

2025 Annual Report

on the Activities of the Audit Committee of M+S Hydraulic Plc

This report has been prepared pursuant to Art. 108, Para. 1, Item 8 and in connection with Item 9 of the Independent Financial Audit and Sustainability Assurance Act (IFASAA).

In accordance with the provisions of Art. 107, Para. 7 of this Act, the rules of procedure for the Audit Committee were adopted at a meeting of the Board of Directors and approved by the General Meeting of Shareholders.

The Audit Committee's activities during the reporting year were focused on supporting the process of ensuring the reliability of financial statements, monitoring the application of the adopted accounting policies, and overseeing the effectiveness of risk management systems related to financial reporting.

In accordance with the requirements of the Accounting Act and the Independent Financial Audit and Sustainability Assurance Act (IFASAA), an independent financial audit of the 2025 financial statements was conducted during the reporting period by "Audit – Correct" Ltd., represented by Rositsa Trichkova, Registered Auditor No. 0091 in the Register of Auditors maintained by ICPA (Institute of Certified Public Accountants). The auditor was elected by the General Meeting of Shareholders in 2025, following a recommendation by the company's Audit Committee.

The Audit Committee conducted a review of the registered auditor's independence in compliance with regulatory requirements. The Committee found that the registered auditor meets the criteria for independence from the audited entity.

Based on the monitoring of the independent financial audit process, the Audit Committee considers that it was conducted lawfully and in compliance with the IFASAA. The auditing service provided by the registered auditor was qualified and objective; a comprehensive audit of the company's activities was performed, and the report was prepared in accordance with regulatory requirements.

The registered auditor reported to the Audit Committee on the key matters related to the performance of the audit. Information regarding the provision of non-audit services by the auditor was received. The Audit Committee found that the registered auditor did not provide any services other than those specified in the concluded audit engagement contract.

During the independent financial audit of the company for 2025, the registered auditor did not inform the Audit Committee of any weaknesses in the financial reporting system or the internal control system, which gives us reason to conclude that these systems within the company are functioning effectively. The company's management, as well as the Chief

Accountant, provided full cooperation to the auditor by submitting all requested documents and information in a timely and complete manner.

During 2025, up to the date of issuance of the auditor's report, the registered auditor maintained adequate communication with the Audit Committee regarding significant matters related to the performance of the audit, the planned audit procedures, and other ongoing issues.

During the reporting period, the members of the Audit Committee also held consultative meetings with the company's Chief Accountant. The Audit Committee found that the financial reporting processes at M+S Hydraulic Plc provide financial information that is reliable and possesses the necessary comprehensiveness.

During 2025, the company applied an adequate accounting policy consistent with the effective International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). The financial statements were prepared in accordance with the applicable accounting standards, and the information therein objectively reflects the company's activities and financial position.

In compliance with the requirements of the Public Offering of Securities Act and other regulatory acts governing the company's activities, accurate and comprehensive financial statements and financial notifications were regularly prepared and provided in a timely manner to the media, the stock exchange, and the supervisory authority.

The Audit Committee found that management has identified the potential risks to which the company is exposed in connection with its activities. Constant monitoring of the impact of individual risks is carried out, and actions are taken for their mitigation. The Board of Directors has adopted and implements internal rules for internal control and risk management.

On the basis of Art. 108, Para. 1, Item 6 of the IFASAA, the Audit Committee issued a recommendation to the shareholders for the selection of an auditor to perform the independent financial audit of the company for 2025.

This report has been adopted pursuant to Art. 108, Para. 1, Item 8 and Item 9 of the IFASAA (Independent Financial Audit and Sustainability Assurance Act).

The Annual Report was adopted by the Audit Committee on March 25, 2026.

Chairperson of the Audit Committee:



Vesela Pekova