



**SIX-MONTH FINANCIAL REPORT ON THE ACTIVITY
AS OF 30 JUNE 2020**

/on a consolidated basis/

PURSUANT TO THE REQUIREMENTS OF ARTICLE 100o, PARAGRAPH 4 OF PUBLIC OFFERING OF SECURITIES ACT (POSA) AND ARTICLE 33, PARAGRAPH 1 OF ORDINANCE 2 ON THE PROSPECTUSES TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET AND ON DISCLOSURE OF INFORMATION BY THE PUBLIC COMPANIES AND THE OTHER ISSUERS OF SECURITIES



INTERIM FINANCIAL REPORT ON THE ACTIVITY /on a consolidated basis/

I. Important events, which have occurred during the first SIX MONTHS of 2020 and their impact on the results reported in the financial statements

On 11 March 2020, the World Health Organization declared a pandemic regarding the spread of COVID-19, and on 13 March 2020, the National Assembly voted on a state of emergency in the Republic of Bulgaria. As a consequence, a number of restrictive measures were taken both in Bulgaria and globally, some of which continue at the end of this reporting period as well. The contraction of the global economy and the slowdown in economic growth as a result of the measures taken by governments to limit the spread of the COVID-19 pandemic have had a negative impact on all business agents. The reduced economic activity worldwide affected Industrial Holding Bulgaria PLC and its subsidiaries as well, as the segment of the portfolio of Industrial Holding Bulgaria AD, which was first and most severely impacted on, was the shipping industry. Although at a later stage, restrictive measures affected business activity in other segments as well.

Management of Industrial Holding Bulgaria PLC and management of the Group companies are currently monitoring the emergence of new risks or increase of the existing ones, and respectively the negative consequences of the pandemic on business activities. An organisation has been established and the necessary actions have been taken to protect the health of employees and to ensure the continuity of work processes, as appropriate in view of the unusual situation. They are subject to regular reviews and are updated if business environment changes and new restrictions are imposed. At the end of this reporting period, there were no IHB AD Group companies with suspended or significantly reduced activity, nor are such measures planned.

1. Operating results

The results are presented in the following table:

Indicators /on a consolidated basis/ BGN'000	01.01.2020- 30.06.2020	01.01.2019 30.06.2019
Revenue	43,218	53,004
Operating profit / loss	(7,448)	6,955
Net finance income // finance costs	(493)	(999)
Profit / loss before tax	(7,941)	5,956
Profit / loss after tax from continuing operations	(8,520)	5,278
Profit / loss after tax for majority owners	(8,733)	4,879
EBITDA	8,049	14,454

The total revenue generated by the Group for the half-year of 2020 decreased compared to the revenue reported for the same period 2019 by 18.46, with the difference being due to the reduction of business



activity and contraction of global world trade volumes as a consequence of the spread of the COVID-19 pandemic and the restrictive measures taken by the countries all over the world, which affected businesses in all segments.

Revenue from operating activity for the half-year of 2020 amounted to BGN 42,434 thousand vs. BGN 51,921 thousand for the same period of 2019, or there was a decrease of 18.27 %. The decrease in the Maritime transport segment is 20.35%, Shipbuilding and ship repair segment - 19.01%, Port activity segment - 10.02%, Machine building segment - 18.61%, and Other activities - 14.61% .

Other operating income on a consolidated basis for the half year of 2020 amounted to BGN 784 thousand compared to BGN 1,083 thousand for the same period of 2019.

Net finance costs for the first six months of 2020 decreased compared to the same period of the previous year. The underlying reason was the decrease in interest expenses as a result of both the repayment of the bank loans and the overstated foreign exchange gains.

The result from operating activity is a loss of BGN 7,448 thousand compared to a profit of BGN 6,955 thousand for the same period last year.

The pre-tax financial result for the half year of 2020 is a loss of BGN 7,941 thousand compared to a profit of BGN 5,956 thousand for the same period of 2019.

The after-tax result is a loss of BGN 8,520 thousand, including BGN 8,733 thousand attributable to the majority owners. The loss reported for the current period, apart from the decreasing profitability of the companies as a result of the changed economic environment, is a consequence of the reported impairments of some of the Group's vessels.

2. Main scope of activity

On 15 January 2020, the General Meeting of Shareholders of IHB Electric AD (in liquidation) took a decision to discontinue the company's activities and to declare it in liquidation. The term of liquidation is 12 months as of 24 March 2020 - the date of registration of the notice to the company's creditors with the Commercial Register at the Registry Agency in accordance with Article 267 of the Commercial Act.

The newly incorporated company IHB 3 Design AD was registered in the Commercial Register on 10 February 2020 with capital of BGN 100 thousand split into 100,000 shares with nominal amount of BGN 1, of which Industrial Holding Bulgaria PLC subscribed 51%.

3. Corporate events

General Meeting of Shareholders of Industrial Holding Bulgaria PLC

Regular annual General Meeting of Shareholders of Industrial Holding Bulgaria PLC

The Supervisory Board of Industrial Holding Bulgaria PLC, with its decision, convenes a regular annual General Meeting of Shareholders of the Company to be held on 27 August 2020 in Sofia, 16-20 Alabin Street, in the building of Bulgarian Industrial Association, under the following agenda:



1. Approval of the Report on the Activity of the Company for 2019 and the Consolidated Report on the Activity of the Company for 2019;

Draft decision: The General Meeting of Shareholders approves the Report on the Activity of the Company for 2019 and the Consolidated Report on the Activity of the Company for 2019.

2. Approval of the Report of the Registered Auditor for the audit of the Annual Financial Statements of the Company for 2019 and the Report of the Registered Auditor for the audit of the Consolidated Annual Financial Statements of the Company for 2019.

Draft decision: The General Meeting of Shareholders accepts the Report of the Registered Auditor on the audit of the Annual Financial Statements for 2019 and the Report on the audit of the Consolidated Annual Financial Statements of the Company for 2019.

3. Approval of the Annual Financial Statements of the Company for 2019 and the Consolidated Financial Statements of the Company for 2019.

Draft decision: The General Meeting of Shareholders approves the Annual Financial Statements of the Company for 2019 and the Consolidated Financial Statements of the Company for 2019.

4. Adopting a decision for allocation of the profit of the Company for 2019.

Draft decision: The General Meeting of Shareholders adopts a decision that the profit of the Company for 2019 amounting to BGN 12,052,599.11 (twelve million, fifty-two thousand, five hundred and ninety-nine Bulgarian leva and eleven stotinki) shall remain as retained earnings of the Company.

5. Report on the Activity of the Investor Relations Director for 2019.

6. Report on implementation of remuneration policy for members of the Supervisory and Management Boards of Industrial Holding Bulgaria AD for 2019.

7. Release from liability of the members of the Management Board and the Supervisory Board for their activities in 2019.

Draft decision: The General Meeting of Shareholders releases from liability for their activities in 2019:

As members of the Supervisory Board

- Snejana Ilieva Hristova
- Konstantin Kuzmov Zografov
- DZH AD, represented by Elena Petkova Kircheva.

As members of the Management Board:

- Daneta Angelova Zheleva,
- Emilian Emilov Abadjiev;
- Borislav Emilov Gavrilov,
- Boyko Nikolov Noev,

8. Determining of the remuneration of the members of the Supervisory Board and the Management Board of the Company for 2020.

Draft decision: The General Meeting of the Shareholders determines a monthly remuneration of the members of the Supervisory Board and the Management Board of the Company for 2020 of BGN 1,000.

9. Report on the activity of the Company's Audit Committee for 2019.

10. Approval of amendments to the Statute (Regulations on the Activity) of the Audit Committee
Draft decision: The General Meeting of the Shareholders approves amendments to the Statute (Regulations on the Activity) of the Audit Committee.

12. Election of a registered auditor of the Company for 2020.



Draft decision: The General Meeting of the Shareholders elects the recommended by the Audit Committee registered auditor of the Company for 2020 – AFA OOD.

Share buyback of IHB

On the grounds of Article 187b of the Commercial Act and Article 111, paragraph 5 of POSA, the General Meeting of Shareholders held on 29 June 2017 approved a new decision to buy back its treasury shares of the capital of Industrial Holding Bulgaria PLC under the following terms and conditions:

- a/ Maximum number of shares subject to redemption – for each calendar year of the period of redemption set in letter /b/, up to 3% of the total number of shares issued by Industrial Holding Bulgaria PLC, but not more than 10% during the entire period of redemption and not more than 10% of the total capital of the Company;
- b/ Period of redemption – up to 5 (five) calendar years from the date of expiry of the period of redemption of treasury shares of Industrial Holding Bulgaria PLC according to the previous decision of the General Meeting of Shareholders held on 17 December 2012 and supplemented on 21 June 2016, namely – as of 17 December 2017;
- c/ Minimum buyback price - BGN 0.70 per share;
- d/ Maximum buyback price - BGN 1.20 per share;
- e/ The investment intermediary chosen for the redemption of the shares is DSK Bank EAD.

In January 2020, IHB acquired 332,419 treasury shares at an weighted average price of BGN 1,0100 per share.

In February 2020, IHB acquired 309,705 treasury shares at an weighted average price of BGN 1,0293 per share.

In March 2020, IHB acquired 410,490 treasury shares at an weighted average price of BGN 0,9196 per share.

In April 2020, IHB acquired 80,000 treasury shares at an weighted average price of BGN 0,800 per share.

In May 2020, IHB acquired 11,756 treasury shares at an weighted average price of BGN 0,780 per share.

In June 2020, IHB acquired 9,188 treasury shares at an weighted average price of BGN 0,778 per share.

The total number of treasury shares held as of 30 June 2020 is 7,801,780 shares.

In July 2020, IHB acquired (with settlement completed as at 31 July 2020) 15,435 treasury shares at an average weighted price of BGN 0.760 per share.

II. DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS EXPOSED DURING THE REMAINDER OF THE YEAR

The Group’s risk management policy is developed in such a way as to identify and analyse any risks faced by the Group, to set risk appetite limits and controls, to monitor the risks and compliance with the limits set.

Non-systematic Group specific risks

Risks associated with the Group’s portfolio structure

The Holding’s investments are focused on industries characterised by slow rotation of funds invested (machine-building), dependence on energy and other resources (machine-building, ship repair,



maritime transport) and high cyclicality (ship repair, ship design, maritime transport, classification and certification, and port activity), thus reducing the return on the investment portfolio of the Holding as a whole.

Risks arising from pandemics and epidemics - globalization worldwide and the much freer movement of goods and people lead to a significantly faster spread of pandemics and epidemics, and make it difficult to locate them in individual regions / countries, which in the case of more serious diseases, such as COVID-19, blocks world trade and has an adverse impact on all economic agents.

Risks arising out of dependence on the development of the global economy and trade

The spread of COVID-19 worldwide is shrinking the world economy and has a negative impact on businesses of all economic agents.

In general, the state of the global economy and demand for raw materials underpin the development of trade and all industries in the IHB's investment portfolio as they have a direct and imminent impact on shipping industry. Stress on the market and pressure on the freight have a number of divergent factors:

- cyclicality of the shipping industry – cycles are linked to the global economy and the balance between the proposed shipping tonnage and the needs of exporters and importers. Risk exists for operators who have failed to properly plan and distribute their cash flows at a time of difficult access to finance under aggravated conditions during crisis;
- number of ships in construction and entry into service and state of the ship cutting market - low growth rate of old ships combined with a large number of newly built and put on water ships and tonnage in operation leads to oversupply;
- increased environmental restrictions – the introduction of new eco-norms and directives on environmental pollution and energy savings for vessels imposes mandatory reconstructions of vessels to comply with eco-norms and shortens the time of operation of ships;
- global fuel problems - on the one hand, oil can be a cause of conflict and, on the other hand, the price and availability of it can be a cause of erosion or a fall in the freight market, as marine fuels are the main raw material in the industry and stock commodity;
- development potential – stems from major infrastructure projects, major investments in the gas and oil sectors, etc.

The level of economic activity worldwide has impacted, albeit more slowly, on machine building, shipbuilding and ship repair, while port operations depend to a greater extent on the developments in the domestic market.

Risk of political instability in traditional markets and regions, military activities and/or penalties imposed

This risk stems from future changes in economic policy imposed by objective economic or political circumstances - continuing war conflicts around the world, political uncertainty in many places, sanctions and restrictions imposed on trade with a number of countries. The exodus of refugees toward Europe and in particular, toward Bulgaria, as an EU external border, is a negative result of these processes as well. This risk mainly affects maritime and port business as it impedes the free movement of goods and leads to a change in trade flows and transport corridors, and hampers the access of registry inspectors to supervised vessels. Moreover, the risk also affects the machine building industry by reducing sales volumes on traditional markets.



Risks associated with fraud and abuse

As a result of the processes related to the spread of the COVID-19 pandemic and the contraction of the global economy as a result thereof, the risk of fraud and abuse increases, including that related to cyber-attacks, unscrupulous trade practices, etc. As regards the Group, this risk is most prevalent in maritime transport.

Risks relating to environment legislation

The domestic and international legislation on ecology implies compliance with a number of measures on prevention, control and reduction of various types of environmental pollution. The trend in recent years is to increase regulations in this area. The Group's policy is to comply with all regulatory obligations in this respect, which is linked to fixed investments for the alignment and maintenance of facilities and processes in accordance with the required standards and norms. All investment projects are also in line with environmental protection requirements.

Risks relating to attracting and retaining experienced and qualified employees

Given the problems with the effectiveness and relevance of the education system in Bulgaria and the demographic collapse in the country, many sectors of the national economy are experiencing a capacity crunch. Employees' professional qualities affect directly entity's financial results and innovation performance. The risk is reinforced by the convertible nature of some professions and high worldwide demand for such staff (professionally trained and motivated seamen and officers, registry inspectors, engineering personnel and specialist workers – welders, hull workers (hull fitters), pipe fitters, etc.). The most affected segments are that of machine building, maritime transport, and ship repair segments. To date, the impact of this risk has diminished as a result of staff layoffs by companies that have ceased or severely curtailed their operations as a result of the pandemic. Management has adopted a long-term approach to human resource management related to preliminary and subsequent qualification of staff, as well as a close cooperation with the academic society in the country.

Credit risk

Credit risk is the risk of possible financial loss if a client or a party to a financial instrument fails to perform its contractual obligations. The risk is mainly related to receivables from clients and investments in other financial assets.

Receivables from clients – The Group's credit risk exposure depends on the customer's individual characteristics that differ between sectors. The most affected segments are that of ship building, ship design, classification and certification, and port activities.

Currently, the level of credit risk worldwide and for the Group, in particular, has increased significantly due to the contraction of economic activity because of COVID-19. The Group's credit policy provides for that each new client shall be investigated for solvency before being offered the standard delivery and payment terms and conditions. Besides the price offered, when selecting a potential client or a charterer managers consider its credit rating, reputation, popularity, recommendations, etc.



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Investments – The Group invests mainly in businesses and companies where the Holding holds the control and power to determine their development strategy. With respect to portfolio investments, the ambition is to invest in liquid securities. Part of investments are made over considerable periods of time, during which it is possible that the Group will receive a very limited yield, lower profits, and may even experience losses.

Guarantees - It is a policy of the Group to issue financial guarantees only to subsidiaries and only after obtaining the preliminary approval of the managing bodies. There is a risk that the guarantees may be utilised in the event of non-performance of the covered liabilities.

Liquidity risk

Liquidity risk is the probability that the Group will be unable to meet all its obligations when they become due. Such risk may arise in case of delayed payments by clients. The Group companies elaborate financial planning to cover their expenses and current payables for a period of 90 days, including settlement of financial liabilities. Where possible, a deferred payment to suppliers and subcontractors is applied in combination with the above measures, but without affecting negatively their businesses. Currently, the level of credit risk worldwide and for the Group, in particular, has increased significantly due to the contraction of economic activity because of COVID-19. The Holding's management supports the Group companies' efforts towards attracting bank financing for investments and capacity utilization in the form of revolving credits for working capital in support of production. The attracted volumes of funds are maintained at pre-determined levels and approved only after their economic effectiveness for each company has been proven.

Currency risk

The Group companies are exposed to currency risk as they perform purchases and/or sales and/or receive loans in currencies, other than the functional currency. Aiming at reducing the Group's exposure to currency risk, the Holding's management is trying to minimise the payments in foreign currencies other than the functional currency in the operating activity of most companies. The goal is that transactions with customers and suppliers are agreed primarily in BGN and EUR for the companies the functional currency of which is the Bulgarian lev and in USD for the ship companies, as USD is the main currency, in which the ship business operates. Given the Bulgaria's joining the ERM II exchange rate mechanism (the so-called euro area waiting room), there is a low risk, upon eventual entering the Euro area, that the EUR exchange rate vis-à-vis the exchange rate of the Bulgarian lev to be different from the one agreed currently. The latter, besides a risk on balance sheet items (receivables and liabilities) could also give rise to price risk on payments denominated in BGN. The increase in the revenue share from foreign ships in total sales strengthens the impact of currency risk on the financial results of the ship register.

Interest rate risk

The Group companies are exposed to interest rate risk as the bank loans are agreed usually with floating interest rate component plus a margin corresponding to the current market prices. In managing those risks, management aims to either negotiate fixed-rate loans or to contract hedging transactions in order to minimise the effect of changes in the floating component of the interest rate.

The main financial commitments of the Group relate to its investment projects. At the time of publication of this Report, considering the spread of the COVID-19 coronavirus, IHB decided to freeze all investment projects of the Group. After the business environment stabilizes, IHB and its



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subsidiaries will reconsider their current projects. With respect to receivables, when there is an uncertainty about their collectability, the companies make the respective impairment.

IHB has a contract concluded with DSK Bank for a credit limit for issuance of bank guarantees, opening of letters of credit and working capital financing of the Holding and/or group companies up to BGN 10 million and options for disbursement in BGN, EUR and USD.

The commitment of the bank to issue bank guarantees and open letters of credit expires on 26 September 2022. The collateral under this contract is a registered pledge of the commercial undertaking KRZ Port Burgas AD as a combination of rights, obligations and factual relations with registration of the main assets in the relevant registers.

At 30 June 2020, bank guarantees were issued to the Group companies, as follows: KRZ Port Burgas AD, Bulyard Shipbuilding Industry AD, Odessos PBM EAD, ZMM Sliven AD, ZMM Nova Zagora AD, and IHB Metal Castings AD for the total amount of BGN 254 thousand (31 December 2019: BGN 708 thousand). A letter of guarantee was issued to cover a liability of KRZ Port Burgas AD amounting to BGN 3,000 thousand (31 December 2019: BGN 3,000 thousand), and a revolving credit line for working capital financing was opened amounting to BGN 7,000 thousand (31 December 2019: BGN 7,000 thousand). As of 30 June 2020, the amount utilised by Industrial Holding Bulgaria PLC under this revolving credit line for working capital financing was BGN 47 thousand. In addition, the subsidiary ZMM Sliven AD utilized BGN 493 thousand, Odessos PBM EAD - BGN 300 thousand, KRZ Port Burgas AD – BGN 282 thousand, and by ZMM Nova Zagora AD – BGN 690 thousand (on a net basis). At 30 June 2020, the unutilised limit under this bank loan amounted to BGN 4,934 thousand.

Trends for the businesses in which the Group companies operate

Maritime transport

Despite the upward trend in the freight market in 2019 and the initial expectations preserving it in 2020, the spread of COVID-19 and restrictive measures taken by many countries had a strong negative impact on the sector. In early 2020, China's economy, one of the largest net importers of raw materials by sea, was first blocked, reducing global cargo and freights. The closure of the borders of many other countries in mid-March 2020, including the United States and Europe, has intensified the negative impact of the significant drop in freight traffic, exacerbated by a number of difficulties in organizing loading and unloading in ports as a result of measures introduced to limit any possibility of infection.

The suspended work of traditional shipwreck locations (such as India, Pakistan) has led to virtually zero vessel scrapping in the last three months, which is usually a strong factor in reducing global ship tonnage in times of crisis. The reduction of world cargo by sea, the decline in the number of shipwrecks, as well as the uncertainty and difficulties in carrying out operational business processes, have led to greatly reduced rates and increased competition among economic agents. At the time of issue of this Report, there is a tendency of stabilising the market development, however, the expectations are for a difficult and volatile 2020. In the longer term, a possible change in the policy of the main countries, factors for the development of world trade and economy, may have a negative effect on maritime transport, if after overcoming the spread of COVID-19, their economies close and focus primarily on satisfying domestic demand through their own production. This will reduce freight flows as a sustained trend (mostly from and to China).



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The sector is also affected by the entry into force of the conventions on mandatory use by sea vessels of ballast water treatment systems and the low sulphur content of fuels from the beginning of 2020. The Group's vessels are gradually preparing for the new requirements. In March 2020, a ballast system was installed on a second ship from the IHB's fleet - m / v Antea. These mandatory investments at present worsen the entities' financial ratios as they do not have a positive impact on their profitability and require serious expenses and more days out of operation; however, they enable the ships to continue their operation and to continue to generate revenue in the future as well. It is expected that the other ships of the Group will comply gradually with the new environmental requirements in their next scheduled repairs to be carried out in 2021 and the first half of 2022.

Despite the difficulties in the market, **all vessels** of the Group are in operation.

Ship building and ship repair

At the beginning of 2020, it was expected an increased volume of ship repairs compared to the previous year, especially in connection with the implementation of the new requirements to vessels. However, the global spread of COVID-19 and countries' restrictions imposed in the first quarter have blocked the opportunities for ship repair services. The planned class repairs of the vessels were postponed, and the registration certificates, allowing them to sail, were automatically extended by several months due to the impossibility of movement of the register inspectors and fulfilment of their supervision commitments in the course of repairs. The trend towards gradual lifting of restrictions has put shipowners in a need to quickly seek the opportunity to perform deferred class repairs due to the inability of ships to continue their operations. The latter has led to a recovery in demand and the production program of **Bulyard Shipbuilding Industry** was booked in the short term. In the medium term, the enhanced environmental measures for ships in operation and the legal requirements imposed on them to install ballast water systems, will continue to impact positively on the industry due to the increased volume of ship repairs that will have to be performed.

However, the negative impact of the pandemic on the freight market and the significant uncertainty of the global economy future development have put strong pressure to reduce the construction of new vessels. The trend has severely limited the company's ability to participate in such projects as a subcontractor for parts of the ship (metal structures, etc.), and no recovery of these services is expected by the end of 2020.

Ship design

During the last few years, there have been an increased demand for design and ship repair services for retrofitting, refurbishing, converting and adding new equipment to existing ships. 2020 also started well, but countries' restrictions on limiting the spread of COVID-19 have had a negative impact on design services.

In general, the economic environment is highly uncertain and its development is difficult to predict in the coming months.

The market for retrofit services and 3D laser scanning has shrunk due to the inability to physically move people and photograph ships that is a must in order to continue the process of designing changes. These services recovered gradually in parallel with the gradual softening of the measures by various countries as such services are sought in view of the new ecological requirements imposed on the industry to mount ballast systems. Many shipowners however use the possibility to postpone these projects.



There is also a decline in the cruise ship market. The behaviour of shipowners in this situation is different. Those, who have the opportunity to finance or can ensure access to financing, take advantage of the market situation and continue their investment projects in order to realise potential opportunities when demand is recovered. Others are postponing their projects to build new ships until uncertainty about future development is reduced. There are also cases of cancelling construction contracts at an early stage.

The fall in oil prices has narrowed the price gap between heavy and light diesel fuel, and reduced the cost-effectiveness for owners to supply their ships' engines with scrubber systems that will allow them to continue to use heavy fuel. The recovery of this type of service directly depends on the oil prices. The low freight market has intensified negative effects. The effect of these factors makes economic agents rather cautious in their decisions.

The fact that **IHB Shipdesign** is well positioned, the variety of services it offers (such as types of design services and types of ships) and the wide customer diversification enable the company to keep most of its staff and to work profitably, despite the volatility in markets.

Classification and certification

The decline in the freight market and restrictions imposed to overcome the spread of COVID-19 had a negative impact on the activities of the **Bulgarian Ship Register (BRS)** as well. There is a tendency to reduce the inquiries and requests for inspections of ships and, if possible, their postponement by shipowners. The inability to physically move people, still in force in some places, also impacts negatively on BRS, so the company is looking for ways to provide classification and certification services remotely or through agents and subcontractors, where possible.

The unexpected change in business environment, which affected the way all economic agents operate worldwide, has led to postponement of the procedure for recognising the BSR by the Honduras Administration. The expected start of the procedures for obtaining approval from the Administrations of Panama and Sierra Leone is also postponed. Uncertainty in the industry is still high.

Port operations

The development of the Bulgarian ports depends to a much greater extent on the economic situation in Bulgaria and in the countries of the Mediterranean and Black Sea regions than on the change in economic activities in other parts of the world.

The ports of **KRZ Port Burgas** and **Odessos PBM** are of regional importance and their workload depends on the seasonality of some types of cargo.

The spread of the COVID-19 pandemic and measures taken to limit it have a different impact on shippers depending on their cargo.

For cereals, of which Bulgaria is a traditional exporter, the demand for port services and freight flows have been affected differently depending on the final destination of unloading. For some of the goods destined for countries with more extreme restrictive measures, there were cases of rejected orders by customers; however, demand has remained relatively stable overall during the first months of 2020. The poor harvest in the country this season also has had a negative effect on these cargo flows during the summer months. There is a tendency to direct investment efforts of the ports in the region of Varna



and Burgas towards building new storage facilities and warehouses aiming at improving and speeding up handling processes, which strengthens the competitive environment in which Odessos PBM and KRZ Port Burgas operate. The increase in the import cargo flows of crops has had a positive impact as a result of investments in the construction of additional processing capacities already completed by producers in the North-Eastern region of the country. The Group's investment intentions to expand the two ports depend mostly on grain cargo due to its large volume and stable demand for port services in times of crisis. However, in view of the unclear and still highly risky business environment, the Group has currently frozen these projects.

Metal and scrap cargo also shrank due to the reduced activity of economic agents. Their recovery will be directly dependent on the restart of the economy and investment activity in infrastructure and construction projects, which at this stage is difficult to predict.

In general, the Group's two ports' diversification of cargo and their approved market position enable the ports to continue their activities although their reduced profitability as a result of market developments and changes in business environment.

Bulport Logistics offers services in the field of small and mid-sized vessels and yachts mooring, ships docking for repairs, as well as the rental of office premises and areas for storage and production activities. Restrictions at the government level imposed in relation to the pandemic in recent months affected negatively mainly the demand for office space and repairs of small vessels, due to shrinking economic activity of potential customers as a result of uncertainty in the business environment. Currently, there is a tendency to resume demand and the company's expectations are to gradually lease out vacant office spaces in the medium term.

Machine building

In the first three months of 2020, the demand for metal-cutting machines offered by the Group increased compared to the same period in 2019. After the end of March, the restrictions taken by many countries around the world to limit the spread of COVID-19 and high uncertainty in the business environment, negatively affected the investment activity of the clients of both **ZMM Bulgaria Holding** and its **subsidiaries**, as a result of which there was a decrease in the volume of orders and revenue. The negative effect is exacerbated by partial delays and difficulties in the shipment of finished products and delivery of raw materials.

Demand is expected to gradually recover in the short term. In the medium term, the uncertainty about the development of the automotive industry worldwide will continue to have a negative effect.

The active marketing policy of ZMM Bulgaria Holding in the last few years, the change in the pricing processes and product development, and the increased online presence begin to bear fruits - there is a tendency to increase inquiries from end customers with very wide geographical diversification, which in the long run is expected to lead to sustainable market positions for companies operating in the machine building sector.



III. INFORMATION ABOUT LARGE RELATED PARTY TRANSACTIONS

During the first half of 2020, there were no any large transactions concluded between IHB PLC and its related parties, besides the loan and guarantee contracts disclosed in the interim financial statements.

IV. INTERNAL INFORMATION REGARDING THE CIRCUMSTANCES OCCURRING DURING THE FIRST SIX MONTHS

During the first half of 2020, IHB PLC disclosed the following internal information:

Share buyback of IHB 02 January 2020 | 08:53

In December 2019, in connection with the decision for share buyback, Industrial Holding Bulgaria PLC acquired 339,442 treasury shares (with settlement completed as of 31 December 2019) at an weighted average price per share of BGN 1.006.

The total number of the treasury shares acquired in 2019, as at 31 December 2019, is 3,185,838 shares (2.966 %) at an weighted average price per share of BGN 1.012.

The total number of the treasury shares held as at 31 December 2019 was 6,648,022 shares.

Share buyback of IHB

07 January 2020 | 11:43

Due to a technical error in determining the settlement date of a share buy-back transaction concluded on 27 December 2019, where Industrial Holding Bulgaria PLC had acquired 200 shares. shares, namely with settlement completed as of 31 December 2019, which was not included in the announcement published on 02 January 2020, the information on treasury shares acquired from Industrial Holding Bulgaria PLC in December 2019 (with settlement completed as of 31 December 2019) and for 2019 in total, shall be corrected as follows:

In December 2019, Industrial Holding Bulgaria PLC acquired 339,642 treasury shares (with settlement completed as of 31 December 2019) at an weighted average price per share of BGN 1.006.

The total number of the treasury shares acquired in 2019, as at 31 December 2019, is 3,186,038 shares (2.966 %) at an weighted average price per share of BGN 1.012.

The total number of the treasury shares held as at 31 December 2019 was 6,648,222 shares.

A decision was passed to open a liquidation procedure with respect to IHB Electric AD, Sofia

15 January 2020 | 15:43

At the General Meeting of Shareholders of the subsidiary of Industrial Holding Bulgaria PLC – IHB Electric AD, Sofia, held on 15 January 2020, a decision was passed to discontinue the entity's activity and to open liquidation proceedings. The term set to complete the company's liquidation is 12 (twelve) months as of the date of publishing the invitation to creditors in the Commercial Register.

IHB published a public notification for financial position for 4Q 2019 - non-consolidated

30 January 2020 | 16:09

on 30 January 2020, IHB filed a public notification for financial position for 4Q2019 (non-consolidated) to the public, Financial Supervision Commission and Bulgarian Stock Exchange.

[Public notification](#)



Share buyback of IHB

03 February 2020 | 12:05

In January 2020, in connection with the decision for share buyback, Industrial Holding Bulgaria PLC acquired (with settlement completed as of 31 January 2020) 332,419 treasury shares at an weighted average price of BGN 1,010 per share.

The total number of the treasury shares held as at 31 January 2020 was 6,980,641 shares.

IHB 3Design AD – a newly incorporated company in the portfolio of Industrial Holding Bulgaria PLC

11 February 2020 | 18:15

On 10 February 2020, the newly incorporated company IHB 3Design AD, Varna, was entered into the Commercial Register and the Register of non-profit legal entities. The capital of the new company is BGN 100,000 split into 100,000 shares with nominal value of BGN 1 each, of which 51 % was subscribed by Industrial Holding Bulgaria PLC. The object of activity of the newly incorporated company is design activities, industrial design, interior design, 3D virtual and mixed reality, 3D printing and technology.

IHB published a public notification for financial position for 4Q 2019 - consolidated

28 February 2020 | 16:21

On 28 February 2020, IHB filed a public notification for financial position for 4Q2019 (consolidated) to the public, Financial Supervision Commission and Bulgarian Stock Exchange.

[Public notification](#)

Share buyback of IHB

02 March 2020 | 10:24

In February 2020, in connection with the decision for share buyback, Industrial Holding Bulgaria PLC acquired (with settlement completed as of 29 February 2020) 309,705 treasury shares at an weighted average price of BGN 1,029 per share.

The total number of the treasury shares held as at 29 February 2020 was 7,290,346 shares.

IHB published its annual non-consolidated report for 2019

27 March 2020 | 16:43

On 27 March 2020, IHB filed its annual non-consolidated report for 2019 to the public, Financial Supervision Commission and Bulgarian Stock Exchange.

[Annual non-consolidated report 2019](#)

Share buyback of IHB

01 April 2020 | 10:58

In March 2020, in connection with the decision for share buyback, Industrial Holding Bulgaria PLC acquired (with settlement completed as of 31 March 2020) 410,490 treasury shares at an weighted average price of BGN 0,9196 per share.

The total number of the treasury shares held as at 31 March 2020 was 7,700,836 shares.

Notice to investors in connection with AFS 2019 (consolidated)

21 April 2020 | 17:07



Referring to the decision taken by the National Assembly of the Republic of Bulgaria to extend the state of emergency in the country until 13 May 2020 due to the spread of the coronavirus COVID-19, Industrial Holding Bulgaria PLC announces that it intends to publish its annual consolidated financial statements for 2019 after the term originally set in the Public Offering of Securities Act. The company will benefit from the extension of the terms provided for in the Law on Measures and Actions During the State of Emergency, announced by decision of the National Assembly of 13 March 2020.

The decision was taken in order to make a more accurate assessment of the events after the balance sheet date, which should be disclosed in the annual consolidated financial statements of IHB AD for 2019, in relation to each of the businesses in which the Group companies operate. The postponement is also due to the restrictions imposed by the so-imposed state of emergency and the measures taken by the Company for remote work, which had led to difficulties in preparing the documents.

Industrial Holding Bulgaria PLC expects to publish its annual consolidated financial statements for 2019 by the end of May 2020 at the latest.

Notice to investors in connection with the public notification for the first quarter (non-consolidated)

21 April 2020 | 17:16

Referring to the decision taken by the National Assembly of the Republic of Bulgaria to extend the state of emergency in the country until 13 May 2020 due to the spread of the coronavirus COVID-19, Industrial Holding Bulgaria PLC announces that it intends to publish its public notification for financial position as at 31 March 2020 on a non-consolidated basis after the term originally set in the Public Offering of Securities Act. The company will benefit from the extension of the terms provided for in the Law on Measures and Actions during the State of Emergency, announced by decision of the National Assembly of 13 March 2020.

The decision was made because it is still unclear at national, European and global level how long and how the COVID-19 pandemic emergency situation will continue, nor can it be reasonably predicted how it will develop and manifest itself. In this regard, management is of the position that there is still high uncertainty and it is not possible to make a reliable assessment and adequate measurement of the effects of the pandemic on the recoverable amount of investments and loans extended by the Company as of 31 March 2020. Therefore, the public notification may not give a sufficiently true and fair view of the financial performance, operating results and cash flows.

Industrial Holding Bulgaria PLC expects to publish its public notification for financial position as at 31 March 2020 on a non-consolidated basis within the extended deadlines. The Company will additionally notify about the expected date for publishing the public notification.

Share buyback of IHB

04 May 2020 | 10:21

In April 2020, in connection with the decision for share buyback, Industrial Holding Bulgaria PLC acquired (with settlement completed as of 30 April 2020) 80,000 treasury shares at an weighted average price of BGN 0,800 per share.

The total number of the treasury shares held as at 30 April 2020 was 7,780,836 shares.

Notice to investors

26 May 2020 | 17:47



Industrial Holding Bulgaria PLC announces that it expects to publish its public notification for financial position as at 31 March 2020 on a non-consolidated basis and its public notification for financial position as at 31 March 2020 on a consolidated basis by 30 June 2020 at the latest. Industrial Holding Bulgaria PLC takes advantage of the extension of the deadlines regulated by the Law on Measures and Actions During the State of Emergency, announced by a decision of the National Assembly of 13 March 2020, in order to make a more accurate assessment of the events related to the spread of the COVID-19 pandemic and its effects on the Company and the IHB Group.

IHB published its annual consolidated report for 2019

29 May 2020 | 16:54

On 29 May 2020, IHB filed its annual consolidated report for 2019 to the public, Financial Supervision Commission and Bulgarian Stock Exchange.

[Annual consolidated report 2019](#)

Transaction of a subsidiary of IHB pursuant to Art. 114, para 3 of POSA

18 June 2020 | 12:14

ODRIA LTD, Republic of Marshal Islands, a company that is 100% owned by KLVK AD, a 100 % subsidiary of Industrial Holding Bulgaria PLC, in order to secure its liabilities under previously concluded contracts, established a first ranking maritime mortgage in favour of Industrial Holding Bulgaria PLC and a second ranking maritime mortgage in favour of KLVK AD on the following its own fixed asset – Motor vessel (m/v) DIAMOND SKY, IMO 9468138, registered in Port Valletta, Malta.

For the indicated transactions on the establishment of the mortgages, the subsidiary has received the approval of the Management Board of Industrial Holding Bulgaria PLC in compliance with the requirements of Art. 114, para. 3 and Art. 114a, para. 3 of POSA. The Financial Supervision Commission has been duly notified in accordance with the requirements of Art. 114a, para. 3 of POSA.

IHB published public notification for financial position for the 1st quarter of 2020 - non-consolidated

22 June 2020 | 12:06

On 22 June 2020, IHB filed its public notification for financial position for the 1st quarter of 2020 (non-consolidated) to the public, Financial Supervision Commission and Bulgarian Stock Exchange.

[Public notification](#)

IHB published public notification for financial position for the 1st quarter of 2020 - consolidated

30 June 2020 | 17:02

On 30 June 2020, IHB filed its public notification for financial position for the 1st quarter of 2020 (consolidated) to the public, Financial Supervision Commission and Bulgarian Stock Exchange.

[Public notification](#)

Share buyback of IHB

01 July 2020 | 09:44

In June 2020, in connection with the decision for share buyback, Industrial Holding Bulgaria PLC acquired (with settlement completed as of 30 June 2020) 9,188 treasury shares at an weighted average price of BGN 0,778 per share.



The total number of the treasury shares held as at 30.06.2020 г. е 7 801 780 shares.

IHB convenes a regular annual GMS on 27 August 2020

20 July 2020 | 13:51

INVITATION TO CONVENE A REGULAR ANNUAL GENERAL MEETING OF SHAREHOLDERS OF INDUSTRIAL HOLDING BULGARIA AD

The Supervisory Board of Industrial Holding Bulgaria PLC, with its decision, herewith convenes a regular annual General Meeting of Shareholders of the Company to be held on 27 August 2020 at 10.00 a.m. The meeting will be held in Sofia, 16-20 Alabin Street, in the building of Bulgarian Industrial Association, in the meeting room on the first floor, under the following agenda and draft decisions:

1. Approval of the Report on the Activity of the Company for 2019 and the Consolidated Report on the Activity of the Company for 2019;

Draft decision: The General Meeting of Shareholders approves the Report on the Activity of the Company for 2019 and the Consolidated Report on the Activity of the Company for 2019.

2. Approval of the Report of the Registered Auditor for the audit of the Annual Financial Statements of the Company for 2019 and the Report of the Registered Auditor for the audit of the Consolidated Annual Financial Statements of the Company for 2019.

Draft decision: The General Meeting of Shareholders accepts the Report of the Registered Auditor on the audit of the Annual Financial Statements for 2019 and the Report on the audit of the Consolidated Annual Financial Statements of the Company for 2019.

3. Approval of the Annual Financial Statements of the Company for 2019 and the Consolidated Financial Statements of the Company for 2019.

Draft decision: The General Meeting of Shareholders approves the Annual Financial Statements of the Company for 2019 and the Consolidated Financial Statements of the Company for 2019.

4. Adopting a decision for allocation of the profit of the Company for 2019.

Draft decision: The General Meeting of Shareholders adopts a decision that the profit of the Company for 2019 amounting to BGN 12,052,599.11 (twelve million, fifty-two thousand, five hundred and ninety-nine Bulgarian leva and eleven stotinki) shall remain as retained earnings of the Company.

5. Report on the Activity of the Investor Relations Director for 2019.

6. Report on implementation of remuneration policy for members of the Supervisory and Management Boards of Industrial Holding Bulgaria AD for 2019.

7. Release from liability of the members of the Management Board and the Supervisory Board for their activities in 2019.

Draft decision: The General Meeting of Shareholders releases from liability for their activities in 2019:

As members of the Supervisory Board

- Snejana Ilieva Hristova
- Konstantin Kuzmov Zografov
- DZH AD, represented by Elena Petkova Kircheva.

As members of the Management Board:

- Daneta Angelova Zheleva,
- Emilian Emilov Abadjiev;
- Borislav Emilov Gavrilov,
- Boyko Nikolov Noev,



8. Determining of the remuneration of the members of the Supervisory Board and the Management Board of the Company for 2020.

Draft decision: The General Meeting of the Shareholders determines a monthly remuneration of the members of the Supervisory Board and the Management Board of the Company for 2020 of BGN 1,000.

9. Report on the activity of the Company's Audit Committee for 2019.

10. Approval of amendments to the Statute (Regulations on the Activity) of the Audit Committee

Draft decision: The General Meeting of the Shareholders approves amendments to the Statute (Regulations on the Activity) of the Audit Committee.

12. Election of a registered auditor of the Company for 2020.

Draft decision: The General Meeting of the Shareholders elects the recommended by the Audit Committee registered auditor of the Company for 2020 – AFA OOD.

12. Miscellaneous.

All shareholders or persons authorized by them are invited to take part in the General Meeting.

Right to participate and vote at the General Meeting is granted only to persons entered in the registers of Central Depository AD as shareholders 14 days prior to the date of the General Meeting, i.e. before 13 August 2020.

As of the date of the decision of convention of the General Meeting of the shareholders – 10 July 2020 – the total number of voting shares in the capital of the Company is 107,400,643. At the same date the Company bought back 7,816,170 treasury shares on which the voting rights were suspended until their transfer in accordance with Article 187a, paragraph 3 of the Commercial Act.

This invitation together with the written materials related to the agenda of the General Meeting of Shareholders shall be published on the internet site of the Company – www.bulgariaholding.com - for the period from the entry of the invitation into the Trade Register to the closing of the General Meeting of Shareholders.

The written materials under 224 of the Commerce Act /CA/ are at the disposal of the shareholders also at address: Sofia City, 37A Prof. Fridtjof Nansen str. fl. 7, every working day from 3 p. m. to 5 p. m. as of the entry of the invitation into the Trade Register. The materials shall be provided to the shareholders upon presentation of an identity document, and to the proxies of the shareholders – upon presentation of an explicit proxy in writing, the original of which shall be kept with the archives of the Company.

Persons holding together or separately at least 5 percent of the capital of the Company may request the inclusion of items and propose decisions on already included items in the agenda of the General Meeting following the procedure of Article 223a of CA, for which purpose no later than 15 days prior to the opening of the General Meeting they are to submit for announcement in the Trade Register the items to be included in the agenda and the proposed decisions. Shareholders submit to the Financial Supervision Commission and to the Company no later than the following working day after the announcement of the items in the Trade Register the materials under Article 223a, paragraph 4 of CA. Shareholders have the right to raise issues during the General Meeting. Shareholders have the right to make substantive proposals for decisions on any matter included in the agenda, until the discussions on that matter are completed and before a decision is taken by the General Meeting, in compliance with the requirements of the law, and the restriction under Article 118, paragraph 3 of POSA shall apply accordingly.

Shareholders have the right to authorize any natural person or legal person to participate and vote at the General Meeting on their behalf, pursuant to the following rules, also announced at the web site of the Company: www.bulgariaholding.com:



1. A proxy of a shareholder may also be a member of the Management or Supervisory Board of the Company if the principal has explicitly indicated the manner of voting under each of the items of the agenda.
2. The proxy has the same rights to speak and raise issues at the General Meeting as the respective represented shareholder.
3. The proxy is obliged to exercise the voting right in compliance with the instructions (directions) of the principal, contained in the power of attorney.

In case that the proxy deviates from the instructions provided in the respective power of attorney, the votes under these shares for the respective vote are considered void.

4. The proxy may represent more than one shareholder at the General Meeting of the Company. In this case the proxy may vote differently under the shares held by the separate shareholders represented by the proxy.
5. The power of attorney for representation of a shareholder at the General Meeting of the Shareholders has to be executed in writing, with the signature of the principal certified by a notary public, and needs to refer to the specific General Meeting, to be explicit and to indicate:
 - a/ the full data of the shareholder – principal and of the proxy;
 - b/ the number of shares referred to by the power of attorney;
 - c/ the agenda for the items raised for discussion;
 - d/ the proposals for decisions for each of the items of the agenda;
 - e/ the manner of voting under each of the items, or if such is not supplied, an explicit clause that the proxy has the right to discretion whether to vote and in what manner;
 - f/ date, place and signature.

6. The notification for authorization may also be submitted electronically.

In this case the Company has to be informed at the following e-mail: ir@bulgariaholding.com through a notice signed with a universal electronic signature (in the sense of the Law on Electronic Documents and Electronic Signatures /LEDES/) of the shareholder – principal (for natural persons) or the lawful representative of the shareholder – principal (legal persons).

The principal encloses with the electronic notice for authorization scanned originals of: the power of attorney certified by a notary public drafted following the template approved by the Company, a current registration certificate issued no sooner than 3 months prior to the date of the General Meeting, and in case that the same are in a foreign language, they are presented together with a certified translation in the Bulgarian language pursuant to the existing Bulgarian legislation (Regulation on legalizations, certifications and translations of documents and other papers), and all electronic images of the documents have to be signed with the universal electronic signature of the shareholder – principal (for natural persons) or of the lawful representative of the shareholder – principal (for legal persons).

7. A template of the power of attorney for representation of a shareholder in the General Meeting is provided to the shareholders together with the materials regarding the General Meeting of the Shareholders.
8. All powers of attorney together with the enclosed documents have to be received at the following address: Sofia City, 37A Prof. Fridtjof Nansen str. fl. 7 or at the following electronic address: ir@bulgariaholding.com within 2 working days prior to the date of the General Meeting, but no later than 12.00 am on 26 August 2020.
9. When the power of attorney has been issued in a foreign language it is submitted to the Company together with a certified translation in the Bulgarian language pursuant to the existing Bulgarian legislation (Regulation on legalizations, certifications and translations of documents and other papers).
10. The withdrawal of an authorisation, for which the Company has to be duly notified, has to be made following the procedure envisaged by law.



11. The re-authorization with rights under the power of attorney, as well as a power of attorney issued in violation of the above rules is null and void.
12. Voting by correspondence or with electronic means is not permitted.

The registration of shareholders starts at 09.00 a.m. on 27 August 2020 at the place where the General Meeting of the Shareholders is to be held.

To register and participate in the General Meeting the shareholders which are natural persons must present an identity document. The representatives, when lawful representatives of shareholders – legal persons have to present an identity document and a copy of the current registration certificate certified by a power of attorney issued no sooner than 3 months prior to the date of the General Meeting, and in case the same are in a foreign language, they are presented, together with a certified translation in the Bulgarian language pursuant to the existing Bulgarian legislation (Regulation on legalizations, certifications and translations of documents and other papers).

In case of lack of quorum pursuant to Article 227, Paragraph 3 of CA the General Meeting will be held on 10 September 2020 at 10.00 am at the same place and following the same agenda and it is legally independent of the capital represented therein. Pursuant to Article 115b, Paragraph 1 of Public Offering of Securities Act only persons entered as shareholders as of 27 August 2020 have the right to take part and vote at this new session of the General Meeting. No items under Article 223a of Commerce Act may be included in the agenda of the new session.

[Materials and proxy draft](#)

IHB published a six-month financial statements for 2020 - non-consolidated

22 July 2020 | 08:21

On 27 July 2020, IHB filed its six-month financial statements on a non-consolidated basis for 2020 to the public, Financial Supervision Commission and Bulgarian Stock Exchange.

[Non-consolidated financial statements](#)

Share buyback of IHB

03 August 2020 | 09:07

In July 2020, in connection with the decision for share buyback, Industrial Holding Bulgaria PLC acquired (with settlement completed as of 31 July 2020) 15,435 treasury shares at an weighted average price of BGN 0.760 per share.

The total number of the treasury shares held as at 31 July 2020 was 7,817,215 shares.

V. INFORMATION PURSUANT TO APPENDIX 9 TO ORDINANCE 2 ON THE PROSPECTUSES TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET AND ON DISCLOSURE OF INFORMATION

1. Change in individuals exercising control over the company

There are no changes in the persons exercising control over the Company at 30 June 2020.

2. Initiation of bankruptcy proceedings in respect of the Company or its subsidiary and all significant stages relating to the proceedings

There is no such circumstance.

3. Conclusion or performance of significant transactions

None.



4. Decision for conclusion, termination and cancellation of a joint venture contract

There is no such circumstance.

5. Change in the Company's auditors and reasons for the change

There is no such circumstance. At its meeting held in July 2020, the Audit Committee of IHB recommended that AFA OOD be re-elected as auditor of the company for 2020 by the General Meeting of Shareholders scheduled to be held on 27 August 2020.

6. Initiation or termination of court or arbitration proceedings relating to liabilities or receivables of the Company or its subsidiary with a price of the claim of at least 10 per cent of the Company's equity

There was no such circumstance in the past six months.

7. Purchase of, sale of or pledge imposed on shares of commercial companies by the issuer or its subsidiary

There was no such circumstance in the past six months.

8. Other circumstances deemed by the Company as being of importance to the investors in taking a decision to acquire or to continue to hold publicly offered securities

None.

VI. ADDITIONAL INFORMATION

1. Information about changes in the accounting policy during the reporting period

The accounting policies of IHB have not been changed during the reporting period.

2. Information about changes, which have occurred within the group Industrial Holding Bulgaria PLC

On 10 February 2020, the newly incorporated company IHB 3Design AD was registered with the Commercial Register with capital of BGN 100 thousand split into 100,000 shares with nominal value of BGN 1 each, of which 51% was subscribed by Industrial Holding Bulgaria PLC.

3. Information about the results from organizational changes within IHB /transformation, selling of undertakings from the economic group, non-money contributions by the undertaking, renting out of property, long-term investments, suspension of operations/

On 15 January 2020, the General Meeting of Shareholders of IHB Electric AD (in liquidation) passed a decision to discontinue the entity's activity and to declare it in liquidation. The term to complete the liquidation is 12 months as of 24 March 2020 - the date of publishing the invitation to creditors in the Commercial Register at the Registry Agency in accordance with Art. 267 of the Commercial Act.

4. Opinion of the management body about the likelihood of realization of the published forecasts on the results of the current financial year, taking account of the results for the current quarter, as well as information about the factors and circumstances, which will affect the achievement of the forecast results at least for the next quarter

The Managing Board of Industrial Holding Bulgaria PLC has not published forecasts on the results in 2020.

5. Information about the persons holding directly or indirectly at least 5 per cent of the votes at the general meeting at the end of the relevant quarter, and changes in the votes held by the



persons for the period as of the end of the preceding quarter

As at 30 June 2020, Industrial Holding Bulgaria PLC had information about the following shareholders holding more than 5% of the voting shares, as follows:

5.1. Bulls AD

Number of voting shares and their share of the votes at the General Meeting of Shareholders of the company:

As at 30 June 2020: 37,608,121 shares held directly, representing 35.02% of votes

As at 31 December 2019: 37,608,121 shares held directly, representing 35.02% of votes

Bulls AD own 100% from the capital of Venside Enterprises Ltd and control its shares.

5.2. Venside Enterprises Ltd:

Number of voting shares and their share of the votes at the General Meeting of Shareholders of the company:

As at 30 June 2020: 7,089,320 shares held directly, representing 6.60% of votes

As at 31 December 2019: 7,089,320 shares held directly, representing 6.60% of votes

5.3. DZH AD

Number of voting shares and their share of the votes at the General Meeting of Shareholders of the company:

As at 30 June 2020: 8,957,874 shares held directly, representing 8.34% of votes

As at 31 December 2019: 8,957,874 shares held directly, representing 8.34% of votes

5.4. Daneta Angelova Zheleva

Number of voting shares and their share of the votes at the General Meeting of Shareholders of the company:

As at 30 June 2020: 41,044 shares held directly, representing 0.03% of votes, directly and through related parties: a total of 8,999,564 shares held directly, representing 8.37% of votes

As at 31 December 2019: 41,044 shares held directly, representing 0.03% of votes, directly and through related parties: a total of 8,999,564 shares held directly, representing 8.37% of votes

5.5. Dimitar Georgiev Zhelev

Number of voting shares and their share of the votes at the General Meeting of Shareholders of the company:

As at 30 June 2020: 646 shares held directly, representing 0.0006% of votes, directly and through related parties: a



total of 8,999,564 shares held directly, representing 8.37% of votes and controlled through Venside Enterprises Limited and Bulls AD: a total of 44,697,441 shares held directly, representing 41.62% of votes

As at 31 December 2019: 646 shares held directly, representing 0.0006% of votes, directly and through related parties: a total of 8,999,564 shares held directly, representing 8.37% of votes and controlled through Venside Enterprises Limited and Bulls AD: a total of 44,697,441 shares held directly, representing 41.62% of votes

Dimitar Georgiev Zhelev controls Bulls AD and Venside Enterprises Limited and the votes directly held by these entities.

Dimitar Zhelev and Daneta Zheleva are spouses.

The shareholding of the other shareholders, in view of the scattered shareholding structure of Industrial Holding Bulgaria PLC as a former privatisation fund (with more than 50,000 shareholders) and the quorums at the General Meeting of Shareholders (GMS) over the last two years have allowed that a majority vote and de facto control is exercised by Bulls AD and Venside Enterprises Limited in accordance with the definitions of IAS 24 at the GMS of Industrial Holding Bulgaria PLC.

At 30 June 2020, IHB held 7,801,780 redeemed treasury shares representing 7.26 % of the Company's capital, which the voting rights were suspended until their transfer in accordance with Article 187a, paragraph 3 of the Commercial Act.

6. Data about the shares owned by the issuer's management and supervisory bodies at the end of the relevant quarter, as well as the changes that have occurred for the period since the end of the preceding quarter for every person separately

Information about the shares of IHB PLC held by the members of the Supervisory and Managing Boards

As at 30 June 2020:

	Acquired directly in the first six months of 2020	Transferred directly in the first six months of 2020	Acquired through related in the first six months of 2020	Transferred through related in the first six months of 2020	Number of shares held directly	Number of shares held through related parties	Total directly and through related parties	% of the votes at GMS held directly and through related parties
Members of SB								
DZH AD	0	0	0	0	8 957 874	0	8 957 874	8.34%
Snejana Hristova	0	0	0	0	250	1 774 405	1 774 655	1.65 %
Konstantin Zografov	0	0	0	0	582	208	790	0.0007%



Members of MB								
Daneta Zheleva	0	0	0	0	41 044	8 958 520	8 999 564	8.37%
Emilian Abadjiev	0	0	0	0	0	0	0	0
Borislav Gavrilov	0	0	0	0	208	0	208	0.0001%
Boyko Noev	0	0	0	0	0	0		0

7. Information about pending legal, administrative or arbitration procedures relating to liabilities or receivables at the rate of at least 10 per cent from the issuer's equity; if the total amount of the issuer's liabilities or receivables of all initiated proceedings exceeds 10 per cent of its equity, information shall be presented for each procedure separately
None.

8. Information about loans granted by the issuer or its subsidiary, providing of guarantees or assuming liabilities in total to one entity or its subsidiary, including also related persons with indication of the nature of the relations between the issuer and the entity, the amount of unpaid principal, interest rate, deadline for repayment, amount of the assumed liability, terms and conditions.

In the first six months of 2020, Industrial Holding Bulgaria PLC extended cash loans to Group companies, as follows:

- KLVK AD under an annex to a loan contract concluded previously, an additional amount of BGN 944,000, bearing a 2% interest rate and maturing on 31 December 2022;
- Privat Engineering EAD under an annex to a loan contract concluded previously, an additional amount of EUR 47,000, bearing a 2% interest rate and maturing on 31 December 2022;
- ZMM Bulgaria Holding AD under a loan contract, an amount of EUR 100,000, bearing a 1.8% interest rate and maturing on 30 June 2020. At the date of issue of this report, the loan was repaid;
- Tirista LTD under an annex to a loan contract concluded previously, an additional amount of EUR 348,000, bearing a 1.8% interest rate and maturing on 31 December 2022;
- Odria Ltd under an annex to a loan contract concluded previously, an additional amount of EUR 5,094,000, bearing a 1.8% interest rate and maturing on 01 February 2023;
- Odria Ltd under a loan contract, an amount of EUR 162,000, bearing a 1.8% interest rate and maturing on 31 December 2022.

In the first half of 2020, KLVK AD, a subsidiary of IHB, has extended, under an annex to a loan contract concluded previously, an additional amount to Odria LTD amounting to EUR 1,697,000, bearing a 1.8% interest rate and maturing on 01 January 2025.

In the first half of 2020, in connection with contracts concluded previously, Odria Ltd established on the motor vessel Dimond Sky, owned by Odria Ltd, a first ranking maritime mortgage in favour of Industrial Holding Bulgaria PLC to secure receivables of Industrial Holding Bulgaria PLC amounting to EUR 9,400,000, and a second ranking maritime mortgage in favour of KLVK AD to secure receivables of KLVK AD amounting to EUR 7,700,000.



Daneta Zheleva
Chief Executive Officer

Vladislava Zgureva
Investor Relations Director