemented investments since the start of the concession up until 31 Dec 2025 amount to EUR 91.5 million or 125% of the committed investments for the first five years of the concession. As per clause 18.5.4 of the CA: *"… overinvested amounts shall be deducted from the Investments taken as an obligation for the following periods."*

The largest investments in 2025 include repairs of airfield infrastructure, overhaul of the T2 multistorey covered car park upgrade of the apron lighting, preliminary design for Terminal 2 and Terminal 3 development, Terminal 2 renovations, incl. duty-free / duty-paid shops, food and beverage court, new open air car parks, new organisation of Terminal 1 to facilitate the split between passengers to and from Schengen or Non-Schengen areas, implementation of overall advertising concept, investments in the new operational equipment and vehicles (including fully electric vehicles). In addition, the Company continued to invest in upgrading its IT systems and infrastructure.

The investment program for 2026 is primarily focused on the terminal buildings (incl. design for Terminal 3), completion of the baggage handling system and security equipment, full rehabilitation of the fuel facilities, continuing improvement of the condition of the airfield infrastructure, design for apron reconfiguration, completion of overall advertising concept, completion of the new photovoltaic power plant, etc.

Environmental, Social and Governance

In 2025, SOF Connect AD continued to maintain its Integrated Management System (IMS) in accordance with the latest ISO Standards. An internal ISO audit was successfully conducted in September 2025, followed by the external surveillance audit during the week of 13 October 2025. The certificates for ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 remain valid until 19.05.2027.

In June 2025, SOF Connect AD published its third annual Sustainability Report, further maturing its reporting framework in line with global best practices.

In March 2025, Sofia Airport's Level 4-Transformation accreditation was officially confirmed by ACI, maintaining its status as the first Bulgarian airport to achieve this recognition for carbon management. This commitment to excellence was further validated through two major industry honours: the ASQ Award for "Best Airport in Europe" in March 2025 and the ACI EUROPE Best Airport Award in June 2025, where Sofia Airport was named Best Airport in its category.

In 2025 the decarbonization program of Sofia Airport was focused on the modernization of the Apron LED lighting, the purchase of electric vehicles and development of our first 5 MWp solar plant. SOF Connect continued its active participation in Sofia Municipality's Net Zero Cities initiative.

The implementation of two EU funded projects continued – ESAGO for electrification of Sofia Airport ground operations and 5G SAMITEA, which is in partnership with A1 Bulgaria, and WINGS ICT Solutions.

An International Sustainability and Carbon Certification (ISCC) EU scheme audit of the Fuel Farm was performed by SGS Bulgaria in June 2025. The audit confirmed that the SOF Connect Fuel Farm complies with the standards for the storage and trade of Sustainable Aviation Fuels (SAF) under both ISCC EU and ISCC CORSIA.

In December 2025, SOF Connect finalized and officially submitted the Environmental Impact Assessment (EIA) Report for Terminal 3, a mandatory step for the airport's infrastructure expansion. Simultaneously, work on the Strategic Environmental Assessment (SEA) for the Updated Master Plan continues. The final reporting phase for the SEA, which began in September 2025, remains in progress to ensure the Master Plan aligns with all statutory environmental and land-use requirements.

The Aviation Training Center at Sofia Airport continues to operate as the only facility in Bulgaria accredited by Airports Council International (ACI) to offer certified training programs for aviation professionals worldwide. This ongoing accreditation serves as a cornerstone of SOF Connect's strategy to promote professional advancement and maintain international excellence in aviation education.

Throughout 2025, SOF Connect reinforced its dedication to social responsibility through a diverse portfolio of community and academic engagements. The company maintained its commitment to environmental stewardship through the "Clean Bulgaria in One Day" volunteer initiative and continued its longstanding support for the Aviation Veterans Club. Strategic partnerships remained a priority, highlighted by SOF Connect receiving a Gold Medal on the 80th anniversary of the Technical University of Sofia. This prestigious award recognizes the company's sustained contribution to aviation education, specifically through annual internship programs and expert guest lectures featuring real-world aviation case studies. This recognition underscores SOF Connect's strategic mission to bridge the gap between academia and industry while fostering a sustainable aviation ecosystem in Bulgaria.

Building on the success of the previous year, SOF Connect hosted the third annual Sofia AirCareer Port in 2025, facilitating direct recruitment between the local labour market and the airport ecosystem.

In 2025, SOF Connect partnered with the FOUR PAWS Foundation to run an awareness campaign at Terminal 2 for International Dog Day, offering guidance on pet care during travel (including documentation and requirements).We also partnered with French Tech Sofia and the French-Bulgarian Chamber of Commerce for the French Tech Annual Event, supporting knowledge sharing and innovation. Additionally, the company is participating in the upcoming edition of the UN's Blue Book, which highlights contributions to the Sustainable Development Goals.

In Q4 2025, SOF Connect was included in the academic collection of good practices of Sofia University "St. Kliment Ohridski," highlighting our role as a source of knowledge and a driver of sustainable change. SOF Connect contributes with a case study on the ESAGO project for the electrification of ground operations, co-financed by the European Union, demonstrating its impact on airport decarbonization.

SOF Connect became the first in Bulgaria to join the global Hidden Disabilities Sunflower network, setting a new standard for supporting passengers with non-visible disabilities.

Concession agreement

On 22 July 2020 the Company concluded a concession agreement with the Ministry of Transport, Information Technology and Communications of the Republic of Bulgaria regarding the concession of Civil Airport Sofia – a public state ownership for 35 years term. The commencement date of the concession agreement was 19 April 2021.

During 2025 the Company was following its obligations under the Concession agreement including:

- performed all associated functions of airport administration;
- reported BGN 69,682 thousand (EUR 35,628 thousand) of implemented investments in 2025;submitted a concession fee certificate the Grantor, in accordance with which the annual concession fee for 2025 amounts to BGN 83,297 thousand (EUR 42,589 thousand);
- submitted the Grantor the second Five-Year Investment Plan with a total value that complies with Concessionaire's minimum investment commitment of EUR 183.1 million for the 2026-2030 period as per Addendum 1 to the Concession Agreement.
- maintained a license for an airport operator, as well as additional licenses and permissions, related to the activities of an operator;
- maintained a Ground Handling Operator licenses according to article 48e paragraph 3, points 9, 10 of the Civil Aviation Act;
- ensured that all Ground Handling Activities are provided at the Airport, with the activities being performed both directly by the Concessionaire and by Third Parties;
- employed technical and security officers to ensure the safety and the continuity of the operations;
- provided a bank guarantee for construction works, based on the five-year investment plans, as well as performance guarantee, in accordance with the Concession Agreement;
- was compliant in fulfilling all major key performance indicators;
- followed obligations for vehicle fleet maintenance, security equipment maintenance, maintenance of buildings, installations and equipment - independently by the Concessionaire or through selected operators;
- maintained insurance policies required by the Concession Agreement;
- maintained a register of Movables required under Clause 6.2 of the Concession Agreement;
- carried out and ensured the availability of the Airport Activities and Airport Services in accordance with the Concession Agreement.

Human resources

The Company has 1,099 employees as of 31 December 2025 (31 December 2024: 1,174 employees).

The Company organizes professional training programs for the employees improving their competencies, management and technical skills, as well as aviation expertise.

The Management of the company works in close collaboration with the three labour unions represented in the Company. The signed in 2025 Collective Labor Agreement is applicable until 30 June 2026.

During the year, the Company continued its restructuring and transformation process.

Risk management

The Company’s activity is exposed to a number of risks, including price risk, currency risk, interest rate risk, credit risk and liquidity risk. The Company management monitors overall risks and implements measures to limit the possible negative effects of risks on its financial performance.

The financial risk management is performed by the Finance department of the Company. The department assesses and monitors financial risks in close collaboration with Management. The activities implemented to reduce financial risk aim at covering specific areas, such as price risk, currency risk, interest rate risk, credit risk and liquidity risk. In 2025, a risk policy, procedure and a risk management software were implemented as well as a training of the full management team of SOF Connect.

Price risk

The price risk is evaluated by Management in the context of expected future revenue from the operating activities of the Company.

In accordance with the Civil aviation act and the Regulation on airport charges for the use of public airports and air navigation services, airport charges are set at their cost-recovery levels. In case of appeals from airlines, the Regulatory authority - the Director General Civil Aviation Administration (DG CAA) - has the right to set the regulated airport charges application at a level that is different from the one proposed by the airport operator.

The regulated airport charges at Sofia Airport have been fixed for the period 2023-2027, thus substantially reducing the price risk related to regulated operations. This long-term pricing strategy provides long-term visibility on airport charges to airlines, and allows them to better plan their operations.

The Company faces price risk related to ground handling services prices. There are three main ground handling operators on the ground handling market at Sofia Airport, creating a highly competitive environment. Without prejudice to any of its obligations under the Concession Agreement to ensure that all ground handling activities are provided at the Airport, to maintain the validity of the ground handling operator licenses it has obtained and to be able to perform the ground handling activities specified in Article 48d(3)(2)-(7) of the Civil Aviation Act, in compliance with Clause 3.2.2 and Clause 3.8.3 (a) of the Concession Agreement, SOF Connect took a decision to engage international professional operators to render the ground handling and cargo services at Sofia Airport. Following a competitive tender procedure, in October 2025, SOF Connect awarded an agreement for the provision of cargo operations at Sofia Airport to Swissport Bulgaria AD. Furthermore, in December 2025, SOF Connect awarded the performance of ground handing services to Aviarpartner Bulgaria EOOD. In addition, SOF Connect and Aviapartner Bulgaria EOOD signed an agreement for provision of PRM support services whereby the Aviapartner undertook to provide assistance passenger for reduced mobility (PRM) at Sofia Airport in compliance with Annex I of Regulation (EC) No. 1107/2006.

Currency risk

The Company performs a major part of its transactions related to purchases, sales and loans in BGN and EUR. Since the EUR and the BGN have a fixed exchange rate of EUR 1 for BGN 1.95583, the Company considers its exposure to currency risk as low. Only an insignificant part of the company's transactions is performed in other currencies.

	31 December 2025				31 December 2024			
	BGN'000	EUR'000	USD'000	GBP'000	BGN'000	EUR'000	USD'000	CHF'000
Financial asset:								
Trade and other receivables	13,714	20,910	17	12	*19,025*	*20,758*	-	-
Financial liabilities:								
Bank loans	-	340,088	-	-	-	*405,605*	-	-
Lease liabilities	1,626	2,243	-	-	*3,666*	*2,199*	-	-
Shareholder loans	-	89,514	-		-	*213,077*	-	
Related party payables	-	1,589	-		-	*241*	-	
Financial liabilities under concession agreement		736,466			-	*694,136*	-	
Trade and other payables	10,372	30,397	7		*17,936*	*22,520*	*22*	*21*

Interest risk

The Company makes proper financial planning in relation with the loans it received. The loans from related parties bear a fixed interest rate and do not expose the Company to any interest rate risk. As the interest rate on bank loans comprises of a margin above EURIBOR, the Company uses interest rate swap contracts to hedge the risk of increase of the EURIBOR rate.

Credit risk

The credit risks to which the Company is exposed are related to incurring of financial losses due to a default by a client or a supplier, or bankruptcy of financial institutions in which the Company holds current accounts or from which it receives financing.

The Company trades only with established, creditworthy counterparties. Its policies are that all clients, who wish to trade on a deferred payment, are to be checked for creditworthiness. Additionally, the balance of the trade receivables is followed regularly, and any clients with overdue trade receivables are proactively requested to settle their debt (including through negotiating of deferred repayment plans). Where practical and feasible, the company requires advance payments or security deposits from clients with poor credit history. As a result of these measures, the exposure of the Company to doubtful trade receivables is relatively limited.

The main credit risk to which the Company is exposed is in relation to the current accounts and deposit accounts that SOF Connect's has opened in commercial banks. To manage the level of the credit risk, the Company works only with established banks with strong credit rating. At 31 December 2025, the current accounts and the short-term deposits of the Company are opened in banks with the following credit rating (according to Fitch Agency):

	BGN'000	Credit rating
Bank 1	4,951	A-
Bank 2	879	A-
Bank 3	196,756	A-

The maximum credit exposition of the Company as a result of the financial assets equals their carrying amounts as of 31 December 2025.

Liquidity risk

Liquidity risk is related to the inability of the Company to meet its obligations when they become due. To manage long-term liquidity risk, the Company has secured medium and long-term financing from banking institutions, as well as from its shareholders to cover its liabilities under the Concession agreement. The short-term liquidity risk is managed by daily monitoring of the current receivables and payables of the Company.

Refinancing risk

SOF Connect is exposed to refinancing risk as a significant portion of the Company's interest-bearing liabilities matures in December 2027 and will need to be refinanced at prevailing market conditions. To manage the refinancing risk, the Company's management launched in 2025 a market consultation process to prepare the refinancing of the existing debt facilities.

Covid-19 monitoring

In accordance with Addendum 1 to the Concession Agreement dated 9 April 2021, SOF Connect has been granted the right to postpone the payment of concession fees for the first 10 years of the concession to the last 10 years of the concession, so that the economic balance of the concession, which has been significantly disrupted by the travel restrictions during the COVID-19 pandemic, is partially restored. As per Clause 3 of the said addendum, the Company and the Grantor have agreed to monitor the impact of the COVID-19 "for the purpose of maintaining the economic balance of the Concession".

The monitoring performed by the Company demonstrates that the cumulative traffic, aggregate concession revenue and EBITDA for the 2021-2025 period remain significantly below their levels in the initial financial model, submitted by the Company as part of the offer for Sofia Airport concession. The free cash flow (aggregate concession revenue minus operating cost and investments) generated by the Company during the subject period is also significantly below the forecast in the initial financial model. Furthermore, the equity internal rate of return as of the end of 2025 has been calculated to be significantly below the equity internal rate of return in the initial financial model.

Based on the above, the negative economic and financial consequences of the COVID-19 pandemic on the Company's operations have not been recovered, and the economic balance of the concession has not been restored. Therefore, the payment of the concession fee cannot commence earlier than what has been foreseen in Addendum 1 to the Concession Agreement.

Capital management

On 24 December 2020 the Company entered into an Equity Subscription, Subordination and Share Retention Agreement, concluded between the original shareholders and several banks as lenders of the project. The agreement was designed to ensure the achievement of the capital structure, required by the concession contract. Under the terms of the agreement, the shareholders committed to provide BGN 469 million to the Company in the form of capital and shareholders' loans. On 24 December 2020 the Company signed a Common Terms Agreement with certain banks as lenders and financial agents of the project. The Company attracted a total commitment of BGN 469 million in the form of investment loans from banks. The loan facilities were designed to ensure the fulfilment of the Company's financial commitments under the Concession Agreement. A short-term loan to finance the VAT on the up-front concession fee was also utilized by the Company in April 2021 and was successfully repaid later in that year.

As at 31 December 2025 the Company has not declared or distributed dividends.

Operational risk

On 23 December 2020 the Company signed a Technical Service Agreement with an experienced and reputable European airport operator. The airport operator provides advisory and other services to the Company in relation to the airport operations.

Main development goals

The main strategic objectives of SOF Connect include:

- invest in modernizing and upgrading of the airport infrastructure and facilities;
- continuous improvement of the services offered to passengers and airlines by digitalizing, improving commercial facilities and increasing air connectivity to Sofia Airport;
- increase of operating profitability to a level comparable to that of the best-in-class airports in Europe;
- reduction of the carbon footprint of its operations and reaching a carbon-neutral status by 2036;
- contributing to the economic and social development of Sofia and Bulgaria.

At the closing of 2025, the Company started discussions on the development of a new strategic plan for the period of 2026-2031. Besides the four strategic pillars that have been previously established by the current strategic plan—Passenger Experience, Efficiency, Environment, Economic and Social Contribution—in the future strategic plan, it is foreseen to have increased emphasis on the importance of AI and the development of a digital workforce. Another highlight that is considered is to become a most desirable and recognized employer within the transportation industry, both within Bulgaria and the surrounding region.

The Company successfully fulfilled its commitments under the First Five-Year investment plan (2021-2025), realizing more than EUR 91.5 million of investments compared to the approved objective of EUR 73.1 million. The main investments include construction of new open car parking facilities, an overhaul of the multi-story car park at Terminal 2, airfield rehabilitation works, fuel farm modernization, ongoing works related to the replacement of baggage handling system at Terminal 2, new commercial outlets, and upgrade and modernization of ITC systems and infrastructure, to name a few examples.

In October 2025, the Company submitted the Grantor the second Five-Year Investment Plan with a total value that complies with Concessionaire's minimum investment commitment of EUR 183.1 million for the 2026-2030 period as per Addendum 1 to the Concession Agreement.

In 2025 Sofia Airport operated 98 scheduled destinations of 32 airlines and more than 32 charter destinations of 11 carriers (with more than 10 flights executed), predominantly internationally. SOF Connect works on expanding the map of offered destinations and already managed to add missing destinations from its route map. In 2025, Europe's two largest low-cost carriers, Ryanair and Wizz Air, were competing to announce new destinations from Sofia Airport.

Wizz Air have started operations to Alghero, Chisinau, Krakow, Marrakech, Turin and Warsaw-Modlin, while Ryanair also operates to Krakow and Modlin, as well as to Pisa and Amman. Two new airlines, EazyJet Europe and Transavia.com.France, opened regular routes to Paris Orly. Air connectivity is among the key objectives of the airport management with focus on possibility to reach the whole world with a maximum of one stopover; direct flights from Sofia, with several potential destinations are currently developed, with both – legacy and low-cost airlines. The route development concept is based on 3 pillars:

- enhance the presence of legacy carriers with flights to all major European hubs;
- develop low-cost point-to-point traffic;
- increase charter flights to cater for the local tourism industry.

Forecasts of departing and arriving passengers, aircraft movements and air freight volumes provide the fundamental basis for the planning of the business development strategy at Sofia Airport. The traffic forecast has been prepared in consultation with the airlines that contributes the most for the Sofia Airport traffic. The total passenger numbers and aircraft movement are projected to continue increasing in 2026.

Events after the reporting date

Euro Adoption

Pursuant to the Introduction of the Euro in the Republic of Bulgaria Act, as of 1 January 2026, the euro became the official currency and legal tender in Bulgaria. The fixed conversion rate is set at BGN 1.95583 for one euro.
The introduction of the euro as the official currency in the Republic of Bulgaria represents a change in the functional (reporting) currency of the Company, which will be accounted for prospectively and does not represent an event after the reporting period which requires adjustment in the financial statements for the year ending 31 December 2025.
The Company does not anticipate significant effects from the revaluation of opening balances as of 1 January 2026 into euro, nor from the process of changing the functional (reporting) currency because the original currency of existing foreign currency balances as of 31 December 2025 is Euro.

*Middle East Situation*The military conflicts in the Middle East, and in particularly the conflict between Iran and the US/Israel, which started in February 2026 has significantly disrupted the air traffic to and from the Middle East. This traffic accounts for approximately 5.8% of the annual traffic at Sofia Airport. In addition, if the conflict continues for an extended period of time, it is likely that it will result in jet fuel prices increase. This will likely push up the operating costs for the airlines as well as SOF Connect costs and result in higher passenger air fares, which in turn will negatively impact the demand for air travel. While the exact financial impact of the war conflict in the Middle East on SOF Connect's operations cannot be reliably estimated at this stage, the Management assesses that it will not impact the Company's ability to continue operating as a going concern.

No other significant events have occurred between the reporting date and the date the financial statements have been issued except for those already disclosed.

Responsibilities of the management

According to the Bulgarian legislation, the management should prepare financial statements for each financial year that give a true and fair view of the financial position of the Company at the end of the year, as well as for the financial result and the change in the cash flows.

The management confirms that the Company has applied consistently adequate accounting policies when preparing the financial statements as of 31 December 2025 and has made reasonable and prudent judgments, assumptions and estimates. The management also confirms that it has applied the IFRS Accounting Standards as adopted by the EU and that the financial statements are prepared under the going-concern principle.

The management is responsible for keeping of accounting books and records, for the effective and efficient asset management, and for undertaking of necessary measures for avoiding and discovering eventual misuses and other irregularities.

The management aims at developing a sustainable entity acting responsibly in respect of the environment and the health and welfare of its employees.

The Company has no equity traded on an equity market. No own equity was acquired during 2024. No equity transactions occurred between the Company and the members of the Management Board.

The Company has no branches.

The Company did not conduct any research and development activities throughout 2025.

The management confirms that any additional information requiring to be disclosed as per art. 39 of the Accountancy Act is not applicable for the Company.

The annual report on activities is approved by the Management Board on 16 March 2026 and signed as follows:

Jesus Caballero Pinto
Digitally signed by Jesus Caballero Pinto
Date: 2026.03.24 16:46:33 +02'00'

Jesus Caballero Pinto
CEO, Chairman of the Management Board

Deloitte.

Deloitte Audit OOD
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4 Mihail Tenev Str., fl. 12
1784 Sofia, Bulgaria

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ЕИК 121145199
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INDEPENDENT AUDITOR'S REPORT

To the shareholders of "Sof Connect" AD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of "Sof Connect" AD (the Company), which comprise the statement of financial position as at December 31, 2025, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union (EU).

Basis for Opinion

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

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless it is not specifically stated in our auditor's report and to the extent it is specifically stated.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and the Audit Committee ("Those charged with governance") are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Matters Required to be Reported by the Accountancy Act

In addition to our reporting responsibilities according to ISAs described in section *Information Other than the Financial Statements and Auditor's Report Thereon*, with respect to the annual report on the activities, we have also performed the procedures, together with the required under ISAs, in accordance with the Guidelines regarding new extended reports and communication by the auditor of the Professional Organization of Registered Auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). These procedures include tests over the existence, form and content of the other information in order to assist us in forming an opinion as to whether the other information includes the disclosures and reporting as required by Chapter Seven of the Accountancy Act, applicable in Bulgaria.

Opinion under Art. 37, paragraph 6 of the Accountancy Act

Based on the procedures performed, in our opinion:

- The information included in the annual report on the activities for the financial year for which the financial statements have been prepared, is consistent with the financial statements.
- The annual report on the activities has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.

Deloitte Audit OOD
Registration number: 033

Desislava Dinkova Peneva
Digitally signed by Desislava Dinkova Peneva
Date: 2026.03.24 18:20:31 +02'00'

Desislava Dinkova
Statutory Manager
Registered Auditor, in charge of the audit

4, Mihail Tenev Str.
1784 Sofia, Bulgaria

SOF Connect AD
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2025

	Notes.	01.01.–31.12.2025	01.01.–31.12.2024
		BGN'000	*BGN'000*
Revenue from operations	4	262,478	235,009
Revenue from construction of concession assets	4	64,501	31,947
Other income		148	142
Personnel expenses	5.1	(62,997)	(60,103)
Cost of goods sold	5.2	(452)	(510)
Depreciation and amortization expense	5.1	(31,420)	(27,081)
Expenses for hired services	5.1	(42,653)	(37,560)
Expenses for materials	5.1	(8,042)	(7,774)
Costs for construction of concession assets	5.3	(64,501)	(31,947)
Variable concession fee		(9,809)	(7,497)
Net impairment loss on financial assets	15	(106)	135
Other expenses	5.1	(2,208)	(2,628)
Operating profit		**104,939**	**92,133**
Financial costs	6	(66,008)	(78,266)
Financial income	6	4,343	8,380
Profit before taxes		**43,274**	**22,247**
Income tax expense	7	(4,332)	(2,235)
Net profit for the period		**38,942**	**20,012**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurements of post-employment benefit obligations		48	241
Income tax relating to remeasurements of post-employment benefit obligations		(5)	(24)
Other comprehensive income		43	217
Total comprehensive income for the period		**38,985**	**20,229**

The financial statements are approved on 16 March 2026 and signed on behalf of the Management Board as follows:

Jesus Caballero Pinto Digitally signed by Jesus Caballero Pinto Date: 2026.03.24 16:47:17 +02'00'

Representative
Jesus Caballero Pinto
CEO, Chairman of the Management Board

ILIYA DINKOV KARDASHLIEV Digitally signed by ILIYA DINKOV KARDASHLIEV Date: 2026.03.24 16:11:58 +02'00'

Preparer
Iliya Kardashliev

Desislava Dinkova Peneva Digitally signed by Desislava Dinkova Peneva Date: 2026.03.24 18:21:07 +02'00'

Desislava Dinkova
Registered Auditor, in charge of the audit
Deloitte Audit OOD
Registration number 033

The notes from 5 to 51 are an integral part of the financial statements.

SOF Connect AD

STATEMENT OF FINANCIAL POSITION

As of 31 December 2025

	Notes	31.12.2025	31.12.2024
		BGN'000	*BGN'000*
ASSETS			
Non-current assets			
Concession rights	8.1	1,043,368	1,064,149
Capitalized expenses, related to concession	8.2	36,745	37,477
Capitalized refinancing costs	14	512	-
Deferred tax assets	7	8,510	7,783
Right of use assets	11	3,597	5,549
Property, plant and equipment	9	26,117	18,531
Concession intangible assets	10.1	107,083	45,507
Derivative instruments	12	10,047	15,446
Other intangible assets	10.2	10,611	6,358
		1,246,590	**1,200,800**
Current assets			
Cash and cash equivalents	17	202,808	343,359
Trade and other receivables	15	34,653	39,784
Inventory	16	4,436	3,166
Other assets		175	181
Other receivables	17	1,350	1,329
		243,422	**387,819**
TOTAL ASSETS		**1,490,012**	**1,588,619**
EQUITY AND LIABILITIES			
Equity			
Share capital		6,650	6,650
Other reserves		225,500	225,500
Actuarial reserve		440	397
Retained earnings / (Accumulated losses)		20,049	(18,893)
Total equity	18	**252,639**	**213,654**
Non-current liabilities			
Financial liabilities under concession agreement	8.1	736,466	694,136
Long-term bank loans	14	321,727	390,751
Shareholder loans	19,21	16,614	131,655
Employee benefit for retirement	13	3,284	3,700
Grant financing	22	1,145	909
Deferred income	22	10,761	5,937
Lease liabilities	11	1,319	3,597
		1,091,316	**1,230,685**
Current liabilities			
Bank loans – short term portion	14	18,361	14,854
Shareholder loans – short term portion	19,21	72,900	81,422
Trade and other payables	20	40, 776	40,499
Lease liabilities	11	2,550	2,268
Employee benefit for retirement	13	1,050	810
Related party payables	21	1,589	241
Income tax payable		514	471
Other liabilities		250	156
Deferred income	22	3,495	1,410
Provisions		4,572	2,149
		146,057	**144,280**
TOTAL LIABILITIES		**1,237,373**	**1,374,965**
TOTAL EQUITY AND LIABILITIES		**1,490,012**	**1,588,619**

The financial statements are approved on 16 March 2026 and signed on behalf of the Management Board as follows:

Jesus Caballero Pinto Digitally signed by Jesus Caballero Pinto Date: 2026.03.24 16:47:50 +02'00'

Representative
Jesus Caballero Pinto
CEO, Chairman of the Management Board

ILIYA DINKOV KARDASHLIEV Digitally signed by ILIYA DINKOV KARDASHLIEV Date: 2026.03.24 16:12:30 +02'00'

Preparer
Iliya Kardashliev

Desislava Dinkova
Registered Auditor, in charge of the audit
Deloitte Audit OOD
Registration number 033

Desislava Dinkova Peneva Digitally signed by Desislava Dinkova Peneva Date: 2026.03.24 18:21:40 +02'00'

The notes from 5 to 51 are an integral part of the financial statements.

SOF Connect AD
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025

		Share capital	Other reserves	Actuarial reserve	Retained earnings /(Accumulated losses)	Total
		BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Balance as of 1 January 2025		**6,650**	**225,500**	**397**	**(18,893)**	**213,654**
Comprehensive income for the period						
Net profit for the year		-	-	-	38,942	38,942
Other comprehensive income for the year		-	-	43	-	43
Total comprehensive income for the year		-	-	43	38,942	38,942
Balance as of 31 December 2025	17	**6,650**	**225,500**	**440**	**20,049**	**252,639**

		Share capital	Other reserves	Actuarial reserve	Retained earnings /(Accumulated losses)	Total
		BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Balance as of 1 January 2024		**6,650**	**225,500**	**180**	**(38,905)**	**193,425**
Comprehensive income for the period						
Net profit for the year		-	-	-	20,012	20,012
Other comprehensive income for the year		-	-	217	-	217
Total comprehensive income for the year		-	-	217	20,012	20,229
Balance as of 31 December 2024	17	**6,650**	**225,500**	**397**	**(18,893)**	**213,654**

The financial statements are approved on 16 March 2026 and signed on behalf of the Management Board as follows:

Jesus Caballero Pinto Digitally signed by Jesus Caballero Pinto Date: 2026.03.24 16:48:19 +02'00'

Representative
Jesus Caballero Pinto,
CEO, Chairman of the Management Board

ILIYA DINKOV KARDASHLIEV Digitally signed by ILIYA DINKOV KARDASHLIEV Date: 2026.03.24 16:13:00 +02'00'

Preparer
Iliya Kardashliev

Desislava Dinkova Peneva Digitally signed by Desislava Dinkova Peneva Date: 2026.03.24 18:22:12 +02'00'

Desislava Dinkova
Registered Auditor, in charge of the audit
Deloitte Audit OOD
Registration number 033

The notes from 5 to 51 are an integral part of the financial statements.

SOF Connect AD

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	01.01.– 31.12.2025	01.01.– 31.12.2024
Cash flows from operating activities		
Receipts from customers	281,128	267,986
Payments to suppliers	(75,045)	(77,981)
Payments for salaries, social security and other	(64,990)	(54,042)
Taxes refund	231	-.
Taxes paid	(3,845)	(4,790)
Income tax paid	(5,021)	(5,573)
Receipts from other debtors	101	147
Payments to other creditors	(422)	(463)
Change in restricted cash	(21)	-
Net cash flows from operating activities	**132,116**	**125,284**
Cash flows from investing activities		
Cash paid for advances to suppliers of construction and upgrade services as a commitment under concession agreement	(3,786)	(6,434)
Cash paid for concession intangible assets	(40,010)	(26,457)
Cash paid for property, plant, and equipment	(10,473)	(4,386)
Cash paid for other intangible assets	(2,139)	(4,501)
Grant financing received	236	909
Interest from deposits	3,766	8,362
Net cash flows used in investing activities	**(52,406)**	**(32,507)**
Cash flows from financing activities		
Proceeds from bank borrowings	-	119,884
Proceeds from related party borrowings	-	119,782
Payment of leases	(2,680)	(2,861)
Repayment of bank borrowings	(66,919)	(56,049)
Repayment of related party borrowings	(133,866)	(66,461)
Interest on bank borrowings paid	(15,392)	(17,705)
Interest on related party borrowings paid	(740)	(95)
Payment of capitalized refinancing costs	(183)	-
Bank fees related to borrowings	(293)	(1,130)
Bank charges and commissions paid	(188)	(199)
Net cash flow from / (used in) financing activities	**(220,261)**	**95,166**
Net increase/(decrease) in cash and cash equivalents	**(140,551)**	**187,943**
Cash and cash equivalents at 1 January	343,359	155,416
Cash and cash equivalents at 31 December	**202 808**	**343,359**

The financial statements are approved on 16 March 2026 and signed on behalf of the Management Board as follows:

Jesus Caballero Pinto Digitally signed by Jesus Caballero Pinto Date: 2026.03.24 16:48:44 +02'00'

Representative

Jesus Caballero Pinto

CEO, Chairman of the Management Board

ILIYA DINKOV KARDASHLIEV Digitally signed by ILIYA DINKOV KARDASHLIEV Date: 2026.03.24 16:13:24 +02'00'

Preparer

Iliya Kardashliev

Desislava Dinkova Peneva Digitally signed by Desislava Dinkova Peneva Date: 2026.03.24 18:22:51 +02'00'

Desislava Dinkova

Registered Auditor, in charge of the audit

Deloitte Audit OOD

Registration number 033

The notes from 5 to 51 are an integral part of the financial statements.

1. Corporate information

SOF Connect AD (the Company) is registered on 7 July 2020 in the Bulgarian Commercial Register under company number (UIC) 206155179. The seat and registered address of the Company is at Republic of Bulgaria, Sofia 1540, Christopher Columbus Blvd. 1, Sofia Airport.

As of 31 December 2025, the Company is governed by a Management Board consisting of the following members:

- Jesus Caballero Pinto
- Juan Ramon Matas Sebastia
- Anelia Dimova

The Company is represented by Jesus Caballero Pinto, Chief Executive Officer.

The Company has a two-tier management system with a Supervisory Board consisting of the following members:

- Thierry Deau
- Marco Rosso
- David Delgado-Romero
- Guyve Sardari
- Philip Gounev
- Fadi Selwan
- David Feldman

The Shareholders in the Company, as of 31 December 2025 are:

- Meridiam Eastern Europe Investments SAS (MEEI) – 99,98%
- Meridiam Infrastructure Europe III SLP – 0,01%
- Meridiam Investments SAS – 0,01%

Information about the ultimate parent of the Company: Meridiam Infrastructure Europe III SLP, France – a partnership limited by shares is an investment fund, managed by Meridiam SAS, and as such, is subject to specific regulations and does not have any shareholders as such, but institutional investors. Furthermore, no individual/entity investor of Meridiam Infrastructure Europe III SLP holds a direct or indirect stake of 25% or more in total in SOF Connect AD.

The Company's scope of activities is as follows: exploitation, maintenance, development and expansion of Sofia civil airport for public use pursuant to a Concession agreement, dated 22 July 2020, signed between SOF Connect AD and the Ministry of Transport and Communications of the Republic of Bulgaria regarding the concession of Civil Airport Sofia – a public state ownership. The awarded concession includes performance of activities as an airport operator, airport administration and ground-handling operator; performance of commercial airport services; car-parking; environmental and facility management and other airport services and activities related to the operation of Sofia Airport.

The commencement date of the concession is 19 April 2021 and the term of the concession is 35 years.

The Company has 1,099 employees as of 31 December 2025 (31 December 2024: 1,174 employees).

2.1. Basis for preparation

The annual financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as adopted by European Union ("IFRS Accounting Standards as adopted by EU"). The reporting framework "IFRS Accounting Standards as adopted by the EU" is substantially the approved national accounting basis International Accounting Standards (IAS) as adopted by the EU, regulated by the Accountancy Act and defined in item 8 of its Additional Provisions.

2.1. Basis for preparation (continued)

The annual financial statements have been prepared on a historical cost basis except for derivative instruments at fair value through profit or loss, retirement benefit obligations and concession liabilities carried at present value.

The annual financial statements are presented in Bulgarian lev and all amounts are rounded to the nearest thousand Bulgarian lev (BGN'000) unless otherwise specified.

The annual financial statements were prepared in accordance with the going concern assumption that the Company will continue to exist in the foreseeable future. 2021 was the first year after incorporation of the Company. It started its business and investment activities on 19 April 2021, pursuant to the signed concession agreement with the Ministry of Transport and Communications. The Company developed its financing plan for the concession by attracting capital from its shareholders and a consortium of banks during 2020 and the beginning of 2021. Thus, the funding requirements of the concession agreement were successfully fulfilled, and the Company commenced operations of Sofia Airport on 19 April 2021 (the concession commencement date).

COVID-19 was declared a global pandemic in March 2020 - before the Company's incorporation but after the Shareholders had submitted a binding bid for the Sofia Airport Concession project. The Shareholders assessed the impact of Covid-19 on the project and decided to continue with it. After the signing of the concession agreement, the severe negative effects of COVID-19 over the aviation industry exacerbated and it became apparent that the pandemic will have a lasting negative impact on the aviation industry. This triggered additional negotiations between the Company and the Ministry of Transport and Communications (the Grantor) regarding the economic balance of the concession, which has been significantly distorted by the pandemic. To restore the economic balance of the concession, on 9 April 2021 the Company and the Ministry of Transport and Communications signed an addendum to the Concession Agreement, with which the profile of the annual concession payments was changed.

In accordance with the signed Common Terms Agreement (CTA) between the Company and its lenders, the Company must comply with certain financial covenants as at any scheduled calculation date. As at the most recent scheduled calculation date (30 Dec 2025), the Company is in compliance with the financial covenants under the CTA. As a result of this, the ability of the Company to continue operating as a going concern is not impacted.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions. The management relied on external professional expertise as well as own judgment to make certain assumptions when applying the accounting policy of the Company. The elements of the financial statements, the presentation of which requires greater judgment or complexity, as well as those elements, for which the estimates and assumptions used have significant influence on the financial statements as a whole, are further disclosed in note 3.

2.2. Material accounting policy information

(a) Amendments to IFRS accounting standards that are effective for the current reporting period

The following amendments to the existing IFRS accounting standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to IAS 21: Lack of Exchangeability** (effective for annual periods beginning on or after 1 January 2025).

The adoption of the new amendments to the existing IFRS accounting standard has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(b) New and revised IFRS accounting standards adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the Company / Group has not applied the following amendments to IFRS accounting standards that have been issued by IASB and adopted by EU but are not yet effective:

- **Amendments to IFRS 9 and IFRS 7** - Amendments to the Classification and Measurement of Financial Instruments (effective for annual periods beginning on or after 1 January 2026);
- **Amendments to IFRS 9 and IFRS 7** - Contracts Referencing Nature-dependent Electricity (effective for annual periods beginning on or after 1 January 2026);
- **Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7** - Annual Improvements to IFRS Accounting Standards - Volume 11 - effective for annual periods beginning on or after 1 January 2026;
- **IFRS 18 - Presentation and Disclosures in Financial Statements** (effective for annual periods beginning on or after 1 January 2027);

2.2. Material accounting policy information (continued)

(c) New and revised IFRS accounting standards in issue but not adopted by the EU

At present, IFRS accounting standards as adopted by the EU do not significantly differ from IFRS Accounting Standards adopted by the IASB except for the following new accounting standards and amendments to the existing accounting standards, which were not endorsed for use in EU as at the date of authorization of these financial statements (the effective dates stated below is for IFRS Accounting Standards as issued by IASB):

- **IFRS 19 with further amendments - Subsidiaries without Public Accountability: Disclosures** (effective for annual periods beginning on or after 1 January 2027);
- **Amendments to IAS 21** - Translation to a Hyperinflationary Presentation Currency (effective for annual periods beginning on or after 1 January 2027);
- **IFRS 14 Regulatory Deferral Accounts** (effective for annual periods beginning on or after January 1, 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard;
- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted). Endorsement process postponed indefinitely until the research project on the equity method has been concluded.

The Company does not expect that the adoption of the accounting standards listed above will have a material impact on the financial statements of the Company in future periods, except for IFRS 18 which is expected to have material impact on the presentation and disclosure of information in the financial statements. The Company is in process of analysing the specific impact of IFRS 18 on its financial statements.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to the Company's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39 Financial Instruments - Recognition and Measurement would not significantly impact the financial statements, if applied as at the balance sheet date.

d) Foreign currency translation

The annual financial statements are presented in Bulgarian lev, as it is the functional currency and the currency of presentation of the Company.

Transactions in foreign currency are primarily reported in the functional currency at the exchange rate on the date of the transaction. The monetary assets and liabilities, denominated in foreign currencies are translated in the functional currency, at the end of each month at the closing exchange rate of the Bulgarian National Bank for the last day of the respective month. All exchange rate differences are recognized in the statement of comprehensive income. Non-monetary assets and liabilities evaluated at historical cost of acquisition in the foreign currency are converted in the functional currency at the date of the initial transaction (acquisition).

The Bulgarian lev (BGN) is fixed to the EURO as required by the Currency Board effective since January 1, 1999. The closing rate of the Bulgarian lev for the period of these financial statements, in relation to the main operational currencies of the Company, is as follows:

	31.12.2025	31.12.2024
1 US Dollar	1,66355	1,88260
1 Euro	1,95583	1,95583

e) Revenue recognition

The Company's sources of revenues include:

• regulated aeronautical revenues (e.g. revenue from airport charges);

• non-regulated aeronautical revenues (e.g. ground handling revenues, cargo, fuel services, de-icing services, etc.);

• non-aeronautical (commercial) revenues – revenue from sale of goods, rental revenue, revenue from car parking services, advertising revenues, etc.;

• revenue related to construction or upgrade services according to concession agreement;

• other revenues.

2.2. Material accounting policy information (continued)

e) Revenue recognition (continued)

Revenue recognition

The Company recognizes the revenue when it fulfils its obligation to deliver the promised product (asset) or to provide the promised service to the customer. An asset is transferred when (or as) the customer has control over it.

For each performance obligation, the Company determines upon the entry into force of the contract whether it satisfies the performance obligation over time or satisfies the obligation to execute at a certain point in time. The Company recognizes revenue to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in return for those goods or services.

The Company applies a five-step model that assures compliance with the main principles of revenue recognition:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations;
- Revenue recognition when (or as) the Company satisfies a performance obligation;

Aviation services (regulated and non-regulated) are provided by the Company within one day, which does not lead to differences in revenue recognition over the reporting period. Income and expenses related to the same transaction and/or event are recognized in the same period.

Incentives to customers (aviation companies) are reported as a reduction of revenue and are recognized by the Company in the period when related aviation services are provided.

The Company shall recognize revenue from non-aviation services during the period of their provision. The transaction price under non-aviation contracts with customers is determined on the basis of specifically agreed consideration and terms for each specific period. Parking revenues are recognized for each period of service provision.

Revenue under an operating lease agreement for terminal, office and warehouse areas and advertising positions shall be recognized on a straight-line basis over the term of the contract or under a contractual arrangement with specific lease payments for each specific period of the contract. Revenue from operating leases of terminal commercial areas are valued at the higher of agreed minimum guaranteed lease payments or agreed percentage from sales generated by lessees during reporting period.

Revenue is recognized when it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Company considers the customer's ability and intention to pay that amount of consideration when it is due.

Revenue and costs related to construction or similar services under service concession agreement are recognized at the completion stage. The stage of completion is determined by analysing the completed work of each individual project. The treatment of this revenue is in accordance with IFRIC 12 Concession Services Agreements.

Revenues and costs related to equipment under service concession agreement are recognized at the moment when the Company delivers promised assets to the Grantor. The treatment of this revenue is in accordance with IFRIC 12 Concession Services Agreements.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section h) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

2.2. Material accounting policy information (continued)

e) Revenue recognition (continued)

Deferred income

Deferred income represents sales promotion charges collected by the Company from retail subcontractors. The accumulated funds can be used by the Company for funding various sales promotional activities at the airport. The Company recognizes income from promotional activities equal to the value of the recognized expenses for the promotional activities financed from the fund.

Deferred income also arises from capital investments performed by lessees that are not subject to reimbursement by the Company. Since lessees receive the right to use premises, the value of investments is considered part of the total rental payments under lease agreements. The value of investments is considered upfront rental payment which is recognized as rental income on a straight-line basis over the contract term.

Cost to obtain a contract/ Contract performance costs

Incremental costs to obtain a contract and certain contract performance costs may be recognized as an asset if certain criteria are met. Incremental costs of obtaining a contract are additional costs that would have not been incurred had the contract not been concluded. These capitalized contract costs should be depreciated on a systematic basis that is consistent with the Company's transfer of the related goods or services to the customer.

The Company has chosen to present contract costs related to the service concession agreement as part of the intangible assets in the statement of financial position, and the amortization on the line as the amortization of intangible assets within the scope of IAS 38 Intangible Assets.

Capitalized contract costs are reviewed for impairment at the end of each reporting period. Impairment losses are recognized in profit or loss.

f) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions and contingent consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

Borrowing costs that can be directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would be avoided if the expenditure on the qualifying asset had not been made. These costs are capitalized in the value of the asset.

Foreign currency gains and losses are reported on a net basis.

g) Taxes

Current tax

Current tax assets and liabilities for the current and previous periods are recognized at the value expected to be recovered or paid to the tax authorities. When calculating the current taxes, the tax rates and laws applied, are the ones already in force or the ones that have been accepted to a significant degree at the respective date. The management analyses the corporate income tax (CIT) return positions, where tax laws are subject to interpretation, and recognizes provisions, when it is appropriate.

Current taxes are directly recognized in the equity (not in the statement of comprehensive income) when the tax relates to items being directly accounted into the equity section.

Deferred tax

Deferred taxes are recognized as described below for all temporary differences at the reporting date, arising between the tax base of the assets and liabilities and their carrying amounts.

Deferred tax liabilities are recognized for all taxable temporary differences except to those emerging from the initial recognition of an asset or a liability of a given deal, which is not a business combination and does not affect the accounting profit, or the tax profit or loss at the moment of the transaction.

Deferred tax assets are recognized for all deductible temporary differences, transferred unused tax credits and unused tax losses, to the extent, that it is probable for a taxable profit to be present for transferred tax credits and unused tax losses to be utilized against, unless the deferred tax asset originates from the initial recognition of an asset or liability from a given deal, which is not a business combination and does not affect the accounting profit, or the tax profit or loss at the moment of completion of the deal.

2.2. Material accounting policy information (continued)

g) Taxes (continued)

The Company performs a review of the carrying amount of the deferred tax assets at every reporting date and reduces it to the extent, to which it is no longer probable for a sufficient taxable profit to be realized, allowing the entirety, or a part of the deferred tax asset to be recovered. The unrecognized deferred tax assets are reviewed at every reporting date and are recognized to the degree, to which it has become probable for a future taxable profit to be realized, allowing for the deferred tax asset to be restored.

Deferred tax assets and liabilities are evaluated according to the tax rates, expected to be in force during the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) in force or have come in force to a sufficient degree at the reporting date.

Deferred taxes, linked with positions, recognized outside the profit and loss, are recognized outside the profit and loss. Deferred taxes are recognized depending on the transaction linked to them in the other comprehensive income, or directly in the equity.

The Company compensates deferred tax assets and liabilities only when there is a lawful right to deduct current deferred tax assets against current tax liabilities and the deferred tax assets and liabilities refer to taxes on income, imposed from the same tax authority for the same taxable entity.

h) Financial instruments

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

Financial assets
Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at fair value through profit or loss include: financial assets designated upon their initial recognition as "at fair value through profit or loss", or financial assets for which a mandatory requirement exists to be measured at fair value. Derivatives, including individual embedded derivates, are also classified as held for trading, unless they have been designated as effective hedging instruments.

Irrespective of the criteria for debt instruments which should be classified at amortised cost or at fair value through other comprehensive income as described above, debt instruments may be designated as "at fair value through profit or loss" upon their initial recognition, if this would eliminate or reduce a significant accounting mismatch.

Financial assets at fair value through profit or loss are measured in the statement of financial position at fair value, with net changes in the fair value recognised in profit or loss within finance income or finance costs.

This category includes derivative instruments. A derivative embedded in a hybrid contract containing a host that is financial liability or a non-financial item is separated from the host and accounted for as a separate instrument, if: the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value, and changes therein are recognised in profit or loss. Remeasurement is only done if there is either a change in the contractual conditions that materially modifies the cash flows that would otherwise be required, or if there is reclassification of a financial asset outside the category of fair value through profit or loss.

A derivative embedded in a hybrid contract whose host is a financial asset is not accounted for separately. The requirement is the host – financial asset, together with the embedded derivative, to be classified in its entirety as a financial asset at fair value through profit or loss.

2.2. Material accounting policy information (continued)

h) Financial instruments (continued)

Subsequent measurement

Financial assets at amortized cost

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include trade receivables and cash in bank accounts (current and deposit).

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or,
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company believes that the possible loss within trade receivables that could be considered for impairment are reasonably covered with the current estimate created. Changes in external factors such as the economic environment, could affect the Company's estimates. If the client's financial performance deteriorates, the future actual losses could be higher than projected.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

2.2. Material accounting policy information (continued)

h) Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables as well as loans from related parties, bank borrowings, concession fee liabilities and lease liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Loans from related parties and bank borrowings

All loans and other borrowings are initially recognised at fair value of the consideration received on the transaction, netted of the direct costs related to these loans and borrowings.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method.

The amortised cost is calculated by taking into consideration all types of charges, commissions and other costs, including any discount or premium associated with these loans. Amortisation is recognised in profit or loss as finance costs in the statement of comprehensive income.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

At the inception of the transaction the Company documentary supports the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company supports by documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

2.2. Material accounting policy information (continued)

i) Property, plant and equipment

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Company and if the cost of the asset to the Company can be measured reliably.

Items of property, plant and equipment (tangible assets) are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost may include cost of materials and direct labor, any other costs, attributable to bringing the asset to its working conditions, costs of dismantling and removing items and restoring the site as well as borrowing costs.

Property, plant and equipment also include movable assets not controlled by the Grantor but necessary for operation of the concession, such as vehicles and other equipment. While these assets are necessary for the performance of the Company's day-to-day operations, since they are not connected to the concession site, they remain in ownership of the Company throughout the concession period.

The moment when the asset is capitalized is the moment when the asset is ready to be used for its operation in a manner provided by the management.

Subsequently to their initial recognition Property, plant and equipment are measured by the Company at their historical cost less accumulated depreciation and impairment losses.

The costs of daily maintenance of the asset are recognized as operational expenditure when they are incurred. They do not increase the balance sheet value of the asset. Such non-capitalizable costs include labor costs for eliminating malfunctions, costs for small spare parts, costs related to return the asset into service, etc.

Depreciation is charged to allocate the cost of assets less their residual values over their estimated useful lives (the period when the asset is expected to be used), using the straight-line method. The following annual rates are typically used for the depreciation of property, plant and equipment:

Machinery and equipment		5 - 15 years
Computers and office equipment		2 -7 years
Vehicles		5 -20 years
Office and public area furniture		2 - 20 years

If there is an indication that there has been a significant change in the useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

The gain or loss on disposal or during sales of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income/other expenses in profit or loss.

The Company recognizes individual assets and sub-assets based on general criteria and principles reflected in IAS 16. If a major asset or complex of assets can be properly identified by individual elements, they are recorded as sub-assets. In case a complex of assets has different life expectancy, each sub-asset is amortized according to their expected useful life.

Costs for restoration, replacement or modernization of obsolete or out-of-use fixed assets incl. major repairs, reconstructions and asset improvements that increase the efficiency or useful life of the assets are recognized as an increase in the value of the asset. All costs related to an improvement that leads to an economic benefit over the initial functional and technical efficiency of the asset are recognized as an asset when the result of their implementation is:

- functional new quality
- independent life of the result of the expenditure incurred
- increased productivity
- improved safety
- improved environmental impact
- improved product quality
- reduced operating costs.

Current maintenance and repairs are recognized as costs because they partially or completely restore lost operational qualities of assets.

2.2. Material accounting policy information (continued)

j) Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance that are identifiable (either by being separable or arising from contractual or other legal rights). An intangible asset is identifiable if it is capable of being separated or divided from the entity and sold, transferred, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, or if it arises from contractual or other legal rights. Furthermore, to qualify for recognition an intangible asset must be controlled by the Company because of a past event, and the Company should expect to receive future economic benefits from the asset.

Intangible assets are initially measured at cost including the purchase price, all costs directly attributable to the acquisition of the asset, and non-recoverable taxes and fees and borrowing costs. Subsequent measurement is at fair value less accumulated amortization and impairment loss.

Subsequent costs are added to the asset's carrying amount or accounted for as a separate asset only when the Company is expected to receive future economic benefits associated with the use of that asset and when its carrying amount can be reliably determined. All other maintenance and repair costs are recognized in profit or loss for the year in which they are incurred.

Concession rights capitalized expenses related to concession

Airport infrastructure and other assets received by the Company under the concluded Concession Agreement are accounted in accordance with IFRIC 12 Concession Service Agreement. The Company recognizes intangible assets related to service concession agreement when it obtains the right to collect revenues from the operation of the concession infrastructure.

The Company is a party to a Concession Agreement with the Ministry of Transport and Communications, in accordance with which the Company has obtained the right to operate, maintain, upgrade and develop Sofia International Airport, a state-owned asset. The Company has been granted the right to charge the users of the Airport for using the existing state-owned infrastructure as well as the new state-owned assets that the Company constructs or upgrades in accordance with the Concession Agreement, The Ministry of Transport and Communications, as Grantor, controls and regulates that services that the Company provides to end users. Furthermore, the grantor controls any significant residual interest in the assets at the end of the Concession Agreement.

The concession rights have been initially measured as the sum of the upfront concession fee paid by the Company to the Grantor upon the commencement of the concession agreement plus the present value of the minimum annual concession fees payable over the term of the Concession Agreement, discounted at the rate of the applicable project cost.

In addition, the Company has capitalized certain expenses related to fulfilling the conditions for the commencement of the Concession. These expenses comprise various legal, advisory and other fees that the Company incurred and that are directly attributable to Concession Agreement. These costs have been recognized as an intangible asset.

The concession rights and the capitalized expenses related to the Concession Agreement are amortized using the units of production method based on passenger traffic over the term of the Concession Agreement. Management believes that this method most accurately reflects the consumption of the economic benefits from the concession rights and the capitalized expenses since passenger traffic is the single most important revenue driver for the airport.

The amortization rate for a given year is calculated by dividing the actual passenger traffic for that year by sum of the total passenger traffic over the term of the concession (April 2021 – April 2056). Therefore, this amortization method requires the use of forecast traffic data over the term of the concession, which are prepared by an independent professional traffic advisor, using a reliable and industry-recognized traffic forecast methodology.

Management reviews the actual traffic on a daily, weekly, monthly and quarterly basis and compares it to the forecast data. If substantial deviations between the actual and the forecast passenger numbers are identified, the Company commissions a new independent traffic forecast.

The intangible assets are tested for impairment at the end of each reporting period. If the carrying value of the intangible assets exceeds the value of the intangible asset calculated by discounting the expected future free cash flows attributable to the asset at an appropriate discount rate, then the net book value is reduced accordingly, and an impairment expense is recognized in the statement of comprehensive income.

Concession intangible assets

In accordance with the Concession Agreement, the Company has the obligation to upgrade and modernize the existing public infrastructure or invest in new public infrastructure at the airport. The ownership title on the new investments related to public infrastructure, that qualify for recognition as non-current assets, automatically passes on to the Grantor when the assets are completed and become available for use. In accordance with the Concession Agreement, the Company obtains the right to use the public assets over the remaining term of the Concession Agreement. This right of use is recognized as an intangible asset under IAS 38 Intangible assets at the moment the underlying public infrastructure becomes available for use.

2.2. Material accounting policy information (continued)

j) Intangible assets (continued)

Concession intangible assets (continued)

The intangible assets related to right of use of newly constructed state assets are initially measured at the cost of the acquiring the underlying public asset in the period in which costs are incurred. The cost includes purchase price, any non-refundable taxes and duties, and all directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including borrowing costs. If the Company has an obligation to dismantle and remove the asset and restore the site on which it is located, the estimated costs related to the dismantling of the asset and the restoration of the site are included in the initial cost of the asset.

Subsequently, the intangible assets related to rights of use of state assets are measured at cost less accumulated amortization charges and impairment losses (if any).

Rights of use related to newly developed state assets are amortized using the unit of production method based on passenger traffic (as outlined above), to the extent that the expected consumption of the economic benefits from the usage of the state asset is linked to passenger traffic. When the consumption of the economic benefits from the rights of use is not linked to passenger traffic, or when the consumption pattern cannot be reliably estimated, the rights of use are amortized over their useful life using the straight-line method of amortization. Useful lives are determined to be equal to the shorter of the useful life of the underlying public tangible asset or the remaining term of the concession.

Other intangible assets

Other intangible assets are initially measured at historical cost. These intangible assets may have a finite or infinite useful life and subsequently are measured at historical value less accumulated amortization, less accumulated impairment.

The amortization is calculated using the straight-line method to allocate the cost of licences over their estimated useful life. Perpetual licenses where the Company pays annual fee for renewal are expensed on a systematic basis, considering the annual term as well as the amortization method adopted for expense recognition.

A non-current intangible asset is written off when it is sold or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the write-off of the asset (representing the difference between the net proceeds from sale, if any, and the carrying amount of the asset) are included in the statement of comprehensive income when the asset is derecognized.

At the end of each financial year, the residual values, the expiration date, and the amortization methods of assets are reviewed and, if expectations differ from previous estimates, they are revised in future periods.

k) Leasing

Contracts for transfer of rights to the Company for use of a particular asset for a specified period for consideration are treated as leases, in accordance with IFRS 16 Leasing.

Airport infrastructure and other assets received by the Company under the Concession Agreement are treated in accordance with IFRIC 12 Service Concession Agreement.

The Company as a lessee

Contracts where the Company is granted the right to control a specific asset for an agreed period of time are classified as a lease.

Upon entry into force of a leasing contract, the Company recognizes an asset with a right of use and an obligation under a lease. As of the commencement date, the eligible assets are recognized at the present value of the minimum lease payments plus any contingencies that are paid or the fair value of the leased asset, if that value is lower. Subsequently, the assets with right of use are measured at cost less any accumulated depreciation and any accumulated impairment losses and are adjusted for any revaluation of the lease liability due to a revaluation or change in the lease. Assets with right of use are amortized on a straight-line basis over the shorter of the useful life of the asset or the lease term. Impairment losses are recognized in the carrying amount of an asset with right of use.

The lease obligations are recognized at the beginning of the contract at the present value of the lease payments not paid at that date. Each lease payment is apportioned between the lease liability and the financial cost. Financial expenses are booked in profit or loss during the lease term, so that a constant periodic interest is payable on the balance of the liability for each period. Subsequently, the lease liabilities are measured using the effective interest method.

2.2. Material accounting policy information (continued)

k) Leasing (continued)

The Company as a lessor

In the case of a leasing contract where the Company is the lessor of the assets, the subject of the contract is recognized in the statement of financial position and the present value of the lease payments is presented as a receivable. Interest revenues are recognized in the statement of comprehensive income. The difference between the lease payment and interest revenues reduces the lease receivable without affecting income.

In the case of leases where the Company is the lessor, the lease payments are recognized on a straight-line basis over the term of the lease as operating leases revenue, depending on the terms of the concluded contract - by the linear method for the term of the contract or other systematically agreed base.

The lease asset continues to be capitalized in the form of property, plant and equipment at acquisition cost and is amortized on a straight-line basis in accordance with the Company's accounting policy for the respective asset.

l) Impairment of non-financial assets

At every reporting date, the Company evaluates whether there are any indications of impairment of an asset. In the case of such indications or when an annual test for impairment is required, the Company sets the recoverable value of this asset. The recoverable value is the higher of the fair value, reduced by the expenses for sale of the asset or object generating cash flows and its value in use. The recoverable value is determined for a separate asset, except in the case that during its use no cash flows are generated which are significantly different from those generated by other assets or groups of assets. When the carrying amount of a given asset or object generating cash flows is higher than its recoverable value, it is considered to be impaired and its carrying amount is reduced to its recoverable value.

When determining the value in use, the expected future cash flows are discounted to their current value by using a norm for discounting before taxes, reflecting the current market evaluation of the value of the money at the time and the specific risks for the asset.

The fair value less costs to sell is defined on the basis of recent market deals, if there are such. If no such deals can be identified, an appropriate model for identification is applied. The calculation carried out is confirmed using other models for evaluation or other present sources of information for the fair value of an asset or object, generating cash flows.

Impairment losses are recognized as other operating expenses in the statement of comprehensive income.

At every reporting date, the Company decides if there are indications that the impairment loss of an asset, recognized in previous periods might have decrease or no longer exist. If such indicators exist, the Company determines the recoverable amount of the asset or the object, generating cash flows. The impairment loss is reversed only when there is a change in the approximate evaluations used in the determination of the recoverable value of the asset, after the recognition of the last impairment loss. The recovery of the impairment loss is limited, so that the carrying amount of the asset does not exceed its recoverable value, nor should it exceed its carrying amount (after subtracting the amortization), which would be defined, if there was no recognized impairment loss in the previous years. The recovery of impairment loss is recognized in the report for the comprehensive income.

m) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average cost method for materials and goods, except for the cost of fuels where first in – first out method is adopted related to legal requirements. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

n) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows cash receipts and payments on behalf of customers, where these reflect the activities of the customer are netted against each other.

Cash outflows related to concession intangible assets, including advance payments to suppliers of construction and upgrade services, are presented within investing activities in the statement of cash flows.

Restricted cash includes guarantee deposits subject to restrictions and therefore not available for general use by the Company. These are presented under other receivables in the statement of financial position.

2.2. Material accounting policy information (continued)

o) Employee benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Government of Bulgaria is responsible for providing pensions in Bulgaria under a defined contribution pension plan. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The Company has obligation to pay certain amounts to each employee who retires with the Company in accordance with Art. 222, § 3 of the Labour Code (LC) of the Republic of Bulgaria and with the Collective Labour Agreement in effect as of the reporting period end-date. When a labour contract of a Company's employee, who has acquired a pension right, is terminated, the Company owes a compensation amounted to two gross monthly salaries. In case the employee's length of service in the Company equals to or is greater than 10 years and not more than 20 years as at retirement date, then the compensation amounts to nine gross monthly salaries, for length of service more than 20 years, the compensation amounts to thirteen the gross monthly salaries. As at balance sheet date, the Management of the Company estimates the approximate amount of the potential expenditures for every employee based on a calculation performed by a qualified actuary using the projected unit credit method.

The estimated amount of the obligation and the main assumptions, on the base of which the estimation of the obligation has been made, is disclosed to the financial statements in Note 3.

Actuarial gains and losses arising from adjustments to the length of service and changes in actuarial assumptions are recognized in equity in the statement of comprehensive income for the period in which they arise.

Termination Benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The Company recognizes as a liability the undiscounted amount of the estimated costs related to annual leave expected to be paid in exchange for the employee's service for the period completed.

p) Provisions

Provisions are recognized when the Company has a current obligation (legal or contractual) as a result of past events, when there is a probability that a cash flow, including economic benefits would be required to settle the obligation and when a reliable evaluation of the obligation can be made. When the Company expects that some or all expenses necessary for settling the expenses of the provisions can be reversed, for example under an insurance contract, the recovery is recognized as a separate asset, but only when it is practically for sure that these expenses will be reversed. The expenses for the provision are presented in the report of comprehensive income, net of the sum of the reversed expenses. When the effect of the time differences in the value of the money is significant, the provisions are discounted using a current norm concerning discounting before taxes, which reflects, whenever appropriate, the specific risks for the obligation. When discounting is used, the increase of the provision, in result of the time that has passed by, is presented as a financial expense.

2.2. Material accounting policy information (continued)

q) Expenses recognition

Operating expenses are recognized as they are incurred, following the accrual and matching concepts.

Financial costs are recorded in the profit or loss for the period when incurred and comprise of interest expense, using the effective interest method, including bank charges and other direct expenses on loans and bank guarantees, and exchange differences.

r) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

s) Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

3. Critical accounting estimates and judgements

The preparation of the financial statement requires the management to make estimates, approximate evaluations and judgements, which affect the value of the reported assets and liabilities, and the declaration of conditional assets to the reporting date, as well as the reported profits and losses for the period.

The uncertainties, related to the judgements made and approximate evaluations could lead to factual results, which would require essential corrections in the carrying amounts of the respective assets and liabilities in future subsequent reporting periods.

Estimates and judgements

The main judgements, related to future and other main sources of uncertainties in the approximate evaluations at the date of the balance sheet where a significant risk leads to essential changes in the carrying amounts of the assets and liabilities in the subsequent period exists, are pointed out below:

- Contingent liabilities related to concession arrangement

Management considers the risk of outflow of resources embodying economic benefits in relation to possible determination of non-compliance with concession obligations. There is a risk of contingent liabilities until the Grantor confirms the total fulfilment of the concession obligations of the Company.

- Criteria for capitalization of concession fees and commissions related to concession acquisition.

The Concession commencement date occurred on 19 April 2021, when the Company effectively paid the upfront concession fee under the concession agreement. As of that date, the Company recognized intangible assets related to the paid upfront concession fee and the obligation for payment of minimum annual concession fees under the Concession Agreement.

At the concession commencement date, the Company has also recognized intangible assets for the capitalized costs related to services for the fulfilment of necessary conditions for concession commencement and other costs inherent for the project and the start of the concession . Additional information is presented in note 8.2 .

Based on the developed financial model for the Concession, the management has concluded that the above capitalized costs are recoverable through future profits from the project.

3. Critical accounting estimates and judgements (continued)

Estimates and judgements (continued)

- Criteria for distinction of public assets

The Company defines the property rights in accordance with the Property Act, the State Property Act, the Concessions Act and the Concession Agreement it has signed. According to Article 77 of the Property Act, the property right may be acquired by legal transaction, prescription or other means provided by the law. Except as provided in the Concession Agreement and the Concession Act, assets purchased by the company become property of the company. SOF Connect is legal entity, subject of private law, hence the property belonging to it is private property. If materials and equipment purchased by SOF Connect are applied for the construction or improvement of building and other assets permanently connected to the territory of Sofia airport, on the grounds of Art.92 of the Property Act they follow the property of the land and become public state property. Respectively, when movable assets purchased by SOF Connect are incorporated in the movable assets that are public state property as element to main asset in such a way that they could not be detached without materially damaging the main asset, then on the grounds of Art. 97 of the Property act they will follow the property of the main asset and will become public state property.

- Determination of transaction price

The transaction prices in respect of construction and upgrade services provided by the Company under the Concession Agreement is determined based on the actual costs incurred by the Company to fulfil the construction and upgrade services plus a margin (surcharge) of 0%.

- COVID19 pandemic impact and going concern

The global spread of COVID-19 and its related restrictions halted the sustained growth in air traffic in recent years. The pandemic proved to be a huge challenge for the airlines and airports, and in 2020-2021 Sofia Airport reported a steep decline in passengers' traffic and operated flights compared to the pre-pandemic period. Nevertheless, in 2023 traffic is recovered and reached 7,208,987 passengers and 60,651 flights, which is 1.4% growth and -1.3% reduction of 2019 levels, respectively. The positive trend continued in 2024 and 2025 when passenger numbers reached 7,922,702 and 8,413,762, respectively. Aircraft movement also increase reaching 65,764 in 2024 and 68,064 in 2025.

As traffic at Sofia Airport grew, SOF Connect has seen its operating revenues and cash inflows increase. At the same time, the Company manage to keep its operating costs under control, which has resulted into growing EBITDA levels and positive net cash flows from operations. While SOF Connect has not been able to recover the historical losses caused by the COVID-19 pandemic and the economic balance of the concession is not restored, the Company's management is confident that consequences of the COVID-19 pandemic do not pause a threat for the ability of the Company to continue operating as a going concern.

Furthermore, on 9 April 2021, the Company and the Ministry of Transport and Communications have signed an annex to the concession agreement, postponing the payment of the annual concession fees for a period of ten years and thereby restoring the economic viability of the concession project. The Company has secured sufficient funding from both shareholders and lenders to support its investment plans and provided for day-to-day operations.

- Military conflicts and going concern

The military conflict between Ukraine and Russia started in February 2022. While it poses significant threat to the stability in the region, the demand for flights from and to Sofia airport does not appear to be affected by the conflict. Before the start of the conflict, traffic to/from Russia and Ukraine accounted for approximately 3% of the overall traffic at Sofia Airport, so consequently, the impact on the operations of the Company has been limited. Therefore, the Management assesses that the continuing Ukraine-Russia military conflict does not have a material impact on the Company and its ability to continue operating as a going concern.

The military conflicts in the Middle East, and in particularly the conflict between Iran and the US/Israel, which started in February 2026 has significantly disrupted the air traffic to and from the Middle East. This traffic accounts for approximately 5.8% of the annual traffic at Sofia Airport. In addition, if the conflict continues for an extended period of time, it is likely that it will result in jet fuel prices increase. This will likely push up the operating costs for the airlines as well as SOF Connect costs and result in higher passenger air fares, which in turn will negatively impact the demand for air travel. While the exact financial impact of the war conflict in the Middle East on SOF Connect's operations cannot be reliably estimated at this stage, the Management assesses that it will not impact the Company's ability to continue operating as a going concern.

3. Critical accounting estimates and judgements (continued)

Deferred tax assets

The Company carried forward a deferred tax asset at the amount of BGN 121 thousand related to accumulated tax losses from previous periods, which was utilized in full as at 31 December 2024.

Furthermore, the Company has recognized a deferred tax asset at the amount of BGN 13,938 thousand (31 December 2024: BGN 12,518 thousand) related to the application of the thin capitalization regime for financial expenses under the corporate income tax law in Bulgaria. The thin capitalization regime regulates the interest expenses and bank fees that can be deducted for tax purposes in the period in which they occur. The disallowed portion of the interest expenses and bank fees could be utilized against tax profits in subsequent periods, subject to fulfilment of certain criteria. In accordance with the existing tax legislation in Bulgaria, there is no specific deadline for utilization of the interest expenses and bank fees that have been disallowed for tax purposes in the current financial year. Management has estimated that the full amount of interest expenses and bank fees will be eventually utilized in subsequent tax periods and, therefore, has recognized a deferred tax asset equal to 10% of the disallowed interest expenses and bank fees.

As of 31 December 2025, the Company has recognized deferred tax asset at the amount of BGN 1,232 thousand (BGN 1,328 thousand as at 31 December 2024), originating from temporary tax differences associated with retirement benefit obligations, unused paid leave obligations, accruals as well as impairment of receivables. Based on the current business plans and budgets, the Management has concluded that the deferred tax assets will be fully utilized in the subsequent reporting periods.

Provisions

Whether a provision or contingent liability is recognized or disclosed in the financial statements is dependent on a number of assumptions and judgments being made by the management. A provision is recognized when the Company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Impairment of tangible and intangible assets

The Company tests annually whether tangible and intangible assets have suffered any impairment. The ability of tangible and intangible asset to generate sufficient future economic benefits to recover its carrying amount is usually subject to greater uncertainty. In performing these assessments of recoverable amount, a significant number of estimates and judgments are required including but not limited to:

– An estimate of future cash flows expected to derive from these assets,
– Expectations about possible variations in the amount or timing of those future cash flows,
– The time value of money represented by weighted average cost of capital (WACC),
– Perpetual growth rate in traffic.

As of 31 December 2025, the Management has tested tangible and intangible assets for impairment and has concluded that the carrying value of these assets does not exceed their recoverable value, hence no impairment has been recorded.

The recoverable value of the tangible and intangible assets has been calculated by discounting the future free cash flows to the firm over the remaining term of the concession at the current weighted average cost of capital (WACC). To estimate the future free cash flows, the Management have used a number of assumptions concerning the future traffic at the airport, the evolution of the airport charges and the commercial revenues per passengers, the evolution of payroll and other operating expenses.

In annual impairment test of tangible and non-tangible assets the traffic for the period 2026 represents the management's best estimate and projections. The traffic after 2026 until the end of the concession agreement has been estimated by an independent professional traffic advisor, based on an industry-accepted methodology. The airport charges for the period 2023-2027 have already been set and have become effective and, therefore, have been used in calculating the free cash flows to the firm. The airport charges beyond 2027 have been forecast based on the expected development of the regulated cost base of the Company, taking into account the Company's investment commitments under the concession agreement, while providing for an appropriate return on capital. Commercial revenues per passenger have been forecast assuming a gradual convergence to the revenue per passenger of comparable international airports. Operating expenses and payroll costs are forecasted based on macroeconomic drivers (e.g. projected consumer price inflation), also taking into account the projected evolution in traffic and the various initiatives foreseen in the Company's strategic plan.

3. Critical accounting estimates and judgements (continued)

Impairment of tangible and intangible assets (continued)

The recoverable value of tangible and intangible assets has been found to be most sensitive to changes in the weighted-average cost of capital as well as the traffic assumptions. An increase of the WACC by 0.25 percentage points and 0.50 percentage points compared to the base WACC, results in a decrease of the recoverable value of assets by 1.7% (or EUR 13.8 million) and by 4.5% (or EUR 36.5 million), respectively, compared to the base estimate. Conversely, a decrease in the WACC by 0.25 percentage points and 0.5 percentage points compared to the base WACC, results in an increase of the recoverable value by 3.0% (or EUR 24.3 million) and 6.2% (or EUR 49.6 million), respectively. The tested WACC sensitivities result in impairment of the carrying value of the assets only in the case the WACC increase by more than 3.0 percentage points compared to the base WACC, which is considered a very unlikely scenario.

A decrease in the forecast traffic over the remaining concession period by 1% and 3% compared to the base traffic forecast, results in a decrease of the recoverable value of assets by 1.5% (or EUR 12.3 million) and 4.6% (or EUR 37.0 million), respectively, compared to the base estimate. On the other hand, an increase in the traffic forecast over the remaining term of the concession by 1% and 3% compared to the base traffic forecast, results in an increase in the recoverable value of assets 1.5% (or EUR 12.3 million) and 4.6% (or EUR 37.0 million), respectively, compared to the base estimate. The tested traffic sensitivities do not result in impairment of the carrying value for the assets.

Useful lives of assets

The useful lives of the tangible fixed assets are determined based on the period that the asset will remain available for use to the Company. The estimate is also based on historical experience with similar assets as well as any anticipated technological development and changes in broad economic or industry factors. The appropriateness of the estimated useful lives is reviewed annually, or whenever there is an indication of significant changes in the underlying assumptions.

The tangible fixed assets are depreciated based on the straight-line method.

The useful life of intangible assets related to the concession rights and capitalised expenses related to concession is equal to the period during which the assets are expected to deliver benefits to the Company. With respect to those assets, the period is linked to the contractually defined term of the concession agreement, which is 35 years. Therefore, the useful life of the concession rights and capitalised expenses related to concession is defined to equal the term of the concession agreement.

The concession rights and capitalised expenses related to concession are amortized based on the units of production method, and more specifically based on passenger traffic, the latter being the most important revenue driver. The Management have conducted a sensitivity analysis of the amortization expenses based on traffic, which yielded that a decrease of the traffic in a given year by 1% and 3% compared to the base traffic assumption, will result in a decrease of the amortization expense for that year by 1% and 3%, respectively, compared to the base estimate. Conversely, an increase of the traffic in a given year by 1% and 3% compared to the based traffic estimate, will result in an increase of the amortization expense by 1% and 3%, respectively, compared to the base estimate.

Concession intangible assets are amortized using the unit of production method based on passenger traffic (as outlined above), to the extent that the expected consumption of the economic benefits from the usage of those assets is linked to passenger traffic. When the consumption of the economic benefits from concession intangible assets is not linked to passenger traffic, or when the consumption pattern cannot be reliably estimated, the assets are amortized over their useful live using the straight-line method of amortization.

Fair value of derivative instruments through profit and loss

The Company has entered into interest rate swap contracts with several financial institutions to hedge against the risk of EURIBOR rate increase. Under the interest rate swaps, the Company pays a fixed interest and receives floating interest equal to the six-month EURIBOR rate as determined on certain contractually agreed dates. Both the fixed and the floating interest are calculated based on a notional loan principal amount that is closely linked to the outstanding loan principal under the Facility 1 and Facility 2 that the Company has obtained. The term of the interest swap contract equals the maturity of Facility 1 and Facility 2 and the settlement dates equal the interest payment dates under the two facilities.

The interest rates swap is not traded in an active market. The fair value of the interest rate swap is determined using generally accepted market-based valuation technique that use observable market data. The valuation technique used by the Company is based on discounting the future net cash flows from the interest rate swap estimated based on the differential between the floating rate (derived from the most recent EURIBOR curve) and the fixed interest rate. The key input used to determine the fair value of the interest rate swaps is the expected EURIBOR rates on each floating rate determination date, which are derived from the EURIBOR forward rate curve as of the respective reporting date. Any changes in the fair value of the interest rate swaps are immediately recognized through profit and loss.

3. Critical accounting estimates and judgements (continued)

Financial liabilities under concession agreement

The financial liability under the concession agreement represents the net present value of the minimum annual concession fees payable by the concessionaire until the end of the concession period. The discount rate equals the estimated costs of debt of the Company, applicable at the time of the initial recognition of the financial liability under the Concession Agreement (5.15% per annum).

Employee benefit for retirement

The Company is involved in defined benefit retirement plan. Retirement benefit obligations are measured using the actuarial projected unit credit method based on assumptions such as the discount rate, future increases in salaries, employee turnover and mortality rates. Those obligations may change if assumptions change, most of which are updated annually. Details of the assumptions used and how they are determined are given in Note 13 Employee benefit obligations. The Company considers that the actuarial assumptions used are appropriate and justified in the current conditions. The discount rate used to estimate the present value of retirement benefit obligations equals the prevailing yield of return on first-class corporate bonds that are publicly traded on regulated markets in Bulgaria (3.93% per annum).

4. Revenue from contracts with customers

	01.01.– 31.12.2025	01.01.– 31.12.2024
	BGN'000	*BGN'000*
Revenue from operations		
Revenue from regulated aeronautical activities	*153,580*	*144,314*
Revenue from sale of goods	*1,552*	*1,351*
Revenue from non-regulated aeronautical activities	*31,223*	*31,223*
Revenue from other commercial activities	*76,123*	*58,121*
	262,478	***235,009***
Revenue from construction of concession assets		
Revenue from construction works as a commitment under concession agreement	*50,956*	*27,248*
Revenue from equipment works as a commitment under concession agreement	*13,545*	*4,699*
	64,501	***31,947***
	326,979	***266,956***
Timing of revenue recognition:		
Over time	*311,882*	*260,906*
At a point in time	*15,097*	*6,050*
	326,979	***266,956***

Revenue from operating leases of terminal areas determined by the agreed percentage of sales realized in the rented areas are BGN 46,311 thousand (2024: BGN 31,042 thousand).

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2025	2024
	BGN'000	*BGN'000*
Within 1 year	*2,528*	*3,627*
Between 1 and 5 years	*1,016*	*3,223*
Above 5 years	-	-
	3,544	**6,850**

5.1 Expenses

Personnel expenses:

	01.01.– 31.12.2025	01.01.– 31.12.2024
	BGN'000	*BGN'000*
- salaries	*(47,539)*	*(43,634)*
- social security and benefits	*(13,651)*	*(14,203)*
- personnel cost capitalized (concession intangible assets)	*1,109*	*997*
- personnel cost capitalized (Property, plant and equipment and Other intangible assets)	*437*	*287*
- unused paid annual leave	*(2,735)*	(3,032)
- defined benefit plan for retirement	*(617)*	*(443)*
- social benefits tax	*(1)*	*(75)*
	(62,997)	**(60,103)**

Expenses for hired services:

	01.01.– 31.12.2025	01.01.– 31.12.2024
	BGN'000	*BGN'000*
- maintenance and repair	*(9,090)*	*(6,494)*
- operating services	*(14,995)*	*(14,678)*
- technical services	*(3,073)*	*(6,019)*
*- capitalized technical services in the cost of concession intangible assets**	-	*737*
*- capitalized technical services in the cost of Property, plant and equipment and Other intangible assets**	-	*614*
- insurance	*(3,913)*	*(3,688)*
- Licenses and state taxes	*(882)*	*(645)*
- local fees and taxes	*(1,055)*	*(935)*
- communication services	*(1,235)*	*(1,223)*
- advertising and PR services	*(5,895)*	*(4,004)*
- other	*(2,515)*	*(1,225)*
	(42,653)	**(37,560)**

- The expenses capitalized during 2025 expenses are reported directly in the value of the respective projects as part of the public and private assets under construction.

Expenses for materials:

	01.01.– 31.12.2025	01.01.– 31.12.2024
	BGN'000	*BGN'000*
- electricity	(3,639)	(3,804)
- spare parts and maintenance	(1,865)	(2,125)
- fuel and gas	(1,455)	(1,217)
- workwear	(588)	(88)
- other	(495)	(540)
	(8,042)	**(7,774)**

Depreciation and amortization expenses:

	01.01.– 31.12.2025	01.01.– 31.12.2024
	BGN'000	*BGN'000*
- concession rights and capitalized expenses related to concession	*(21,513)*	*(20,288)*
- right of use assets	*(2,317)*	*(2,476)*
- property, plant and equipment	*(3,828)*	(2,353)
- concession intangible assets	*(2,925)*	(1,164)
- other intangible assets	*(837)*	*(800)*
	(31,420)	**(27,081)**

5.1 Expenses (continued)

Other expenses:

	01.01.– 31.12.2025	01.01.– 31.12.2024
	BGN'000	*BGN'000*
- impairment of materials	*(259)*	*(59)*
- penalties	*(50)*	*(205)*
- other	*(1,899)*	(2,364)
	(2,208)	**(2,628)**

5.2 Cost of goods sold

	01.01.– 31.12.2025	01.01.– 31.12.2024
	BGN'000	*BGN'000*
Cost of merchandise goods sold	(452)	(510)
	(452)	**(510)**

5.3 Costs for construction of concession assets

	01.01.– 31.12.2025	01.01.– 31.12.2024
	BGN'000	*BGN'000*
- hired services	*(46,865)*	*(24,661)*
- cost of equipment	*(13,545)*	*(4,699)*
- personnel cost	*(1,109)*	*(993)*
- capitalized interest	(2,982)	(1,594)
	(64,501)	**(31,947)**

6. Finance costs, net

	01.01.– 31.12.2025	01.01.– 31.12.2024
	BGN'000	*BGN'000*
Finance costs		
Interest expense:	(60,534)	(67,065)
- interest on financial liabilities under the concession agreement	*(32,521)*	*(30,722)*
- interest expense on related party loans	*(11,042)*	*(16,385)*
- interest expense on bank loans	*(16,971)*	*(19,958)*
Bank fees and commissions:	(2,512)	(2,236)
- fees on bank loans	-	*(49)*
- fees on bank guarantees	*(2,021)*	*(2,027)*
- other	*(491)*	*(160)*
Loss from derivative instruments	*(5,399)*	*(9,844)*
Interest expense, capitalized	*2,982*	*1,594*
Interest related to leasing	*(338)*	(495)
Foreign exchanges losses, net	*(33)*	(36)
Interest cost on retirement benefit obligation	(174)	(184)
	(66,008)	**(78,266)**
Finance income		
Interest income	4,343	8,380
	4,343	**8,380**
Net finance costs	**(61,665)**	**(69,886)**

The borrowing costs capitalization rate is 5.83% (2024: 5.62%).
Information related to financial liabilities under the concession agreement, related party loans and bank loans is disclosed in Notes 8 and 14.

7. Income tax

The main components of the income tax effect in the statement of comprehensive income for the period ended on 31 December 2025 are:

	01.01.– 31.12.2025	01.01.– 31.12.2024
	BGN'000	*BGN'000*
Deferred income tax benefit	732	2,021
Current income tax expense	(5,064)	(4,256)
Tax expense for the period	**(4,332)**	**(2,235)**

The applicable corporate income tax rate for 2025 and 2024 is 10%. No changes in the income tax rate for 2026 are expected.

Deferred taxes as of 31 December 2025 and 2024 include:

	Statement of financial position		Profit and loss account		Other comprehensive income	
	31.12.2025	31.12.2024	01.01 – 31.12.2025	01.01 – 31.12.2024	01.01 – 31.12.2025	01.01 – 31.12.2024
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Deferred tax liability						
Amortisation and depreciation	(5,649)	(4,518)	(1,131)	(1,255)	-	-
Derivative instruments	(1,005)	(1,545)	540	984	-	-
Leases	(6)	-	(6)	2	-	-
Total	**(6,660)**	**(6,063)**	**(597)**	**(269)**	-	-
Deferred tax assets						
Interests (thin capitalization)	13,938	12,518	1,420	2,241		-
Retirement benefit obligations	433	451	(13)	(2)	(5)	(24)
Unused paid annual leave	371	341	30	(8)	-	-
Impairment of assets	107	60	47	(14)	-	-
Accruals	321	465	(144)	183	-	-
Tax losses	-	-	-	(121)	-	-
Leases	-	11	(11)	11		
Total	**15,170**	**13,846**	**1,329**	**2,290**	**(5)**	**(24)**
Deferred tax asset, net	**8,510**	**7,783**	**732**	**2,021**	**(5)**	**(24)**

The balance between the Income tax expense and the accounting result multiplied by the applicable tax rate for the years is presented below:

	01.01.–31.12.2025	01.01.–31.12.2024
	BGN'000	*BGN'000*
Profit before Taxes	43,274	22,247
Tax rate	10%	10%
Income tax expense	(4,327)	(2,225)
Tax impact of permanent differences	(5)	(10)
Total income tax(expense)	**(4,332)**	**(2,235)**

8.1 Concession rights

On April 19, 2021, the Company made payment on the upfront concession fee according to the concession agreement in the amount of BGN 550,000 thousand without VAT. At that date, the Company has recognized an intangible asset of the same value, which will be amortized over the term of the concession based on passenger traffic.

For the year ended 31 December 2025 the reported amortization of the asset amounts to BGN 10,171 thousand (2024: BGN 9,592 thousand). The net book value of the intangible asset related to the upfront concession fee as of 31 December 2025 amounts to BGN 510,666 thousand (31 December 2024: BGN 520,837 thousand).

At the concession commencement date, the Company incurred an obligation for payment of minimum annual concession fees for the 35-year duration period of the concession at the total nominal amount of BGN 1,680 million (EUR 859 million). Based on an annex to the concession agreement signed with the Ministry of Transport and Communications, the instalments for the first ten years of the concession are deferred to the last ten-year period of the concession. As of 19 April 2021, the net present value of the minimum annual concession payments, using the applicable discount rate, is recognized both as an intangible asset and the related financial liability to the amount of BGN 573,734 thousand. The intangible asset related to the minimum annual concession fees is amortized based on traffic over the term of the concession. The Company also recognizes the interest expense related to the unwinding of the discount of the recorded financial liability, using the applicable discount rate (Note 6).

For 2025 the reported amortization expense of the intangible asset related to the concession fees is in the amount of BGN 20,781 thousand (2024: BGN 19,598 thousand) and the interest expense related to the unwinding of the discount of the financial liability is in the amount of BGN 32,521 thousand of which BGN 875 thousand relate to unwinding of discount of deferred variable concession fees recognized in the period 2022-2025 (2024: BGN 30,722 thousand of which BGN 405 thousand relate to unwinding of discount of deferred variable concession fees recognized in 2022, 2023 and 2024). As of 31 December 2025, the net book value of the intangible asset related to the concession fees is BGN 1,043,368 thousand (31 December 2024: BGN 1,064,149 thousand) and the balance sheet value of the related recognized financial liability is BGN 736,466 thousand of which BGN 25,733 is variable concession fee liability (31 December 2024: BGN 694,136 thousand of which BGN 15,048 thousand is variable concession fee).

Due to the nature of the contractual relationship, the value of the expected cash flows and their distribution over time may change, which will also lead to a possible change in the carrying value of the intangible asset and the related payment obligation. As at the date of these financial statements, Management believes that the estimates made are based on the best available information.

8.2 Capitalized expenses related to concession

The following table summarizes the details of capitalized directly attributable costs, including borrowing costs related to acquisition of Concession agreement with Grantor:

	Capitalized interest expenses – related parties loans	Capitalized expenses for hired services-related parties	Capitalized expenses for hired services	Capitalized success fees	Total
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Capitalized value:					
1 January 2024	**588**	**19,838**	**3,502**	**15,647**	**39,575**
Capitalization 2024	-	-	-	-	-
31 December 2024	**588**	**19,838**	**3,502**	**15,647**	**39,575**
1 January 2025	**588**	**19,838**	**3,502**	**15,647**	**39,575**
Capitalization 2025	-	-	-	-	-
31 December 2025	**588**	**19,838**	**3,502**	**15,647**	**39,575**

Capitalized expenses, related to concession, are reported as intangible asset, which is amortized over concession term based on passenger traffic. For the year ended 31 December 2025 recorded amortization expense of this intangible is BGN 732 thousand (period ended 31 December 2024: BGN 690 thousand).

The "Initial concession fee" in one with "Minimum concession fees" are presented as intangible asset labelled "Concession rights". Capitalized costs related to concession agreement, are also reported as intangible asset. Both are amortized over the concession term based on passenger traffic. For the periods ending as of 31 December 2025 and 2024 the recorded amortization expense is BGN 21,513 thousand and BGN 20,288 thousand, respectively.

8.2 Capitalized expenses related to concession (continued)

The following table presents the figures:

	Concession rights	Capitalized expenses, related to concession
1 January 2024	*BGN'000*	*BGN'000*
Cost	**1,123,734**	**39,575**
Accumulated amortization	(39,987)	(1,408)
Net book value	**1,083,747**	**38,167**
Year ended at 31 December 2024		
Opening net book value	**1,083,747**	**38,167**
Amortisation charge	(19,598)	(690)
Net Book value	**1,064,149**	**37,477**
As of 31 December 2024		
Cost	**1,123,734**	**39,575**
Accumulated amortization	(59,585)	(2,098)
Net book value	**1,064,149**	**37,477**
Year ended at 31 December 2025		
Opening net book value	**1,064,149**	**37,477**
Amortisation charge	(20,781)	(732)
Net Book value	**1,043,368**	**36,745**
As of 31 December 2025		
Cost	**1,123,734**	**39,575**
Accumulated amortization	(80,366)	(2,830)
Net book value	**1,043,368**	**36,745**

9. Property, plant and equipment

	Machines and equipment	Vehicles	Operating and Office equipment	Leased assets	Assets under construction	Total
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
1 January 2024						
Cost	2,254	2,198	4,306	235	1,405	10,398
Accumulated depreciation	(855)	(145)	(658)	(60)	-	(1,718)
Net book value	**1,399**	**2,053**	**3,648**	**175**	**1,405**	**8,680**
Year ended at 31 December 2024						
Opening net book value	1,399	2,053	3,648	175	1,405	8,680
Additions	532	277	526	-	10,538	11,873
Transfers	811	314	6,619	-	(7,744)	-
Transfer (to) / from Concession intangible assets	38	-	616	-	(13)	641
Transfer to Other intangible assets	-	-	-	-	(310)	(310)
Disposal – cost	(3)	-	-	(3)	-	(6)
Depreciation charge	(723)	(286)	(1,322)	(22)	-	(2,353)
Disposal – accumulated depreciation	3	-	-	3	-	6
Net book value	**2,057**	**2,358**	**10,087**	**153**	**3,876**	**18,531**
As of 31 December 2024						
Cost	3,632	2,789	12,067	232	3,876	22,596
Accumulated depreciation	(1,575)	(431)	(1,980)	(79)	-	(4,065)
Net book value	**2,057**	**2,358**	**10,087**	**153**	**3,876**	**18,531**
Year ended at 31 December 2025						
Opening net book value	2,057	2,358	10,087	153	3,876	18,531
Additions	-	-	-	-	11,232	11,232
Transfers	910	6,142	3,695	-	(10,747)	-
Transfer (to) / from Concession intangible assets	71	-	428	-	(624)	(125)
Transfer from Other intangible assets	-	-	-	-	309	309
Disposal – cost	(3)	-	-	(2)	-	(5)
Depreciation charge	(971)	(593)	(2,242)	(22)	-	(3,828)
Disposal – accumulated depreciation	1	-	-	2	-	3
Net book value	**2,065**	**7,907**	**11,968**	**131**	**4,046**	**26,117**
As of 31 December 2025						
Cost	4,610	8,931	16,190	230	4,046	34,007
Accumulated depreciation	(2,545)	(1,024)	(4,222)	(99)	-	(7,890)
Net book value	**2,065**	**7,907**	**11,968**	**131**	**4,046**	**26,117**

10.1 Concession intangible assets

	Concession intang asse	Concession intangible assets under construction	Total
1 January 2024	*BGN'000*	*BGN'000*	*BGN'000*
Cost	5,130	9,992	15,122
Accumulated amortization	(398)	-	(398)
Net book value	**4,732**	**9,992**	**14,724**
Year ended at 31 December 2024			
Opening net book value	4,732	9,992	14,724
Additions	181	32,863	33,044
Transfers	19,232	(19,232)	-
Transfer (to)/from Property, plant and equipment	13	(654)	(641)
Transfer to Other intangible assets	-	(456)	(456)
Amortization charge	(1,164)	-	(1,164)
Net book value	**22,994**	**22,513**	**45,507**
As of 31 December 2024			
Cost	24,556	22,513	47,069
Accumulated amortization	(1,562)	-	(1,562)
Net book value	**22,994**	**22,513**	**45,507**
Year ended at 31 December 2025			
Opening net book value	22,994	22,513	45,507
Additions	-	64,375	64,375
Transfers	9,128	(9,128)	-
Transfer (to)/from Property, plant and equipment	625	(499)	126
Amortization charge	(2,925)	-	(2,925)
Net book value	**29,822**	**77,261**	**107,083**
As of 31 December 2025			
Cost	34,309	77,261	111,570
Accumulated amortization	(4,487)	-	(4,487)
Net book value	**29,822**	**77,261**	**107,083**

10.2 Other intangible assets

	Licenses and other	Software	Other	Intangible assets under acquisition	Total
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
1 January 2024					
Cost	204	235	726	1,748	2,913
Accumulated amortization	(19)	(94)	(242)	-	(355)
Net book value	**185**	**141**	**484**	**1,748**	**2,558**
Year ended at 31 December 2024					
Opening net book value	185	141	484	1,748	2,558
Additions	53	-	-	3,781	3,834
Transfers	-	2,734	1,543	(4,277)	-
Transfers from concession intangible assets	-	7	12	437	456
Transfer from property, plant and equipment	-	-	-	310	310
Amortization charge	(27)	(243)	(530)	-	(800)
Net book value	**211**	**2,639**	**1,509**	**1,999**	**6,358**
As of 31 December 2024					
Cost	257	2,976	2,281	1,999	7,513
Accumulated amortization	(46)	(337)	(772)	-	(1,155)
Net book value	**211**	**2,639**	**1,509**	**1,999**	**6,358**
Year ended at 31 December 2025					
Opening net book value	211	2,639	1,509	1,999	6,358
Additions	-	-	-	5,399	5,399
Transfers	26	155	315	(496)	-
Transfers from concession intangible assets	1	-	-	-	1
Transfer to property, plant and equipment	-	-	-	(310)	(310)
Amortization charge	(36)	(427)	(374)	-	(837)
Net book value	**202**	**2,367**	**1,450**	**6,592**	**10,611**
As of 31 December 2025					
Cost	284	3,131	2,596	6,592	12,603
Accumulated amortization	(82)	(764)	(1,146)	-	(1,992)
Net book value	**202**	**2,367**	**1,450**	**6,592**	**10,611**

11. Right-of-use assets

	As of 31.12.2025	As of 31.12.2024
	BGN'000	*BGN'000*
Right of Use assets – cost		
Ground handling vehicles	4,995	5,894
IT & communication equipment	135	123
Other equipment	238	100
Office cars	2,642	2,391
Property	911	989
Software	394	214
	9,315	**9,711**

	As of 31.12.2025	As of 31.12.2024
	BGN'000	*BGN'000*
Accumulated depreciation of Right of Use assets		
Ground handling vehicles	(3,364)	(2,496)
IT & communication equipment	(131)	(104)
Other equipment	(167)	(85)
Office cars	(1,121)	(779)
Property	(649)	(517)
Software	(286)	(181)
	(5,718)	**(4,162)**

Net book value of Right of use	As of 31.12.2025	As of 31.12.2024
Ground handling vehicles	1,631	3,398
IT & communication equipment	4	19
Other equipment	71	15
Office cars	1,521	1,612
Property	262	472
Software	108	33
	3,597	**5,549**

During the year ended 31 December 2025 the Company concluded several amendments for modification of its lease liabilities and underlying assets and has acquired assets under new lease agreements, as well as has terminated one lease agreement.

	As of 31.12.2025	As of 31.12.2024
	BGN'000	*BGN'000*
Right of use assets - cost		
As at the beginning of the period	9,711	9,430
Additions	942	612
Disposals	(1,338)	(331)
As at the end of the period	**9,315**	**9,711**
Right of use assets - accumulated depreciation		
As at the beginning of the period	(4,162)	(1,833)
Depreciation charge	(2,318)	(2,476)
Disposals	762	147
As at the end of the period	**(5,718)**	**(4,162)**

Depreciation charge of Right of use assets is as follows:

	01.01.–31.12.2025	01.01.–31.12.2024
	BGN'000	*BGN'000*
Depreciation charge of Rights of use assets		
Ground handling vehicles	(1,323)	(1,473)
IT & communication equipment	(33)	(62)
Other equipment	(82)	(50)
Office cars	(479)	(467)
Property	(292)	(316)
Software	(108)	(108)
	(2,317)	**(2,476)**

11. Right-of-use assets (continued)

Interest costs are as follow:

	01.01.–31.12.2025	01.01.–31.12.2024
	BGN'000	*BGN'000*
Interest expense (included in finance costs)		
Ground handling vehicles	185	304
IT & communication equipment	1	4
Other equipment	6	3
Office cars	121	147
Property	18	30
Software	7	7
	338	**495**

The Leases liabilities is as follow:

	01.01.–31.12.2025	01.01.–31.12.2024
	BGN'000	*BGN'000*
Leases liabilities		
Current	2,550	2,268
Non-current	1,319	3,597
	3,869	**5,865**

The maturity structure of lease liabilities as of 31 December 2025 is as follows:

	01.01.–31.12.2025	01.01.–31.12.2024
	BGN'000	*BGN'000*
Within 1 year	2,550	2,268
Between 1 and 5 years	1,319	3,597
Over 5 years	-	-
	3,869	**5,865**

	01.01.–31.12.2025	01.01.–31.12.2024
	BGN'000	*BGN'000*
Leases liabilities		
As at 1 January	5,865	7,814
New leases	713	552
Lease modification	250	59
Interest expense (included in finance cost)	338	495
RoU assets, written off	(576)	(185)
Profit on lease modification	(41)	(9)
Payment of interest	(338)	(495)
Payment of leases under lease contracts	(2,342)	(2,345)
Payment of leases for fixed assets	-	(21)
As at 31 December	**3,869**	**5,865**

12. Derivatives Instruments

	01.01.–31.12.2025	01.01.–31.12.2024
	BGN'000	*BGN'000*
Interest rate swaps – cash flow hedges	10,047	15,446

SOF Connect is exposed to a risk of interest rate change due to fluctuations in interest rates. To limit interest rate risk and to comply with the requirements of the loan agreements with the lenders the Company has concluded interest rate hedges for floating-rate loans. The floating-rate payments are exchanged for fixed-rate payments (pay-fixed/receive-floating). Floating rate bank loans are based on 6M EURIBOR interest rates, and the agreed fixed rate markup stands at 0.439%.

As a result of the fluctuations in EURIBOR rates in 2025 the fair market value of the Company's hedging instruments depreciated significantly as of 31 December 2025 with a corresponding negative effect on financial result for the year.

13. Employee benefit obligations

The Company operates defined benefit pension plan like Bulgarian regulatory frameworks and Collective Labour Agreement. The level of benefit provided depends on employee length of service provided to the Company. If the employee has worked for the Company more than 10 years and not more than 20 years receives 9 gross monthly salaries at retirement; if more than 20 years – 13 gross salaries. For work length less than 10 years, the benefit is 2 gross salaries. The retirement employee benefit plan is not funded. The Company determines its obligations for payment by actuarial method of projected credit units. Revaluation of the defined benefit pension plan including actuarial gains and losses are recognized immediately in the statement of financial position against a debit or credit of other comprehensive income in the period of their occurrence.

Interest expense is recognized by applying a discount factor to the obligation for retirement. Changes in the latter are recognized in profit or loss for the period.

The Company has made estimation for retirement benefits based on actuarial assumptions.

	01.01.–31.12.2025	01.01.–31.12.2024
	BGN'000	*BGN'000*
Employee benefit obligations in the beginning of the year	4,510	4,855
Current service cost	617	593
Interest cost	174	184
Actuarial (gain)/loss	(48)	(241)
Paid benefits	(919)	(881)
Employee benefit obligations in the end of year	**4,334**	**4,510**

Liabilities for retirement benefit obligations at the end of the year include non-current liabilities in amount BGN 3,284 thousand (31 December 2024: BGN 3,700 thousand) and BGN 1,050 thousand current liabilities (31 December 2024: BGN 810 thousand).

The main assumptions used in determining retirement benefit obligations are as follows:

	As of 31.12.2025	As of 31.12.2024
	BGN'000	*BGN'000*
Discount annual interest rate	3.93%	3.93%
Wage growth	7.00%	7.00%
Staff turnover	13.4%	13.00%

14. Financial liabilities, related to bank loans

The financial liabilities of the Company as of 31 December 2025 include payables under loan agreements signed with a consortium of lenders to secure the financing for the concession project. Bank loan liabilities amount to BGN 340,088 thousand (31 December 2024: BGN 405,605 thousand), comprising BGN 346,432 thousand of loaned principal (31 December 2024: BGN 413,351 thousand) and BGN 54 thousand of accrued interest (31 December 2024: BGN 68 thousand), net of BGN 6,398 thousand of capitalized bank fees (31 December 2024: BGN 7,814 thousand). As of 31 December 2025 current portion of non-current bank loans is BGN 18,361 thousand (31 December 2024: BGN 14,854 thousand).

During the reporting period ending 31 December 2024 mandatory bank fees were accrued in relation to regular administering of the loans and to commitment fees due on unutilized amounts from Facility 2 and Facility 3. As of 31 December 2024 all accrued liabilities related to bank fees have been paid.

As of 31 December 2024, as result of the full disbursement of Facility 2 and Facility 3 all related bank fees have become part of the amortized cost of the respective facilities.

14. Financial liabilities, related to bank loans (continued)

On 24 December 2020 the Company signed a Common Terms Agreement with several development financial institutions and commercial banks as lenders to the project. An overview of the original lending structure is provided in the table below:

Name of Original Lender	**Commitment** Facility 1 Commitment	Facility 2 Commitment	VAT Facility Commitment	Current interest rate	Final Maturity
	BGN'000	*BGN'000*	*BGN'000*	*% p.a.*	*Year*
The European Bank for Reconstruction and Development	111,482	-	-	3.50 + 6 m Euribor	2027
The Black Sea Trade and Development Bank	100,334	62,000	-	3.50 + 6 m Euribor	2027
Kommunalkredit Austria AG	24,056	15,060	-	3.50 + 6 m Euribor	2027
Societe Generale	48,309	29,924	-	3.50 + 6 m Euribor	2027
Unicredit Bulbank AD	48,309	29,924	72,839	3.50 + 6 m Euribor	2027 / 2021 (VAT Fac.)
DSK Bank AD	-	-	37,161	2.00 + 6 m Euribor	2021
Total Commitments	**332,490**	**136,908**	**110,000**		

The International Finance Corporation joined the financing facilities during 2021. The interest due is covered with a hedge up to 80% of the interest due.

On July 12, 2021 the European Investment Bank also joined the group of lenders. Without changing the total commitments under the loan agreements, a Facility 3 was installed in the amount of BGN 78,233 thousand. The repayment term of the loan from the European Investment Bank is 30.12.2040 and the interest spread is 2.3% over 6 m EURIBOR.

14. Financial liabilities, related with bank loans (continued)

The table below presents the lenders' structure and commitments as of December 31, 2025. Bank loans are fully disbursed as of December 31, 2025.

Name of Original Lender	**Facility 1**			**Facility 2**			**Facility 3**			Current	Final
	Disbursed	Repaid	Outstanding debt	Disbursed	Repaid	Outstanding debt	Disbursed	Repaid	Outstanding debt	interest rate	Maturity
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*% p.a.*	*Year*
The European Bank for Reconstruction and Development	97,791	(25,617)	72,174	-	-	-	-	-	-	3.50 + 6 m Euribor	2027
The Black Sea Trade and Development Bank	97,673	(25,587)	72,086	8,852	(2,319)	6,533	-	-	-	3.50 + 6 m Euribor	2027
Kommunalkredit Austria AG	23,415	(6,134)	17,281	2,157	(565)	1,592	-	-	-	3.50 + 6 m Euribor	2027
Societe Generale	47,027	(12,319)	34,708	4,275	(1,120)	3,155	-	-	-	3.50 + 6 m Euribor	2027
Unicredit Bulbank AD	47,027	(12,319)	34,708	4,275	(1,120)	3,155	-	-	-	3.50 + 6 m Euribor	2027
International Finance Corporation	19,558	(5,124)	14,434	39,117	(10,248)	28,869	-	-	-	3.50 + 6 m Euribor	2027
European Investment Bank	-			-			78,233	(20,496)	57,737	2.30 + 6 m Euribor	2040
Total	**332,491**	**(87,100)**	**245,391**	**58,676**	**(15,372)**	**43,304**	**78,233**	**(20,496)**	**57,737**		

14. Financial liabilities, related with bank loans (continued)

The table below presents the lenders' structure and commitments as of December 31, 2024. Bank loans are fully disbursed as of December 31, 2024.

Name of Original Lender	**Facility 1**			**Facility 2**			**Facility 3**			Current	Final
	Disbursed	Repaid	Outstanding debt	Disbursed	Repaid	Outstanding debt	Disbursed	Repaid	Outstanding debt	interest rate	Maturity
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*% p.a.*	*Year*
The European Bank for Reconstruction and Development	97,791	(11,676)	86,115	-	-	-	-	-	-	3.50 + 6 m Euribor	2027
The Black Sea Trade and Development Bank	97,673	(11,662)	86,011	8,852	(1,057)	7,795	-	-	-	3.50 + 6 m Euribor	2027
Kommunalkredit Austria AG	23,415	(2,796)	20,619	2,157	(258)	1,899	-	-	-	3.50 + 6 m Euribor	2027
Societe Generale	47,027	(5,615)	41,412	4,275	(511)	3,764	-	-	-	3.50 + 6 m Euribor	2027
Unicredit Bulbank AD	47,027	(5,615)	41,412	4,275	(511)	3,764	-	-	-	3.50 + 6 m Euribor	2027
International Finance Corporation	19,558	(2,335)	17,223	39,117	(4,670)	34,447	-	-	-	3.50 + 6 m Euribor	2027
European Investment Bank	-	-	-	-	-	-	78,233	(9,343)	68,890	2.30 + 6 m Euribor	2040
Total	**332,491**	**(39,699)**	**292,792**	**58,676**	**(7,007)**	**51,669**	**78,233**	**(9,343)**	**68,890**		

14. Financial liabilities, related with bank loans (continued)

The interest rate for Facility 1 and 2 is also defined as a spread over the 6m EURIBOR rate. According to the financing agreements with the Company's lenders, for Facility 1 and 2 the spread is equal to 3.00% per annum for the first two years of the financing agreements, then increases to 3.25% in the third year, to 3,50% in the fourth and the fifth year and, finally, to 3.75% per annum in the sixth and the seventh year of the financing agreements. Thus, the spread of 3.50% was applied in 2025.

The Company utilized the full amounts of Facility 1 n 2021. In 2023 the Company made partial utilization under both Facility 2 and Facility 3. In 2024 SOF Connect fully utilized all available amounts under both Facility 2 and Facility 3.

During 2024, Facility 2 and Facility 3 have been fully disbursed.

The following pledges are established by the Company in favour of the lenders consortium to secure its liabilities:

Type of security (Pledgor)	Subject	Notes
Bulgarian Law Share Pledge;	All of the shares in SOF Connect AD	registered with the Bulgarian Central Pledges Registry
Bulgarian Law Receivables Pledge (Concession Agreement, Project documents and revenues/ SOF Connect)	Present and future receivables of SOF Connect arising from: (a) the Airport Charges, (b) the Commercial Revenues of the SOF Connect; and (c) the Concession Subcontracts.	registered with the Bulgarian Central Pledges Registry
Bulgarian Law Accounts Pledge (SOF Connect);	Accounts pledge agreements in respect of the balances on Onshore Accounts	registered with the Bulgarian Central Pledges Registry
English Law Security Agreement (SOF Connect)	SOF Connect's receivables under the Hedging Documents, the TSA and any reinsurance and retrocession proceeds	
English Law Security Agreement (Meridiam Eastern Europe);	Meridiam Eastern Europe Investments SAS's receivables under the Shareholder Equity Loans and the ESSSRA.	
English Law Security Agreement (Meridiam Infrastructure);	Meridiam Infrastructure Europe III SLP's receivables under the Shareholder Equity Loans and the ESSSRA.	
English Law Security Agreement (Meridiam Investment);	Meridiam Investments SAS's receivables under the Shareholder Equity Loans and the ESSSRA.	
German Law Account Pledge Agreement (SOF Connect	Accounts pledge agreement in respect of the balances on Offshore Accounts	

In order to improve the company's cash management, in 2025 SOF Connect opened new Offshore bank accounts with another financial institution that meets the requirements of the financing agreements. Those new accounts also became subject of the German Law Account Pledge Agreement.

In 2025 SOF Connect complied with all debt covenants subject to monitoring in that period. Receivables Pledge Coverage Ratio stood within the required range and was no less than 85% of the total amount of present and future receivables of SOF Connect from airport charges, commercial revenues, and Concession subcontracts.

In accordance with the signed Common Terms Agreement (CTA) between the Company and the lenders, in June 2024 SOF Connect started to calculate and report Projected debt service coverage ratio, Historic debt service coverage ratio, and Loan Life Coverage Ratio. In 2025 SOF Connect started to calculate Leverage ratio. All values of those ratios in 2025 complied with the required thresholds.

Financial Covenant	Compliance status as at 30 Dec 2025
Historic Debt Service Coverage Ratio (DSCR)	Compliant
Projected Debt Service Coverage Ratio (DSCR)	Compliant
Loan Life Coverage Ratio (LLCR)	Compliant
Net Debt to EBITDA ratio (Leverage)	Compliant

As at the most recent scheduled calculation date (30 Dec 2025), the Company is in compliance with the financial covenants under the CTA. As a result of this, the ability of the Company to continue operating as a going concern is not impacted.

14. Financial liabilities, related with bank loans (continued)

In order to comply with requirements under to the Concession Agreement for providing Operation Guarantee and Performance Guarantee for Works and Mandatory Capital Expenditures, the shareholders of SOF Connect have secured the necessary bank guarantees in favour of the Grantor. The expenses incurred by the shareholders for issuance and availability of the guarantees are reimbursed by SOF Connect. SOF Connect does not provide any security and has no obligations towards the issuing banks in relation to such guarantees.

As of 31 December 2025 the following bank guarantees have been provided to the Grantor:

Financial Institution	**Currency**	**Operation Guarantees Limit**	**Capital Expenditures Guarantees /Limit**
Banco Bilbao Vizcaya Argentaria, S.A.	EUR	38,449,149	5,656,559
Societe Generale S.A.	EUR	10,634,871	1,654,211
Total	EUR	**49,084,020**	**7,310,770**

As of 31 December 2024 the following bank guarantees have been provided to the Grantor:

Financial Institution	**Currency**	**Operation Guarantees Limit**	**Capital Expenditures Guarantees /Limit**
Banco Bilbao Vizcaya Argentaria, S.A.	EUR	38,449,149	5,656,559
Societe Generale S.A.	EUR	10,634,871	1,654,211
Total	EUR	**49,084,020**	**7,310,770**

This section sets out an analysis of net debt and the movements in net debt for each of the periods:

Net debt	**31.12.2025** *BGN'000*	**31.12.2024** *BGN'000*	**01.01.2024** *BGN'000*
Cash and cash equivalents	202,808	343,359	155,416
Bank loans	(340,088)	(405,605)	(346,450)
Related party loans	(89,514)	(213,077)	(143,466)
Other liabilities	(250)	(156)	(156)
Leases	(3,869)	(5,865)	(7,814)
Net debt	**(230 913)**	**(281,344)**	**(342,470)**

	Liabilities from financing activities					
	Bank Loans	**Related Party Loans**	**Leases**	**Sub – Total**	**Cash**	**Net Debt**
	BGN'000	***BGN'000***	***BGN'000***	***BGN'000***	***BGN'000***	***BGN'000***
Net debt as of 1 Jan 2024	***(346,606)***	***(143,466)***	***(7,814)***	***(497,885)***	***155,416***	***(342,470)***
Financing cash flows	*(46,130)*	*(53,226)*	*2,861*	*(96,495)*	-	*(96,495)*
New leases	-	-	*(552)*	*(552)*	-	*(552)*
Modified leases	-	-	*135*	*135*	-	*135*
Non-cash transactions	*4,680*	-	-	*4,680*	-	*4,680*
Interest expense	*(17,705)*	*(16,385)*	*(495)*	*(34,585)*	-	*(34,585)*
Net debt as of 31 Dec 2024	***(405,761)***	***(213,077)***	***(5,865)***	***(624,702)***	***343,359***	***(281,344)***
Financing cash flows	*82,311*	*134,605*	*2,680*	*219,596*		*219,596*
New leases			*(713)*	*(713)*		*(713)*
Modified leases			*367*	*367*		*367*
Non-cash transactions	*(1,497)*			*(1,497)*		*(1,497)*
Interest expense	*(15,392)*	*(11,042)*	*(338)*	*(26,772)*		*(26,772)*
Net debt as of 31 Dec 2025	***(340,339)***	***(89,514)***	***(3,869)***	***(433,721)***	***202,808***	***(230,913)***

15. Trade and other receivables

	31.12. 2025	31.12.2024
	BGN'000	*BGN'000*
Trade receivables, gross	23,840	21,936
Impairment	(492)	(386)
Trade receivables, net	23,348	21,550
Advances to suppliers	8,840	15,886
Prepaid insurance and other expenses	970	1,102
Tax receivables	1,143	1,139
Interest receivable from deposits	346	-
Other receivables	6	107
	34,653	**39,784**

The movement of the impairment on receivables for the year is as follows:

	As of 31.12.2025	As of 31.12.2024
	BGN'000	*BGN'000*
At the beginning of the year	386	521
Accrued / (reversed) impairment	106	(135)
At the end of the year	**492**	**386**

As at 31 December 2025 the aging structure for the Trade receivables is as follow:

	Total BGN'000	Not yet due BGN'000	0 - 30 days BGN'000	31 – 60 days *BGN'000*	61 – 90 days BGN'000	More than 91 days BGN'000
Trade receivables	23,840	17,792	3,565	574	535	1,374
Expected credit loss	(492)	(38)	(27)	(10)	(9)	(408)
Total	**23,348**	**17,754**	**3,538**	**564**	**526**	**966**

As at 31 December 2024 the aging structure for the Trade receivables is as follow:

	Total BGN'000	Not yet due BGN'000	0 - 30 days BGN'000	31 – 60 days *BGN'000*	61 – 90 days BGN'000	More than 91 days BGN'000
Trade receivables	21,936	17,514	2,826	438	178	980
Expected credit loss	(386)	(34)	(17)	(7)	(4)	(324)
Total	**21,550**	**17,480**	**2,809**	**431**	**174**	**656**

As of each reporting date an analysis of the need for impairment and assessment of expected credit losses is made. The calculation reflects the probability-weighted result, time value of money, as well as reasonable and supportive information available on past events, current conditions, and forecasts for future economic conditions.

In accordance with the term of the financing agreement, the Company is obliged, at any time, to pledge in favour of the lender 85% of its receivables from contracts with clients as well as certain receivable under contracts with suppliers (notably, the contract for cleaning services).

16. Inventories

	31.12.2025	31.12.2024
	BGN'000	*BGN'000*
Goods	14	10
Materials	4,778	3,253
Less impairment	(356)	(97)
	4,436	**3,166**

16. Inventories (continued)

The movement of the impairment on materials for the year is as follows:

	As of 31.12.2025	As of 31.12.2024
	BGN'000	*BGN'000*
At the beginning of the year	97	38
Accrued, net	259	59
At the end of the year	**356**	**97**

17. Cash and cash equivalents

Cash and cash equivalents comprise of cash held in bank accounts and cash on hand, denominated as follows:

	31.12. 2025 *BGN'000*	31.12.2024 *BGN'000*
Cash in current accounts	202,586	343,021
Cash in transit	(8)	157
Cash on hand	230	181
	202,808	**343,359**

The fair value of the cash and cash equivalents as of 31 December 2025 is BGN 202,808 thousand (31 December 2024 fair value of BGN 343,359 thousand).

Restricted cash is BGN 1,350 thousand as of 31 December 2025 (31 December 2024: BGN 1,329 thousand) and include collateral to the customs authorities and other issued guarantees. Restricted cash is presented as other receivables in the statement of financial position.

18. Equity

	31.12.2025 *BGN'000*	31.12.2024 *BGN'000*	01.01.2024 *BGN'000*
Capital paid-in	6,650	6,650	6,650
Other reserves	225,500	225,500	225,500
Actuarial reserve	440	397	180
Retained earnings / (accumulated losses)	20,049	(18,893)	(38,905)
	252,639	**213,654**	**193,425**

On 14 April 2021 the registered capital was increased to BGN 6,650 thousand. The capital contributions were made pro-rata to the subscription of the owners of the Company. On 14 April 2021 4,100,000 class B preferred shares were issued with BGN 1 nominal value each and emission value of BGN 56 each. The same were acquired by the shareholders on a pro-rata basis for BGN 56 each to effectively create an additional capital reserve to the amount of BGN 225,500 thousand.

The structure of share capital as of 31 December 2025 and 2024 and 1 January 2024 is presented into the following tables:

Shareholder	Class A Shares at nominal value BGN 1	Class B Shares at nominal value BGN 1	31.12.2025
	BGN	*BGN*	*BGN'000*
Meridiam Eastern Europe Investments SAS	2,549,490	4,099,180	6,648
Meridiam Infrastructure Europe III SLP	255	410	1
Meridiam Investments SAS	255	410	1
	2,550,000	**4,100,000**	**6,650**

18. Equity (continued)

Shareholder	Class A Shares at nominal value BGN 1	Class B Shares at nominal value BGN 1	31.12.2024
	BGN	*BGN*	*BGN'000*
Meridiam Eastern Europe Investments SAS	2,549,490	4,099,180	6,648
Meridiam Infrastructure Europe III SLP	255	410	1
Meridiam Investments SAS	255	410	1
	2,550,000	**4,100,000**	**6,650**

Shareholder	Class A Shares at nominal value BGN 1	Class B Shares at nominal value BGN 1	01.01.2024
	BGN	*BGN*	*BGN'000*
Meridiam Eastern Europe Investments SAS	2,549,490	4,099,180	6,648
Meridiam Infrastructure Europe III SLP	255	410	1
Meridiam Investments SAS	255	410	1
	2,550,000	**4,100,000**	**6,650**

All shares are fully paid as of 31 December 2025, 2024 and 1 January 2024.

The structure of additional reserves as of 31 December 2025 and 2024 is presented in the following table:

Shareholder	31.12.2025 *BGN'000.*	31.12.2024 *BGN'000.*
Meridiam Eastern Europe Investments SAS	225,455	225,455
Meridiam Infrastructure Europe III SLP	22.55	22.5
Meridiam Investments SAS	22.55	22.5
	225,500	**225,500**

All additional reserves are fully paid as at 31 December 2025 and 2024.

19. Shareholder loans

	31.12.2025 *BGN'000*	31.12.2024 *BGN'000*
Loans from related parties and shareholders – principal incl.:	85,922	204,455
- loan from Meridiam Eastern Europe Investments SAS	85,904	204,415
- loan Meridiam Infrastructure Europe III SLP	9	20
- loan Meridiam Investments SAS	9	20
Loans from related parties and shareholders – total accrued interest	3,592	8,622
	89,514	**213,077**
Current portion of shareholder loans	**72,900**	**81,422**
Non-current portion of shareholder loans	**16,614**	**131,655**

As part of the overall commitment of the shareholders to invest equity in the Company in accordance with the Equity Subscription, Subordination and Share Retention Agreement, in the period July 2020 – December 2022 the Company entered into subordinated loan agreements with its shareholders for a total amount of EUR 121,304 thousand (BGN 237,249 thousand). All subordinated loans have identical terms and conditions and have been duly utilized by end of May 2024. The loans bear an annual interest rate of 8.0%.The Company must repay each loan immediately after the senior loan facilities have been fully repaid or earlier, according to an amortisation schedule agreed between the Company and the respective shareholder, provided that the distribution mechanism in the Common Terms Agreement is complied with. Repayments of principal and of interest accrued under shareholder loans took place in 2025 following lenders' formal consent. The shareholder loans extended in 2020 and 2021 have been fully repaid as of 31 December 2025.

20. Trade and other payables

	31.12.2025 *BGN'000*	31.12.2024 *BGN'000*
Payables to personnel	303	6,598
Payables to suppliers and customers	11,651	6,940
Refund liability	21,169	20,510
Payables for social benefits	2,008	1,963
Guarantees and collateral received	3,705	2,341
Tax payables	530	615
Other payables	1,410	1,532
	40,776	**40,499**

21. Related parties' balances and transactions

Related parties

Meridiam Eastern Europe Investments SAS – shareholder, parent company
Meridiam Infrastructure Europe III SLP – shareholder
Meridiam Investments SAS – shareholder

Ultimate parent company

The ultimate parent company of the Company is Meridiam Infrastructure Europe III SLP. Meridiam Infrastructure Europe III SLP, France – partnership limited by shares is an investment fund, managed by Meridiam SAS, and as such, is subject to specific requirements and does not have any shareholders per se, but institutional investors. Furthermore, no individual/entity investor of Meridiam Infrastructure Europe III SLP holds a direct or indirect stake of 25% or more in total in SOF Connect AD.

Also, there is no investor who can exercise significant influence over the Company.

Other related parties

Meridiam SAS is a fund manager of the ultimate parent company, and as such is a related party of Sof Connect AD.

Meridiam Co-Invest Infrastructure Eastern Europe SLP is a minority shareholder in Meridiam Eastern Europe Investment SAS, SOF Connect's parent company.

Meridiam Infrastructure Eastern Europe IIIb SLP is also a minority shareholder in Meridiam Eastern Europe Investment SAS, SOF Connect's parent company.

Fulcrum Infrastructure Management Limited is a UK-based company, a subsidiary of the Meridiam group, and a provider of financial modelling services to SOF Connect.

Key management remunerations

The remunerations paid to the members of the Management and the Supervisory Boards in 2025 amount to BGN 1,784 thousand.

21. Related parties balances and transactions (continued)

The total reconciliation of the agreements with related parties and the balances due for the period 1 January 2025 – 31 December 2025 are presented as follows:

Related parties	Type of agreement	Cash proceeds 01.01.2025 – 31.12.2025	Cash payments 01.01.2025 – 31.12.2025	Transactions 01.01.2025 – 31.12.2025	Amounts payable to related parties 31.12.2025
		BGN'000	*BGN'000*	*BGN'000*	*BGN'000*
Meridiam Eastern Europe Investments SAS	Loan agreement – borrowings and capitalized interest	-	(134,579)	11,040	89,496
Meridiam Investments SAS	Loan agreement – borrowings and capitalized interest	-	(13)	1	9
Meridiam Infrastructure Europe III SLP	Loan agreement – borrowings and capitalized interest	-	(13)	1	9
Meridiam Eastern Europe Investments SAS	Management services	-	(1,282)	1,193	152
Meridiam SAS	Management services	-	-	340	340
Meridiam Infrastructure Europe III SLP	Administrative services	-	(27)	27	-
Meridiam Infrastructure Eastern Europe IIIb SLP	Administrative services	-	(5)	5	-
Meridiam Co-Invest Infrastructure Eastern Europe	Administrative services	-	(9)	9	-
Meridiam Eastern Europe Investments SAS	Corporate guarantee fees	-	(1,002)	2,021	1,019
Fulcrum Infrastructure Management (FIM)	Deferred Refinancing costs	-	-	78	78
					91,103

The total reconciliation of the agreements with related parties and the balances due for the period 1 January 2024 – 31 December 2024 are presented as follows:

Related parties	Type of agreement	Cash proceeds 01.01.2024 – 31.12.2024	Cash payments 01.01.2024 – 31.12.2024	Transactions 01.01.2024 – 31.12.2024	Amounts payable to related parties 31.12.2024
		BGN'000	*BGN'000*	*BGN'000*	*BGN'000*
Meridiam Eastern Europe Investments SAS	Loan agreement – borrowings and capitalized interest	119,758	(66,540)	16,383	213,035
Meridiam Investments SAS	Loan agreement – borrowings and capitalized interest	12	(8)	1	21
Meridiam Infrastructure Europe III SLP	Loan agreement – borrowings and capitalized interest	12	(8)	1	21
Meridiam Eastern Europe Investments SAS	Management services	-	(1,899)	1,893	241
Meridiam Eastern Europe Investments SAS	Corporate guarantee fees	-	(3,939)	2,027	-
					213,318

21. Related parties balances and transactions (continued)

The transactions with related parties are settled at contracted prices. The outstanding balances at the end of any of the periods are unsecured, interest-free (apart from loans provided) and their settlement is done with cash or cash equivalents.

22.1. Deferred income

Deferred income arises from capital investments performed by lessees that are not subject to reimbursement by the Company. Since lessees receive the right to use premises the value of investments is considered part of the total rental payments under lease agreements. The value of investments is considered upfront rental payment which is recognized as rental income on a straight-line basis over the contract term.

Deferred income arises also from prepayments for services made by customers mainly related to commercial activities of the Company.

	31.12.2025	31.12.2024
	BGN'000	*BGN'000*
Deferred income related to investments from lessees	13,955	7,126
Deferred income related to prepaid services	301	221
	14,256	**7,347**

	2025	2024
	BGN'000	*BGN'000*
Within 1 year	3,495	1,410
Between 2 and 5 years	10,549	5,788
Above 5 years	212	149
	14,256	**7,347**

The movement of the deferred income related to investments from leases during year ended 31 December 2025 is presented in the following table:

	2025	2024
	BGN'000	*BGN'000*
Balance at January 1	7,126	2,102
Originated during the period	9,011	5,843
Recognized though profit and loss account	(2,182)	(819)
Balance at December 31	**13,955**	**7,126**

22.2. Grant financing

On 29 July 2024, SOF Connect signed a grant agreement with the European Climate, Infrastructure and Environment Executive Agency (CINEA) for the electrification of the ground handling infrastructure at Sofia Airport. The total grant amounts to BGN 1,819 thousand (EUR 930 thousand) with a grant intensity of 50%. In 2024 the Company received 50% of the grant or BGN 909 thousand (EUR 465 thousand) as an advance. As of 31 December 2025, the project is still under implementation and the advance payment has not been utilized. The project is expected to be finalized by Nov 2026.

On 13 November 2024, the European Health and Digital Executive Agency, on the one side, and a consortium comprising SOF Connect AD, A1 Bulgaria EAD and Wings ICT Solutions Technologies (Greece), on the other, signed a grant agreement for the deployment of 5G Mobile Private Network at Sofia Airport. The maximum grant under the project amounts to BGN 8,687 thousand (EUR 4,441 thousand), of which the grant attributable to SOF Connect is BGN 786 thousand (EUR 402 thousand). In 2025, the Company receive the first tranche of the grant amounting to BGN 235 thousand (EUR 120 thousand). As of 31 December 2025, the project is under implementation and the first tranche has not been utilized. The project is expected to be completed by 31 December 2027.

22.2. Grant financing (continued)

The grants are presented in the statement of financial position as a liability.

The income on both projects will be recognized on a straight-line basis over the useful life of the underlying eligible assets after they are put into operations.

As of 31 December 2025, there are no unfulfilled conditions or other contingencies attaching to those grants.

23. Commitments, contracts and contingent liabilities

Concession agreement

On 22 July 2020 the Company concluded a concession agreement with the Ministry of Transport, Information Technology and Communications of the Republic of Bulgaria regarding the concession of Civil Airport Sofia – a public state ownership for 35 years term. The commencement date of the concession agreement is 19 April 2021.

The main obligations assigned to the Company under the Concession Agreement are as follows:

- to perform all associated functions of airport administration;
- to fulfil investments in the amount of BGN 1,220 million (EUR 624 million) as per the Concession Agreement;
- to pay concession fee to the Grantor under terms of the concession agreement and its financial model the higher of two amounts – the amount of 32% from revenues or agreed minimum annual fee of BGN 48.0 million (EUR 24.5 million);
- to maintain a license for an airport operator, as well as additional licenses and permissions, related to the activities of an operator;
- to employ certain technical and security officers to ensure the safety and the continuity of the operations;
- to fulfil certain environmental plan regarding its operations;
- to attract and maintain own capital to the amount of at least BGN 200 million;
- to construct and put in operations a new passenger terminal (Terminal 3) no later than the end of 2030.
- to prepare feasibility studies for the construction of a second runway every five years;
- to employ and join to the concession contract a third party – an airport operator;
- to provide a bank guarantee for construction works, based on five-year investment plans before the commencement of any construction work;
- to provide an ongoing operational guarantee by an approved bank;
- to present an approval of the Bulgarian Commission for Protection of Competition;
- to sign a contract with lenders and guarantee all the clauses are met, etc.
- at the end of the Concession Period, to return to the Grantor all state-owned assets, including state-owned assets that have been acquired or constructed during the Concession Period. Furthermore, at the end of the Concession Period, the Company has the obligation to offer to the Grantor to lease or purchase the privately-assets owned by the Company, but required for the operations of the airport (referred to as Movable Assets). The purchase or lease price of the Movable Assets is to be assessed through an independent valuation.

For the first five years of the concession, the Company initially committed to invest a total of BGN 84.1 million (EUR 43 million).

In April 2023, the Company proposed update of the Five-Year Investment Plan, increasing the overall investment commitment to BGN 143 million (EUR 73.1 million). This update was approved by the Grantor in June 2023. In November 2023, the Company provided another amendment of the Five-Year Investment Plan, which the Grantor has approved in November 2024.

In November 2025, the Company submitted a revised First Five-Year Investment Plan to the Grantor for approval. While the revised plan does not change the overall investment commitment of BGN 143 million (EUR 73.1 million), it reflects the actual progress of the investment projects addressing several amendments in the execution schedule and introduces new investment projects. As of the date of these financial statements, the Grantor has not provided its approval for the updated First Five Year Investment Plan.

23. Commitments, contracts and contingent liabilities (continued)

The implementation of the last approved First Five-Year Investment Plan is presented in the table below. As of 31 December 2025 the total implementation stands at EUR 91.5 million or 125%.

EUR thousand	2021	2022	2023	2024	2025	TOTAL
Five-year investment plan – initial	4,069	10,320	23,663	3,157	1,880	**43,089**
Five-year investment plan – April 2023 (update)	1,131	5,772	18,707	25,876	21,622	**73,108**
Five-year investment plan – November 2023 (update)	1,131	5,795	17,834	25,121	23,227	**73,108**
Actual investments	1,690	6,565	19,762	27,682	35,759	**91,458**
% implementation	149%	113%	111%	110%	154%	**125%**

The actual investments for the year 2025 reported to the Grantor encompass capital investments of EUR 30,619 thousand, advances for non-current assets paid to suppliers EUR 3,652 thousand and operating expenses of EUR 1,488 thousand.

As of the end of the reporting period, the Company has entered into several contracts for capital expenditures. As of 31 December 2025, the contracted capital expenditures, which are not recognized as liabilities amount to approximately BGN 75.2 million (EUR 38,452 thousand).

During 2025 the Company was following its obligations under the Concession agreement including:

- performed all associated functions of airport administration;
- reported BGN 69,682 thousand (EUR 35,628 thousand) of implemented investments in 2025;submitted a concession fee certificate the Grantor, in accordance with which the annual concession fee for 2025 amounts to BGN 83,297 thousand (EUR 42,589 thousand);
- submitted the Grantor the second Five-Year Investment Plan with a total value that complies with Concessionaire's minimum investment commitment of EUR 183.1 million for the 2026-2030 period as per Addendum 2 to the Concession Agreement.
- maintained a license for an airport operator, as well as additional licenses and permissions, related to the activities of an operator;
- maintained a Ground Handling Operator licenses according to article 48e paragraph 3, points 9, 10 of the Civil Aviation Act;
- ensured that all Ground Handling Activities are provided at the Airport, with the activities being performed both directly by the Concessionaire and by Third Parties;
- employed technical and security officers to ensure the safety and the continuity of the operations;
- provided a bank guarantee for construction works, based on the five-year investment plans, as well as performance guarantee, in accordance with the Concession Agreement;
- was compliant in fulfilling all major key performance indicators;
- followed obligations for vehicle fleet maintenance, security equipment maintenance, maintenance of buildings, installations and equipment - independently by the Concessionaire or through selected operators;
- maintained insurance policies required by the Concession Agreement;
- maintained a register of Movables required under Clause 6.2 of the Concession Agreement;
- carried out and ensured the availability of the Airport Activities and Airport Services in accordance with the Concession Agreement.

The Concession Agreement for the operation of the airport fall under the application of IFRIC 12.17 and is recognized according to the intangible asset model, since Company receives the right to charge airport users (airlines and passengers) in exchange for the obligation to pay concession fees and provide construction and upgrade services. In accordance with IFRIC 12, the Company reports an intangible asset initially measured as the sum of the upfront concession fee paid by the Company plus the present value of all minimum annual concession fees, that are not variable and are payable until the end of the Concession period, discounted at the applicable cost of debt (Note 8.1). In addition, at the commencement of the Concession Agreement the Company capitalized certain directly attributable expenses related to the Concession Agreement (Note 8.2). Both intangible assets are amortized using the units of production method based on the passenger traffic over the Concession Period. Please refer to the Summary of Significant Accounting Policies for further information on intangible assets.

23. Commitments, contracts and contingent liabilities (continued)

The rights to use the state-owned infrastructure received as consideration for construction and upgrade services are recognized at the cost of production in the period in which costs are incurred (Note 8.3). Revenue and expenses from construction and upgrade services are recorded pursuant to IFRIC 12.14 and in accordance with IFRS 15.

Equity and loan agreements

On 24 December 2020 the Company entered into an Equity Subscription, Subordination and Share Retention Agreement, concluded between the Original shareholders and several banks as lenders of the project. The agreement was designed to ensure the achievement of the capital structure, required by the concession contract and ensuring the operations. Under the terms of the agreement, the shareholders committed to provided BGN 469 million to the Company in the form of capital and shareholders' loans.

Common terms agreement

On 24 December 2020 the Company signed a Common Terms Agreement with certain commercial and development banks as lenders. The Company attracted a total commitment of BGN 469 million in the form of an investment loans. The loan facilities were designed to ensure the fulfilment of the Company's financial commitments under the Concession Agreement.

Technical service agreement

On 23 December 2020 the Company signed a Technical Service Agreement with an experienced and reputable European airport operator. The airport operator provides advisory and other services to the Company in relation to the airport operations.

Legal claims

As of the reporting date, the Company is a defendant under several labour-related and commercial legal cases. The estimated maximum total claim against the Company under those legal cases amounts to BGN 145 thousand as of 31 December 2025 (2024: BGN 153 thousand).

Bank guarantees

As at 31 December 2025, in accordance with the terms of the concession agreement, the shareholders have issued to the Ministry of Transport and Communications on behalf of SOF Connect AD bank guarantees for construction works, based on the five-year investment plans, amounting to EUR 7,311 thousand (BGN 14,299 thousand) (31 December 2024: EUR 7,311 thousand or BGN 14,299 thousand) as well as performance guarantees amounting to EUR 49,084 thousand (BGN 96,000 thousand) (31 December 2024: EUR 49,084 thousand or BGN 96,000 thousand).

As of 31.12.2024 and 31.12.2025 the following bank guarantees have been provided to the Grantor:

Financial Institution	Currency	Operation Guarantees Limit	Capital Expenditures Guarantees /Limit
Banco Bilbao Vizcaya Argentaria, S.A.	EUR	38,449,149	5,656,559
Societe Generale S.A.	EUR	10,634,871	1,654,211
Total	EUR	**49,084,020**	**7,310,770**

The Company has issued an operating bank guarantee to the customs administration in the amount of BGN 600 thousand as 31 December 2025 (31 December 2024: BGN 600 thousand).

Contingent liabilities

Fulfilment of the first Five-Year Investment Plan

In accordance with the concession agreement, the Company has undertaken several obligations, not only related to operation of the public airport, but also related to capital investments, maintenance, and modernization. The performance of these obligations is carried out in accordance with investment plans approved by the Grantor for the airport. The approved investment plan for the first 5-year investment period (2021-2025), as amended, amounts to BGN 143 million (EUR 73.1 million). In accordance with the concession agreement, in case of non-fulfilment of the proposed investments, the Company shall be obliged to pay to the Grantor a penalty in an amount corresponding to ten percent (10%) of the value of the proposed but not realized investments at the end of a five-year review period. As of the reporting period end date, Management estimates that the committed investments under the 5-year investment plan have been successfully implemented, therefore, no provision for potential penalties has been accrued.

23. Commitments, contracts and contingent liabilities (continued)

Aerodrome Pavement Bearing Strength

On 27 Nov 2024, the International Civil Aviation Organization (ICAO) introduced new global standards for reporting the bearing strength of airport pavements. The new standard transitioned from the decades old ACN-PCN method to the more advanced ACR-PCR system. The ACR (Aircraft Classification Rating) is a number representing the relative damage an aircraft does to a pavement, while the PCR (Pavement Classification Rating) is a number representing the maximum load-carrying capacity of the pavement. An aircraft can operate without weight restrictions if its ACR is less than or equal to the PCR. If the ACR is higher than the PCR, the airport must implement weight or frequency restrictions to prevent premature pavement failure.

The transition from ACN-PCN to ACR-PCR method is a major regulatory milestone that became officially applicable worldwide on 28 November 2024. The adoption of the new method by the European Union Aviation Safety Agency (EASA) member states has been deferred to a later date, and there is still ongoing work to transpose the method into the EU regulatory framework. As of the date of this report, SOF Connect is obliged to inspect the pavements using the new method prescribed by ICAO and to communicate the data to the relevant competent authority (Directorate General Civil Aviation Administration) for approval and subsequent publication in the Aeronautical Information and Publication.

As at 31 December 2025 and 2024 the Company has an off-balance sheet credit line with a limit of EUR 5 million for servicing hedging instruments.

24. Financial risk management

The Company's activity is exposed to a number of risks, including price risk, currency risk, interest rate risk, credit risk and liquidity risk. The Company management monitors overall risks and implements measures to limit the possible negative effects of risks on its financial performance.

The financial risk management is performed by the Finance department of the Company. The department assesses and monitors financial risks in close collaboration with management. The activities implemented to reduce financial risk aim at covering specific areas, such as price risk, currency risk, interest rate risk, credit risk and liquidity risk.

Price risk

The price risk is evaluated by Management in the context of expected future revenues from the operating activities of the Company.

One of the price risks for the Company is related to the unit level of airport charges, which in accordance with the Civil aviation act and the Regulation on airport charges for the use of public airports and air navigation services, are set at their cost-recovery levels. In case of appeals from airlines, the Regulatory authority - the Director General Civil Aviation Administration (DG CAA) - has the right to set the regulated airport charges application at a level that is different from the one proposed by the airport operator.

The regulated airport charges at Sofia Airport have been fixed for the period 2023-2027, thus substantially reducing the price risk related to regulated operations. This long-term pricing strategy provides long-term visibility on airport charges to airlines, and allows them to better plan their operations, and also allows the airport operator to recover the COVID-19 induced financial deficit by spreading the financial burden over five years, as opposed to just one year.

The Company faces price risk related to ground handling services prices. There are three main ground handling operators on the ground handling market at Sofia Airport, creating a highly competitive environment. At the same time the Company faces increasing cost of ground handling services due to the increase in prices of materials, electricity, fuels, consumables and labour. Furthermore, the Company's revenue from ground handling services is subject to concession fee under the Concession Agreement, which puts SOF Connect at a disadvantage compared to the other market players, which are not subject to such a requirement. As a result, the ground handling prices cannot be set at their optimal levels, leading to negative profitability from the ground handling activity. SOF Connect has taken measures to reduce the losses by terminating loss-making ground handling contracts. This has resulted in reduction of SOF Connect's share in the ground-handling market from 17.3% in 2024 to 17.3% in 2025.

24. Financial risk management (continued)

Without prejudice to any of its obligations under the Concession Agreement to ensure that all ground handling activities are provided at the Airport, to maintain the validity of the ground handling operator licenses it has obtained and to be able to perform the ground handling activities specified in Article 48d(3)(2)-(7) of the Civil Aviation Act, in compliance with Clause 3.2.2 and Clause 3.8.3 (a) of the Concession Agreement, SOF Connect took a decision to engage international professional operators to render the ground handling and cargo services at Sofia Airport. Following a competitive tender procedure, in October 2025, SOF Connect awarded an agreement for the provision of cargo operations at Sofia Airport to Swissport Bulgaria AD. Furthermore, in December 2025, SOF Connect awarded the performance of ground handing services to Aviarpartner Bulgaria EOOD. In addition, SOF Connect and Aviapartner Bulgaria EOOD signed an agreement for provision of PRM support services whereby the Aviapartner undertook to provide assistance passenger for reduced mobility (PRM) at Sofia Airport in compliance with Annex I of Regulation (EC) No. 1107/2006.

Interest risk

The Company makes proper financial planning in relation with the loans it received. The loans from related parties bear a fixed interest rate and do not expose the Company to any interest rate risk. As the interest rate on bank loans comprises of a margin above EURIBOR, the Company uses interest rate swap contracts to hedge the risk of increase of the EURIBOR rate.

Liquidity risk

Liquidity risk is related to the inability of the Company to meet its obligations when they become due. To manage long-term liquidity risk, the Company has secured medium and long-term financing from banking institutions, as well as from its shareholders to cover its liabilities under the Concession agreement. The short-term liquidity risk is managed by daily monitoring of the current receivables and payables of the Company.

The effective management of the liquidity of the Company assumes provisions of sufficient working capital.

As at the reporting dates, the maturity structure of the financial liabilities of the Company, on basis of the contracted undiscounted payments, is shown below:

As of 31 December 2025

	Immediate	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Financial liabilities						
Financial liabilities on concession agreement	-	-	-	-	*1,863,249*	*1,863,249*
Financial liabilities, related to bank loan	-	*15,846*	*22,009*	*303,182*	*62,550*	*403,586*
Shareholder loans		*30,986*	*44,894*	*17,287*		*93,167*
Trade payables	-	*11,651*	-	-	-	*11,651*
Related party payables	-	*1,589*	-	-	-	*1,589*
Lease liabilities	-	*1,595*	*1,155*	*1,437*	-	*4,188*
Total	**-**	**61,668**	**68,058**	**321,905**	**1,925,799**	**2,377,430**

As of 31 December 2024

	Immediate	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Financial liabilities						
Financial liabilities on concession agreement	-	-	-	-	*1,779,953*	*1,779,953*
Financial liabilities, related to bank loan	-	*17,538*	*21,987*	*390,685*	*80,310*	*510,520*
Shareholder loans		*27,593*	*70,286*	*140,827*	-	*238,706*
Trade payables	-	*6,940*	-	-	-	*6,940*
Related party payables	-	*241*	-	-	-	*241*
Lease liabilities	-	*1,370*	*1,235*	*3,839*	-	*6,444*
Total	**-**	**53,682**	**93,508**	**535,351**	**1,860,263**	**2,542,804**

24. Financial risk management (continued)

Refinancing risk

SOF Connect is exposed to refinancing risk as a significant portion of the Company's interest-bearing liabilities matures in December 2027 and will need to be refinanced at prevailing market conditions. To manage the refinancing risk, the Company's management launched in 2025 a market consultation process to prepare the refinancing of the existing debt facilities.

Currency risk

The Company performs a major part of its transactions related to purchases, sales and loans in BGN and EUR. Since the EUR and the BGN have a fixed exchange rate of EUR 1 for BGN 1.95583, the Company considers its currency risk low. Only an insignificant part of the Company's transactions is performed in other currencies.

	31 December 2025				31 December 2024			
	BGN'000	*EUR'000*	*USD'000*	*GBP'000*	*BGN'000*	*EUR'000*	*USD'000*	*CHF'000*
Trade and other receivables	13,714	20,910	17	12	19,025	20,758	-	-
Bank loans	-	340,088	-	-	-	405,605	-	-
Lease liabilities	1,626	2,243	-	-	3,666	2,199	-	-
Shareholder loans	-	89,514	-	-	-	213,077	-	-
Related party payables	-	1,589	-	-	-	241	-	-
Financial liabilities under concession agreement	-	736,466	-	-	-	694,136	-	-
Trade and other payables	10,372	30,397	7	-	17,936	22,520	22	21

Credit risk

The credit risks to which the Company is exposed are related to incurring of financial losses due to a default by a client or a supplier, or bankruptcy of financial institutions in which the Company holds current accounts or from which it receives financing.

The Company trades only with established, creditworthy counterparties. Its policies are that all clients, who wish to trade on a deferred payment, are to be checked for creditworthiness. Additionally, the balance of the trade receivables is followed regularly, and any clients with overdue trade receivables are proactively requested to settle their debt (including through negotiating of deferred repayment plans). Where practical and feasible, the company requires advance payments or security deposits from clients with poor credit history. As a result of these measures, the exposure of the Company to doubtful trade receivables is relatively limited.

The main credit risk to which the Company is exposed in relation to the provided current accounts in banks. To manage the level of the credit risk, the Company works only with established banks with investment-grade credit rating. At 31 December 2025 the current accounts and the short-term deposits of the Company are allocated in banks with the following credit rating (according to Fitch Agency):

	BGN'000	Credit rating
Bank 1	4,951	A-
Bank 2	879	A-
Bank 3	196,756	A-

Credit risk, appearing from other financial assets of the Company, such as, cash and other financial assets, represents the credit exposition of the Company, coming from the possibility of its counterparties not to fulfil their liabilities. The cash transactions of the Company are performed through banks with a good credit rating. In this respect, the credit risk is managed on a Group level with centralized selection and negotiation with banks.

The maximum credit exposition of the Company as a result of the financial assets equals their carrying amounts as of 31 December 2025 and 2024.

24. Financial risk management (continued)

Financial risk management in relation to Covid-19

In accordance with Addendum 1 to the Concession Agreement dated 9 April 2021, SOF Connect has been granted the right to postpone the payment of concession fees for the first 10 years of the concession to the last 10 years of the concession, so that the economic balance of the concession, which has been significantly disrupted by the travel restrictions during the COVID-19 pandemic, is partially restored. As per Clause 3 of the said addendum, the Company and the Grantor have agreed to monitor the impact of the COVID-19 "for the purpose of maintaining the economic balance of the Concession".

The monitoring performed by the Company demonstrates that the cumulative traffic, aggregate concession revenue and EBITDA for the 2021-2025 period remain significantly below their levels in the initial financial model, submitted by the Company as part of the offer for Sofia Airport concession. The free cash flow (aggregate concession revenue minus operating cost and investments) generated by the Company during the subject period is also significantly below the forecast in the initial financial model. Furthermore, the equity internal rate of return as of the end of 2025 has been calculated to be significantly below the equity internal rate of return in the initial financial model.

Based on the above, the negative economic and financial consequences of the COVID-19 pandemic on the Company's operations have not been recovered, and the economic balance of the concession has not been restored. Therefore, the payment of the concession fee cannot commence earlier than what has been foreseen in Addendum 1 to the Concession Agreement.

Capital management

On 24 December 2020 the Company entered into an Equity Subscription, Subordination and Share Retention Agreement, concluded between the original shareholders and several banks as lenders of the project. The agreement was designed to ensure the achievement of the capital structure, required by the concession contract. Under the terms of the agreement, the shareholders committed to provide BGN 469 million to the Company in the form of capital and shareholders' loans.

On 24 December 2020 the Company signed a Common Terms Agreement with certain banks as lenders and financial agents of the project. The Company attracted a total commitment of BGN 469 million in the form of investment loans from banks. The loan facilities were designed to ensure the fulfilment of the Company's financial commitments under the Concession Agreement. A short-term loan to finance the VAT on the up-front concession fee was also utilized by the Company in April 2021 and was successfully repaid later in that year.

As at 31 December 2025 the Company has not declared or distributed dividends.

	31.12.2025	31.12.2024
	BGN'000	*BGN'000*
Bank loans	340,088	405,605
Shareholder loans	89,514	213,077
Lease liabilities	3,869	5,865
Cash and cash equivalents	(202,808)	(343,359)
Net debt	230 663	281,188
Equity	252,639	213,654
Total capital	252,639	213,654
Gearing ratio	1 : 0.91	1 : 1.32

Operational risk

On 23 December 2020 the Company signed a Technical Service Agreement with an experienced and reputable European airport operator. The airport operator provides advisory and other services to the Company in relation to the airport operations.

25. Fair value of financial instruments

The table below compares the cost of the financial instruments of the Company with their fair value:

	Book value		Fair value	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Financial assets				
Cash and cash equivalents	202,808	343,359	202,808	343,359
Trade receivables	23,348	21,550	23,348	21,550
Interest receivable on deposit accounts	346	-	346	-
	226,502	**364,909**	**226,502**	**364,909**
Financial liabilities				
Financial liabilities on concession agreement	(736,466)	(694,136)	(654,931)	(637,606)
Bank loans	(340,088)	(405,605)	(340,088)	(405,605)
Shareholder loans	(89,514)	(213,077)	(89,514)	(213,077)
Trade payables	(11,651)	(6,940)	(11,651)	(6,940)
Lease liabilities	(3,869)	(5,865)	(3,869)	(5,865)
Related party payable	(1,589)	(241)	(1,589)	(241)
Other financial liabilities	(250)	(156)	(250)	(156)
	(1,183,427)	**(1,326,020)**	**(1,101,892)**	**(1,269,490)**

The fair value of the financial instruments of the Company is the amount which would be received from the sale of a financial asset or paid for the transfer of a financial liability in a deal between market players at the date of the evaluation. For the evaluation of the fair value, cash and cash equivalents, related party payables and trade payables are used and is based on the assumption that due to their short-term nature their fair value is close to respective cost.

The Company estimates the fair value of the financial instruments that are measured at fair value in the financial statements using various valuation techniques and inputs. Depending on the reliability of the inputs used in determining the fair value, the Company classifies its financial instruments in three levels as follows:

Level 1 – the fair value of these financial instruments can be derived directly from quoted market prices in active markets (such a public stock exchanges) as of the end of the reporting period. The quoted price used to derive the fair value of the financial instruments is the prevailing offer (bid) price as of the end of the reporting period.

Level 2 – the fair value of financial assets that are not publicly traded and for which no quoted marker prices in active markets exist is estimated using commonly accepted valuation techniques, using observable market inputs, available from reputable information platforms such as Reuters or Bloomberg, or similar reliable sources such as investment or commercial banks. If all significant inputs required to estimate the fair value of the financial instrument are derived from such observable and reputable information source, the instrument are classified as level 2.

Level 3 – the one or more of the significant inputs are not derived from observable market data, the financial instrument is classified as level 3.

The fair value of the interest rate swap contracts used by the Company is estimated using a valuation technique based on the present value of the estimated future cash flows based on observable interest yield curves. Therefore, the resulting fair value of the interest rate swaps is included in level 2.

26. Events after the reporting date

Pursuant to the Introduction of the Euro in the Republic of Bulgaria Act, as of 1 January 2026, the euro shall become the official currency and legal tender in Bulgaria. The fixed conversion rate is set at BGN 1.95583 for one euro.
The introduction of the euro as the official currency in the Republic of Bulgaria represents a change in the functional (reporting) currency of the Company, which will be accounted for prospectively and does not represent an event after the reporting period which requires adjustment in the financial statements for the year ending 31 December 2025.
The Company does not anticipate significant effects from the revaluation of opening balances as of 1 January 2026 into euro, nor from the process of changing the functional (reporting) currency, because the original currency of existing foreign currency balances as of 31 December 2025 is Euro.

26. Events after the reporting date –(continued)

Pursuant to a Cargo Operations Agreement dated 1 October 2025 between SOF Connect AD and Swissport Bulgaria AD, on 1 February 2026, the Company transferred to Swissport Bulgaria is cargo operations and the respective employees, in accordance with Art. 123, para. 1, item 7 of the Labor Code,

Pursuant to a Ground Handling Operator Agreement dated 5 December 2025 between SOF Connect AD and Aviapartner Bulgaria EOOD, on 1 February 2026, the Company transferred to Aviapartner Bulgaria its ground handling operations and the respective employees, in accordance with Art. 123, para. 1, item 7 of the Labor Code.

Pursuant to an Agreement for Provision of PRM Support Services dated 5 December 2025 between SOF Connect and Aviapartner Bulgaria, on 1 February 2026, the Company transferred to Aviarpartner Bulgaria its PRM operations and the respective employees, in accordance with Art. 123, para. 1, item 7 of the Labor Code.
No other significant events have occurred between the reporting date and the date the financial statements have been issued except for those already disclosed.