



**REPORT ON THE ACTIVITY
OF THE INVESTOR RELATIONS DIRECTOR
OF INDUSTRIAL HOLDING BULGARIA PLC
IN 2019**

Dear Shareholders,

The efficient communication between IHB and its investors, regulatory authorities, stock exchange and Central Depository, and the media has always been the main purpose of the investor relations activity. In 2019 there was effective communication between the company's management body and its shareholders, and the persons interested to invest in securities of the company, and the latter were provided with information on the current financial and economic situation of the company.

The activity in 2019, such as has been the case in the course of the last years, related mainly to:

- Ensuring effective communication with the investment community
- Improving awareness of the activity of IHB
- Ensuring the holding of the General Meeting of Shareholders
- Providing administrative services and support to the shareholders
- Facilitating the work of the management bodies
- Maintaining effective communication within the IHB Group.

Effective communication with the investment community

At IHB, we always try to maintain effective communication with investors and the investment community as a whole. For us, this is a two-way exchange of information – from IHB to the investment community, and vice versa.

To achieve effective communication, we used as means of communication – our website, meetings with investors and financial analysis, and good relationships with the media.

On December 10, 2019, IHB held its annual joint meeting with the investors. At the meeting were presented the results of the company's activity, on an individual and consolidated basis, for the third quarter of 2019 and the trends for the main businesses where the companies of the Group of Industrial Holding Bulgaria PLC operate, for the end of 2019 and 2020 were presented at the meeting. The meeting was attended by representatives of the corporate management of Industrial Holding Bulgaria PLC and executive directors of main companies of the IHB Group.

Information about IHB – comprehensive, accessible, promptly supplied

In 2019 we disclosed comprehensive information in the financial statements and management reports (periodic information), and timely supplied inside information under article 7 of Regulation 596/2014. We submitted all periodic reports of the company, required by POSA and the regulations on its implementation, within the statutory deadlines – six-month and annual reports (separate and consolidated), as well as quarterly notifications for the financial position of the company – separate and consolidated. The reports and public notifications had been prepared in such a way as to present fairly the company's information, and to be fully



exhaustive with respect to the mandatory required data. They were published on the IHB's website right after their publication in the bulletin of Investor.BG, FSC and BSE. Within short time limits, the reports and public notifications were published in English as well. All IR releases according to article 7 of Regulation 596/2014 were published, in Bulgarian and English language simultaneously, on IHB's website right after their publication in the bulletin of Investor.BG, FSC and BSE, and emailed to investors having expressed their interest to receive information.

Information on events relating to the activities of IHB and the Group companies was provided currently, within the statutory deadlines.

The legislation regulating the activities of public companies and information disclosure is monitored on an ongoing basis and the new requirements are duly complied with.

Organization of a General Meeting of Shareholders /GMS/

The regular annual GMS in 2019 was held on 20 June 2019. The GMS held approved the consolidated and separate management reports, the registered auditor's report, and the financial statements for 2018; exonerated from liability the members of the Supervisory Board and the Management Board for their activity in 2018, voted for remuneration to be paid to the SB members, appointed a registered auditor for 2019 – AFA OOD, distributed the 2018 profit of IHB.

The invitation and materials for the meeting were submitted to the Commercial Register, FSC, BSE and the bulletin of Investor.bg within the statutory deadlines. They were available at the company's office for any shareholder interested in them. The Minutes of the General Meetings and the other notifications in connection with the meeting have been sent and announced in time.

Always available to the shareholders

IHB maintains fair relationships with its shareholders, informing them of and providing input on questions and problematic issues. In 2019 meetings were held and information was provided in response to inquiries. The analysts were interested most of all in the risks faced by the IHB Group companies, as well as in the activities of the Group companies and the results of IHB. The interest of small investors remained almost the same as in previous years, with the most frequently asked questions being those of the existence or not of approved dividends, depositary receipts, issuance of duplicates of depositary receipts, inheritance of shares, trade in shares, decisions of the General Meeting, the results and activities of IHB. There were also questions about the options discussed in the public space for closing Register A of Central Depository AD, etc. "dormant shares".

At IHB, we always maintain good relationships with the media and always address their inquiries by submitting comprehensive replies. In partnership with Club Investor of the media Investor.BG, the Holding seeks to assist in informing the public of the development of the Bulgarian capital market.

IHB AD is a member of the Bulgarian Industrial Capital Association and as such, it actively participates in the Council for the Development of the Capital Market in Bulgaria, as an official platform for cooperation between organisations operating in the non-banking financial sector.

IHB always strives to be one of the most transparent and accessible public companies in Bulgaria.

Administrative services to management bodies



In 2019 all meetings of the Management Board and the Supervisory Board were convened in accordance with the requirements of the law and internal regulations of the Holding. The invitations, together with the agenda and materials for the meeting, were sent to all members by the relevant deadline. The minutes of the meetings were duly kept and stored.

Cooperation for good corporate management

In the past year of 2019, as before, IRD supported the compliance with the principles of good corporate management. IHB AD accepted to observe the National Corporate Governance Code, adopted by BSE whose main objective is to promote and validate the best practices in the field of corporate governance. The Code is applied on the basis of the “comply or explain” principle.

Based on IHB's annual "comply or explain" reports, the Company is included in the corporate governance index CGIX (Corporate Governance Index) and is one of the seven companies included in the index for 2019. In the Annual Financial Statement of IHB AD for 2019 was again presented as a part of the Activity Report, Corporate Governance Statement, including the prepared up to now "comply or explain" Report. In the Annual Financial Statement of IHB Plc for the year 2019 (consolidated), as a part of the Activity Report was also presented a non-financial statement of IHB and the companies of the Group of IHB, prepared in accordance with the requirements of Art. 48 of the Accountancy Act which aims to provide a description of the policies of the IHB Group with regard to the carried out activities connected with the employees, social, environmental and environmental issues, as well as the fight against corruption and bribery, for the year ending on 31.12.2019.

An updated map for assessment of the corporate governance of IHB AD was enclosed to the audited annual financial statements of IHB AD for 2019.

In 2019, the shares of IHB scored a decline from BGN 1.0353 (the latest weighted average price for 2018) to BGN 1.0098 (the latest weighted average price for 2019) or a decline by 2.46%. The weighted average price of the company shares over the entire reporting period 2019 is BGN 1.0212 (vs. weighted average price of BGN 0.9818 in 2018).

In 2019 IHB continues to be part of the main stock exchange indices of the Bulgarian capital market SOFIX, BGBX 40 and BG TR30.

Effective communication within the IHB Group

The communication process in the investor relations activity includes also exchange of information within the Group. One of the tasks of IRD is to ensure optimal flow of information from the subsidiaries to IHB, with respect to periodic and inside information on their activity. The organisation and control on the information flow within the Group is an important factor to ensure the timely provision of price sensitive information first from IHB to the public, FSC and BSE and at the same time, to prevent leakage of information from the subsidiaries.

I would like to thank the members of the management and control bodies of IHB, executive directors of the IHB Group and all colleagues for their contribution to the implementation of the policy for correct and effective relations with our investors.

Prospects for 2020

The investor relations activity will continue be directed towards maintaining correct relations with the shareholders and the investment community. Despite the very complicated situation in connection with the distribution of COVID-19, the number of restrictions imposed in the second quarter of 2020 and the impossibility of physical meetings, every effort was made to



maintain effective communication and equal and timely access of the shareholders and the potential investors of the Company to the information they need. As far as the development of the situation with the distribution of COVID-19 allows, the activity of investor relations will continue to be in accordance with the best and contemporary international investor relations practices.

June 2020

Vladislava Zgureva
Investor Relations Director