



**INDUSTRIAL HOLDING BULGARIA**

**INDUSTRIAL HOLDING BULGARIA PLC**

**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

**31 December 2020**

**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

**CORPORATE INFORMATION**

Industrial Holding Bulgaria PLC is a joint stock company (PLC), registered in the Republic of Bulgaria on Company File number 13081 / 1996 with headquarters and registered office at 42 Damyan Gruev Str., Sofia, Bulgaria. The financial year of the Company ends on 31 December.

Initially, the Company has been established as a Privatisation Fund according to the Privatisation Funds Act under the company name Privatisation Fund Bulgaria PLC.

The General Meeting of Shareholders held on 27 February 1998 passed a decision to reorganize the activities of Privatisation Fund Bulgaria PLC into a holding company and to rename it from Privatisation Fund Bulgaria PLC to Industrial Holding Bulgaria PLC. The Company's capital amounts to BGN 107,400,643. The company has a two-tier system of governance, comprising Supervisory Board and Management Board.

The scope of activity of the Company includes acquisition, management, assessment and sale of shares in Bulgarian and foreign companies, acquisition, assessment and sale of patents, cession of licenses to use patents to companies in which the Company holds shares, financing of companies in which the Company holds shares, as well as any other activity not prohibited by law.

The duration of the Company shall be perpetual and the Company is not limited by other resolute condition.

The Company is entered into the Commercial Register at the Registry Agency with Identification Code 121631219. The Company is registered in compliance with the Law on Value Added Tax. The shares of the Company are listed on Bulgarian Stock Exchange AD, Sofia.

**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**  
For the period ended 31 December 2020

**NOTES**

**Separate Statement of Comprehensive Income**

<i>BGN'000</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Interest and dividend income	16,359	13,357
Other operating income	87	69
	<b>16,446</b>	<b>13,426</b>
Costs of personnel	(619)	(583)
Costs of hired services	(201)	(153)
Other operating expenses	(24,780)	(294)
<b>Operating (loss) / profit</b>	<b>(9,154)</b>	<b>12,396</b>
Finance costs	(282)	(344)
<b>(Loss) / Profit before tax</b>	<b>(9,436)</b>	<b>12,052</b>
Income tax (expense) / benefit	1	1
<b>(Loss) / Profit for the year</b>	<b>(9,435)</b>	<b>12,053</b>
<b>Other comprehensive income / (loss)</b>	<b>(7)</b>	<b>(2)</b>
<b>Total comprehensive income for the period, net of taxes</b>	<b>(9,442)</b>	<b>12,051</b>

**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**  
For the period ended 31 December 2020

**Separate Statement of Financial Position**

*BGN'000*

	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>ASSETS</b>		
<b>Non – current assets</b>		
Non-current tangible and intangible assets	80	120
Right-to-use assets	760	963
Investments in subsidiaries	179,116	203,599
Loans to related parties	63,473	48,927
Differed tax asset	5	3
<b>Total non-current assets</b>	<b>243,434</b>	<b>253,612</b>
<b>Current assets</b>		
Loans to related parties	613	3,196
Trade and other receivables	525	12
Cash and cash equivalents	749	1,659
<b>Total current assets</b>	<b>1,887</b>	<b>4,867</b>
<b>TOTAL ASSETS</b>	<b>245,321</b>	<b>258,479</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	107,400	107,400
Share premium	30,604	30,604
Treasury shares redeemed	(8,668)	(6,536)
Statutory and other reserves	9,661	9,661
Retained earnings	93,330	102,772
<b>Total equity</b>	<b>232,327</b>	<b>243,901</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	5,215	9,126
Lease liabilities	624	817
Retirement benefit liabilities	35	25
<b>Total non-current liabilities</b>	<b>5,874</b>	<b>9,968</b>
<b>Current liabilities</b>		
Interest-bearing loans and borrowings	3,917	3,920
Lease liabilities	150	155
Deposits from related parties	2,967	486
Trade and other payables	86	49
<b>Total current liabilities</b>	<b>7,120</b>	<b>4,610</b>
<b>Total liabilities</b>	<b>12,994</b>	<b>14,578</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>245,321</b>	<b>258,479</b>

**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

**Separate Statement of Cash Flows**

*BGN'000*

	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Operating activity</b>		
Dividends received	12,390	4,566
Cash loans repaid from related parties	6,194	3,957
Cash loans to related parties	(17,694)	(1,595)
Interest received on loans to related parties	685	1,171
Proceeds from customers	87	83
Remuneration related payments	(618)	(578)
Payments to suppliers and others	(220)	(245)
<b>Net cash flows from operating activity</b>	<b>824</b>	<b>7,359</b>
<b>Investing activity</b>		
Purchase of property, plant and equipment	(3)	(11)
Acquisition of investments	(51)	-
<b>Net cash flows used in investing activity</b>	<b>(54)</b>	<b>(11)</b>
<b>Financing activity</b>		
(Payments on) / Proceeds from redemption of treasury shares, net	(2,132)	(3,228)
Bank loans received	47	
Principal paid on bank loan	(3,958)	(3,912)
Interest paid on bank loan	(214)	(288)
Charges paid on bank loan	(13)	(17)
Liabilities paid under lease contracts	(154)	(147)
Interest paid under lease contracts	(15)	(15)
Deposits from related parties	7,677	1,443
Deposits released to related parties	(2,892)	-
Interest paid on deposits from related parties	(23)	(4)
Other proceeds and payments	(3)	(4)
<b>Net cash flows used in financing activity</b>	<b>(1,680)</b>	<b>(6,172)</b>
<b>Increase in cash and cash equivalents</b>	<b>(910)</b>	<b>1,176</b>
Cash and cash equivalents on 1 January	1,659	483
<b>Cash and cash equivalents on 31 December</b>	<b>749</b>	<b>1,659</b>

**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

**Separate Statement of Changes in Equity**

*BGN'000*

	Share capital	Share premium	Treasury shares redeemed	Statutory and additional reserves	Retained earnings	<b>Total</b>
<b>Balance as at 1 January 2019</b>	<b>107,400</b>	<b>30,604</b>	<b>(3,308)</b>	<b>9,661</b>	<b>90,721</b>	<b>235,078</b>
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	12,053	<b>12,053</b>
Other comprehensive income for the year	-	-	-	-	(2)	<b>(2)</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,051</b>	<b>12,051</b>
<b>Transactions with shareholders recognised in equity</b>						
Treasury shares redeemed	-	-	(3,228)	-	-	<b>(3,228)</b>
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>(3,228)</b>	<b>-</b>	<b>-</b>	<b>(3,228)</b>
<b>Balance as at 31 December 2019</b>	<b>107,400</b>	<b>30,604</b>	<b>(6,536)</b>	<b>9,661</b>	<b>102,772</b>	<b>243,901</b>
<b>Balance as at 1 January 2020</b>	<b>107,400</b>	<b>30,604</b>	<b>(6,536)</b>	<b>9,661</b>	<b>102,772</b>	<b>243,901</b>
<b>Total comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(9,435)	<b>(9,435)</b>
Other comprehensive income for the year	-	-	-	-	(7)	<b>(7)</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,442)</b>	<b>(9,442)</b>
<b>Transactions with shareholders recognised in equity</b>						
Treasury shares redeemed	-	-	(2,132)	-	-	<b>(2,132)</b>
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>(2,132)</b>	<b>-</b>	<b>-</b>	<b>(2,132)</b>
<b>Balance as at 31 December 2020</b>	<b>107,400</b>	<b>30,604</b>	<b>(8,668)</b>	<b>9,661</b>	<b>93,330</b>	<b>232,327</b>

**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

**Interest and dividend income**

<i>BGN'000</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Dividend income	15,211	12,081
Interest income	1,148	1,276
	<b>16,359</b>	<b>13,357</b>

Dividend income of BGN 15,211 thousand (31 December 2019: BGN 12,081 thousand) was reported as at 31 December 2020, distributed by:

<i>BGN'000</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
ZMM Bulgaria Holding AD	11,385	8,455
KRZ Port Burgas AD	1,405	1,405
IHB Shipdesign AD	1,268	1,103
Odessos PBM EAD	1,003	1,003
Maritime Holding AD	150	115
	<b>15,211</b>	<b>12,081</b>

The main portion of the dividend distributed by ZMM Bulgaria Holding AD is based on profits earned by its subsidiary IHB Electric AD (in liquidation), the General Meeting of Shareholders of which, held on 22 January 2021, took a decision for its obliteration from the Commercial Register.

Interest income amounts to BGN 1,148 thousand (31 December 2019: BGN 1,276 thousand) and originates from interest-bearing receivables from subsidiaries on cash loans granted.

**Other operating income**

<i>BGN'000</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Rentals	72	69
Derecognized liabilities on rights sold to shareholders	15	-
	<b>87</b>	<b>69</b>

**Employee benefits**

<i>BGN'000</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Wages and salaries	(546)	(513)
Social insurance costs and other social payments	(73)	(70)
	<b>(619)</b>	<b>(583)</b>

**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

**Other operating expenses**

<i>BGN'000</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Expenses on impairment of investments	(24,534)	-
Depreciation / amortization expenses	(202)	(221)
Expenses on materials	(27)	(28)
Other operating expenses	(17)	(45)
	<b>(24,780)</b>	<b>(294)</b>

As disclosed in Investments in subsidiaries section, the Company has conducted impairment testing of the same in the Maritime Transport sector, as a result of which as of 31 December 2020 an impairment loss on the investment in Privat Engineering EAD of BGN 24,534 thousand was recognized (31 December 2019: No impairment loss was recognized by the Company).

**Finance costs**

<i>BGN'000</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Interest expenses on bank loans	(211)	(286)
Interest expenses on lease contracts	(15)	(15)
Interest expenses on deposits from related parties, etc.	(39)	(21)
Charges bank loans	(13)	(17)
Other finance costs	(4)	(5)
	<b>(282)</b>	<b>(344)</b>

**Income tax**

The Company owes no income taxes for the periods ended 31 December 2020 and 31 December 2019.

The reconciliation of income tax expenses and the accounting profit multiplied by the applicable rate for the periods ended 31 December 2020 and 31 December 2019 is as follows:

<i>BGN'000</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Accounting (loss) / profit before taxes</b>	<b>(9,436)</b>	<b>12,052</b>
Income tax expense at the applicable tax rate of 10% for 2020 (2019: 10%)	944	(1,205)
Income exempted from tax – dividends	1,521	1,208
Non-deductible expenses - revaluation	(2,454)	-
Tax loss, for which tax asset is not recognized	(10)	(2)
<b>Income tax benefit / (expense) at an effective tax rate of 0% (2019: 0% )</b>	<b>1</b>	<b>1</b>

As at 31 December 2020, the Company reported a deferred tax asset of BGN 5 thousand (at 31 December 2019: BGN 3 thousand) on accrued retirement benefit liabilities, the lease liability and the right-of-use asset.



**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

**Investments in subsidiaries**

Investments, held by the Company as of 31 December 2020 and 31 December 2019, were as follows:

<i>BGN'000</i>	Country of incorporation	31 December 2020		31 December 2019	
		Share amount	Share percentage	Share amount	Share percentage
ZMM Bulgaria Holding AD	Bulgaria	7,885	99.998	7,885	99.998
Privat Engineering EAD	Bulgaria	32,686	100.000	57,220	100.000
KRZ Port Burgas AD	Bulgaria	4,774	99.650	4,774	99.650
Maritime Holding AD	Bulgaria	400	61.000	400	61.000
International Industrial Holding Bulgaria AG	Switzerland	130	100.000	130	100.000
KLVK AD	Bulgaria	46,096	67.960	46,096	67.960
IHB Shipdesign AD	Bulgaria	70	70.000	70	70.000
Bulyard Shippbuilding Industry AD	Bulgaria	63,371	95.890	63,371	95.890
Odessos PBM EAD	Bulgaria	23,653	100.000	23,653	100.000
IHB 3 Design AD	Bulgaria	51	51.000	-	-

The Company holds also 2 shares of the capital of IHB METAL CASTINGS AD, a subsidiary of ZMM Bulgaria Holding AD.

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

On 15 January 2020, the General Meeting of Shareholders of IHB Electric AD (in liquidation) took a decision to discontinue the activity of the company and to announce it in liquidation. On 16 November 2020, the General Meeting of Shareholders of IHB Electric AD (in liquidation) took a decision to distribute its property among the company shareholders and a final liquidation balance sheet was prepared as of 30 November 2020. On 22 January 2021, the General Meeting of Shareholders approved the outcome of the property distribution of IHB Electric AD (in liquidation) and passed a decision for its obliteration from the Commercial Register.

**Impairment testing**

As of 31 December 2020, management of the Company conducted an analysis and found that there were indications of impairment of investments in subsidiaries operating in the maritime sector (Privat Engineering EAD and KLVK AD).

Management conducted impairment testing of the investments as at 31 December 2020 and took into account the following factors:

- The decline in the freight market as a result of the decline in global trade as a result of the COVID-19 pandemic and the restrictive measures taken by countries around the world to limit its spread, which further exacerbated the trend of low freight levels observed over the last 10 years;
- The higher environmental requirements for ships in operation, which has led to investments on the part of shipowners, which do not have a positive impact on profitability and are associated with serious costs and additional days out of operation;
- The increasing market volatility and instability (political risks, etc.).

The recoverable amount of these investments is determined by calculating the value in use based on forecast cash flows for the remaining useful life of ships.

Moreover, the company reconsidered its investment intentions and because of the instable market and growing risk, it took a decision to assess the shipping portfolio only on the basis of the existing ships' cash flows; for the time being, management resolved on refraining from the purchase of new ships. This decision reflects on a change in the assumption considered in the impairment testing by eliminating the calculation of the terminal value.

**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

The recoverable amount of KLVK AD exceeds the values of net investments in this company. Therefore, no impairment loss was recognized.

The recoverable amounts of Privat Engineering EAD is lower than the values of net investments in this company. Therefore, Industrial Holding Bulgaria PLC has recognised impairment of BGN 24,534 thousand with respect to its investments in Privat Engineering EAD.

The loss generated is due to the decline in freight levels (a decrease in the estimated cash flows of the ships), the change in the assumption for purchases of new ships (elimination of the terminal value), as well as to the low closing exchange rate of US Dollar (BGN 1.59386 as at 31 December 2020 compared to BGN 1.74099 as at 31 December 2019).

**Interest-bearing loans and borrowings**

<i>BGN'000</i>	<b>Currency</b>	<b>Interest rate</b>	<b>31 December</b>	<b>31 December</b>
		<b>%</b>	<b>2020</b>	<b>2019</b>
Secured bank loan of EUR 10,000 thousand	EUR	1.9%	9,132	13,046
			<b>9,132</b>	<b>13,046</b>
Long-term portion			5,215	9,126
Short-term portion			3,917	3,920

In March 2018, Industrial Holding Bulgaria AD signed a bank loan agreement amounting to EUR 10,000 thousand for the purposes to refinance part of the debenture loan. The total loan was utilised fully. The loan expires in April 2023 and is to be repaid in equal instalments with effect from May 2018. A fixed interest rate of 1.9% p.a. was agreed. Guarantors on the contract are subsidiaries. The contract is secured by mortgages on real estate (land and buildings) of a subsidiary.

**Lease liabilities**

<i>BGN'000</i>	<b>31 December</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
Lease liabilities	774	972
Long-term portion	624	817
Short-term portion	150	155

The lease liability represents the discounted amount of the estimated rental payments under a contract for the rent of an office (a building). Pursuant to the latter contract, the Company also recognized a right-of-use asset.

**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

**Equity**

*Share capital - registered*

The share capital is stated at par according to the court registration.

<i>BGN'000</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
107,400,643 ordinary shares with a nominal value of BGN 1 each	107,400	107,400
	<b>107,400</b>	<b>107,400</b>

The company's capital comprises 107,400,643 registered dematerialised voting shares with a nominal value of BGN 1 each that are listed for trading on Bulgarian Stock Exchange. The share capital is subscribed at its nominal amount and is paid in full. There is no preference shares or bearer's shares.

*Shareholders*

The shareholders of Industrial Holding Bulgaria PLC holding more than 5% of the company's capital as of 31 December 2020 are as follows:

<i>Shareholder</i>	<b>Number of shares at 31 December 2020</b>	<b>31 December 2020</b>
BULLS AD	37,608,121	35.02%
DZH AD	8,957,874	8.34%
Venside Enterprises	7,089,320	6.60%
Industrial Holding Bulgaria PLC*	9,073,468	8.45%
Others	44,671,860	41.59%
	<b>107,400,643</b>	<b>100.00%</b>

*\* Treasury shares redeemed*

The total number of the treasury shares held as at 31 December 2019 is 6,648,222 for the total amount of BGN 6,536 thousand. Over the period 01 January 2020 – 31 December 2020, 2,425,246 treasury shares amounting to BGN 2,132 thousand were bought up. The number of the treasury shares redeemed as at 31 December 2020 is 9,073,468 for the total amount of BGN 8,668 thousand. Pursuant to article 187a, paragraph 3 of the Commercial Act, the voting right attached to these shares has been suspended until their transfer.

**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

**Related party disclosures**

The Company is of the opinion that in accordance with the definitions of IAS 24 it is a related party with:

*I. Persons exercising control within the meaning of IAS 24*

- Bulls AD, a company that holds directly and indirectly through a subsidiary 41.62% of the shares of Industrial Holding Bulgaria PLC, which has allowed, 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, a majority vote and de facto control to be exercised at the GMS of Industrial Holding Bulgaria PLC;
- Dimitar Zhelev, a person exercising control over Bulls AD and husband of Daneta Zheleva, the Chief Executive Officer of Industrial Holding Bulgaria PLC.

The judgement as to whether control is exercised, as described above, is subject to regular review.

*II. Key management personnel, including the Management and the Supervisory Board of the Company*

*III. Entities under the joint control of the Persons exercising control within the meaning of IAS 24 (under item I)*

*IV. Entities, over which the persons that have control within the meaning of IAS 24 (under item I) also exercise significant influence or are members of their key management personnel*

*V. Subsidiaries*

- *Subsidiaries in which the Company holds direct control*

The direct subsidiaries of Industrial Holding Bulgaria PLC as at 31 December 2020 and 31 December 2019 are disclosed in *Investments in subsidiaries*.

- *Subsidiaries in which the Company holds indirect control*

IHB Metal Castings AD is an indirect subsidiary of Industrial Holding Bulgaria PLC because it is a subsidiary of ZMM Bulgaria Holding AD, a direct subsidiary of Industrial Holding Bulgaria PLC. Karvuna Ltd. and Tirista Ltd. are indirect subsidiaries of Industrial Holding Bulgaria PLC because they are subsidiaries of Privat Engineering EAD, a direct subsidiary of Industrial Holding Bulgaria PLC. Bulport Logistics AD and Odria Ltd are indirect subsidiaries because they are subsidiaries of KLVK AD, a direct subsidiary of Industrial Holding Bulgaria PLC.

The total amount of related party transactions and outstanding balances for the current and previous reporting periods is as follows:

**Receivables from and payables to related parties**

**Loans to related parties**

<i>BGN'000</i>	<b>Type of transaction</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
<i>Subsidiaries</i>	Principal	63,473	51,973
	Interest	613	150
		<b>64,086</b>	<b>52,123</b>
Long-term portion		63,473	48,927
Short-term portion		613	3,196

**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

**Trade and other receivables**

<i>BGN'000</i>	<b>Type of transaction</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
<i>Subsidiaries</i>	Dividends	501	-
<i>Entities, over which the persons that have control within the meaning of IAS 24 (under item I) also exercise significant influence or are members of their key management personnel</i>	Prepayments	10	11
		<b>511</b>	<b>11</b>

**Cash with banks – related parties**

<i>BGN'000</i>		<b>31 December 2020</b>	<b>31 December 2019</b>
<i>Entities, over which the persons that have control within the meaning of IAS 24 (under item I) also exercise significant influence or are members of their key management personnel</i>		103	108
		<b>103</b>	<b>108</b>

**Deposits from related parties**

<i>BGN'000</i>	Note	<b>31 December 2020</b>	<b>31 December 2019</b>
<i>Subsidiaries</i>	Principal	2,960	485
	Interest	7	1
		<b>2,967</b>	<b>486</b>
Long-term portion		-	-
Short-term portion		2,967	486

Deposits received from subsidiaries as at 31 December 2020 are not secured and bear a fixed interest rate; they mature on 30 April 2021. The terms and conditions of deposits as at 31 December 2019 remain the same.

**Sales transactions**

<i>BGN'000</i>	<b>Type of transaction</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
<i>Subsidiaries</i>	Dividend income	15,211	12,081
	Rental income	72	69
		<b>15,283</b>	<b>12,150</b>

**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

**Purchase transactions**

	<b>Type of transaction</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
<i>Entities, over which the persons that have control within the meaning of IAS 24 (under item I) also exercise significant influence or are members of their key management personnel</i>	Costs of hired services	15	17
	Other finance costs	1	1
		<u>16</u>	<u>18</u>

**Loans to related parties**

<i>BGN'000</i>		<b>Amounts granted</b>	<b>Non-cash – (increase) / decrease</b>	<b>Principal repaid</b>	<b>Interest income</b>	<b>Interest received</b>
Subsidiaries	31 December 2020	(17,694)	-	6,194	1,148	685
Subsidiaries	31 December 2019	(1,595)	(3,679)	3,957	1,276	1,171
	<b>31 December 2020</b>	<b>(17,694)</b>	<b>-</b>	<b>6,194</b>	<b>1,148</b>	<b>685</b>
	<b>31 December 2019</b>	<b>(1,595)</b>	<b>(3,679)</b>	<b>3,957</b>	<b>1,276</b>	<b>1,171</b>

**Deposits from related parties**

<i>BGN'000</i>		<b>Amounts received</b>	<b>Non-cash – increase / (decrease)</b>	<b>Principal paid</b>	<b>Interest expenses</b>	<b>Interest paid</b>
Subsidiaries	31 December 2020	7,677	(2,320)	(2,892)	(39)	(23)
Subsidiaries	31 December 2019	1,443	(4,211)	-	(21)	(4)
	<b>31 December 2020</b>	<b>7,677</b>	<b>(2,320)</b>	<b>(2,892)</b>	<b>(39)</b>	<b>(23)</b>
	<b>31 December 2019</b>	<b>1,443</b>	<b>(4,211)</b>	<b>-</b>	<b>(21)</b>	<b>(4)</b>

**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

**Commitments and contingencies**

**Legal claims**

No legal claims have been filed against the Company.

**Guarantees**

According to a contract signed with a commercial bank for granting a credit limit for issuance of bank guarantees, letters of credit and working capital financing of the Holding and/or Group entities with a limit of BGN 10,000 thousand, as at 31 December 2020:

- bank guarantees of BGN 20 thousand (31 December 2019: BGN 708 thousand) were issued to Group companies: IHB Metal Castings AD,
- 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);
- a letter of credit for BGN 264 thousand was issued to Odessos PBM EAD (31 December 2019: Nil);
- a revolving credit line for working capital financing of BGN 5,500 thousand was opened (31 December 2019: BGN 7,000 thousand). By an annex from November 2020, the maximum allowed funds for utilisation under the credit line were reduced from BGN 7,000 thousand to BGN 5,500 thousand. As of 31 December 2020, the amounts utilised under this revolving credit line for working capital financing by the subsidiary ZMM Sliven AD was BGN 223 thousand, by Odessos PBM EAD - BGN 200 thousand, by Bulyard Shipbuilding Industry AD – BGN 428 thousand, and by ZMM Nova Zagora AD – BGN 710 thousand (on a net basis), respectively.

As of 31 December 2020, the unutilized limit under this contract for provision of a credit limit amounted to BGN 3,939 thousand.

The contract with the bank is secured by a registered pledge on the commercial enterprise of KRZ Port Burgas AD as a combination of rights, obligations and factual relations, with registration of the main assets with the respective registries.

**Collateral**

To secure a bank loan received for the purpose of partial financing of a debenture loan, the Company concluded a financial collateral agreement through a pledge of receivables providing for a right of use over all its accounts with the bank-creditor in an amount that should be at least equal to the loan liability, but not more than EUR 10,000 thousand.

**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

**Non-systematic company specific risks**

**Risks associated with the holding structure and the structure of the portfolio of IHB**

In so far as the activity of the Company relates to management of other companies' assets, it is exposed to the Group subsidiaries' industry risks. The Group'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.

The ongoing pandemic has had the greatest impact on maritime transport, increasing the risk of bankruptcies of charterers. In the current commercial practice in the industry, such bankruptcies have led to claims by charterers' creditors against shipowners and arrests of ships to satisfy these claims.

**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 are 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. 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. Additionally, the risk also affects the machine building industry by reducing sales volumes on traditional markets.



**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

**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.

*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

## **INDUSTRIAL HOLDING BULGARIA PLC**

### **PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

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 that the EUR exchange rate agreed vis-à-vis the exchange rate of the Bulgarian lev in the event of entry into the Euro area to be different from the current fixed exchange rate. 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 in cases of financing, whose price includes a floating interest rate component plus a margin. In managing this risk, management seeks to either negotiate fixed-rate loans or to conclude hedging transactions aiming at minimizing the effects of the changes in the floating interest rate component.

#### **Systematic risks**

The Holding and its subsidiaries are exposed to systematic risks relating to the market and macro-environment in which the companies operate; these risks cannot be managed and controlled by the management team.

### **Trends for businesses, in which Group companies operate**

#### **Maritime transport**

The spread of COVID-19 had had a strong negative impact on the sector in 2020. At the beginning of the year, 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 in the second quarter due to the 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 and the decrease in the ships scrapped. In the second half of 2020, there is a tendency to stabilize the market, including at present. The Group's management benefited from the positive indications at and at the year-end, it sold the first and the oldest one of its ships – m/v Emona. However, the business environment is still risky also given the observed trend of a second wave of morbidity in some regions of the world and the uncertainty about the measures that governments will take. 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).

## **INDUSTRIAL HOLDING BULGARIA PLC**

### **PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

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. At the end of 2019 and in 2020 as well, the ballast systems of both ships from the IHB's fleet were installed, namely m/v Karvuna and m/v Antea. These mandatory investments now 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 ships to continue operating and generating revenue in the future. The other ships of the Group are expected to gradually meet the new environmental requirements in their next scheduled class 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 operational, including the arrest on m/v Dimond Sky was lifted and the ship will continue performing its current trade commitments.

#### **Ship building and ship repair**

Restrictions due to the COVID-19 pandemic blocked for a short period the opportunities for ship repair services by **Bulyard Shipbuilding Industry** in 2020, after which demand recovered. In the second half of the year and at present, there is a tendency for shipowners to postpone the class repairs of their ships, extending the registration certificates allowing them to sail by 3 to 6 months. This development has reduced the company's orders in the short term; however, it is expected that they will be restored in 2021, as the possibilities for postponing repairs will be exhausted, and without them, the ships will not be able to continue their operational activities. 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 and the significant uncertainty of the global economy future development have resulted in decrease in the construction of new vessels. The trend limits the company's ability to participate in such projects as a subcontractor for parts of the ship (metal structures, etc.).

#### **Ship design**

Increased demand for design and ship repair services for retrofitting, refurbishing, converting and adding new equipment to existing ships in recent years, preconditioned the good start in 2020. However, countries' restrictions on limiting the spread of COVID-19 have had a negative impact to varying degrees on design services.

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 partially in the autumn as soon as the measures have been relaxed gradually by the different states since such services are sought in view of the new ecological requirements imposed on the industry to mount ballast systems. The economic environment is currently experiencing a high level of uncertainty and difficulties to predict due to the new waves of morbidity, the ongoing and forthcoming responses of various governments. That is why, many shipowners take advantage of the opportunity to temporarily postpone their projects. However, with the gradual expiration of the legal deadline for their implementation, the demand for retrofit services and 3D laser scanning is expected to increase as early as 2021, which will partially compensate for the delay from 2020.

A decline is reported in the cruise ship market as well. 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.

Collapse in oil prices in 2020 narrowed the price gap between heavy and light diesel fuel, and reduced the cost-effectiveness for owners to supply their ships' engines with purifying (the so-called scrubber) systems that would allow them to continue to use heavy fuel. The recovery of this type of service directly depends on the oil prices. Its

## **INDUSTRIAL HOLDING BULGARIA PLC**

### **PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

improvement, combined with the trend of stabilizing the freight market, began to revive the demand for services for the design and installation of scrubber systems. Various political factors and the raging pandemic are currently heightening economic agents' doubts about restoring demand and make them more 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 the market.

#### **Classification and certification**

The restrictions imposed to overcome the spread of COVID-19 impacted negatively on the activities of the **Bulgarian Ship Register (BRS)** as well. During the first six months of 2020, the number of inquiries and requests for inspections of ships decreased and, where possible, they were postponed by the shipowners, which was aggravated also by the inability to physically move people. After the partial lifting of travel restrictions in the autumn, the market intensified and recorded a slight increase in the requests submitted for examinations, a tendency at present as well. If possible, BRS inspectors visit the ships and carry out inspections that have been postponed. In case of restrictions, the company provides classification and certification services remotely or through agents and subcontractors.

The management's efforts are focused on finding new agents, attracting new shipowners, developing and offering additional services to the main ones. In the latest publication of the Paris Memorandum on the Presentation of the Recognized Organizations, BSR retains its current position, which is a prerequisite for attracting new customers and applying for approval to new Flag Administrations.

#### **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 port terminals of **KRZ Port Burgas** and **Odessos PBM** are part of the public transport ports in Burgas and Varna. The COVID-19 pandemic and measures taken to limit its spread 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 depend on the volume of crops harvested in the port areas served by these terminals. In 2020, for some of the goods destined for countries with more extreme restrictive measures, there were cases of rejected orders by customers; however, the poor harvest in the country impacted even more negatively on these cargo flows. There is a tendency to direct investment efforts of the port terminals in the regions 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 port terminals depend mostly on grain cargo due to its large volume and stable demand for port services in times of crisis. Regarding these projects, the companies are working on the technical design and securing the necessary building permits.

Metal and scrap cargo also shrank due to the reduced activity of economic agents. Their recovery is 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 port terminals' diversification of cargo and their approved market position enable the ports to continue their activities although at reduced profitability due to the latest market developments and changes in the 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 offices and areas for storage and production activities. Continuing restrictions at the

**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

government level imposed in relation to the pandemic affected negatively the demand for office space and repairs of small vessels, due to shrinking economic activity of potential customers. Management expects that there will be greater clarity in business environment in the second half of 2021 and that it will be able to gradually let out the free office space in the medium term. The company is also looking for opportunities for alternative solutions to let out vacant space.

**Machine building**

Despite the good start of 2020 and the higher demand for metal-cutting machines offered by the Group compared to the same period in 2019, the restrictions imposed at the end of March by many countries around the world to limit the spread of COVID-19 and high uncertainty in business environment, affected negatively the investment activity of the clients of both **ZMM Bulgaria Holding** and its **subsidiaries**. A decrease in the volume of orders and revenue was observed. The negative effect was exacerbated by partial delays and difficulties in the shipment of finished products and the delivery of raw materials. However, the marketing communication of ZMM Bulgaria Holding not only did not decrease, but was seriously activated with the aim to make it clear to customers around the world that the holding's plants had continued to operate despite the difficulties in complying with all the necessary measures aimed at preserving human health. With the easing of anti-epidemic measures in the autumn, the trend began to change significantly. Months followed with strong orders. In the medium term, due to diverging opinions on the development of the epidemiological situation, it is very difficult to make any forecasts. Uncertainty about the development of the automotive industry worldwide, new closures of borders and the limited ability to make business trips and participate in exhibitions will continue to have a negative effect.

Nevertheless, it is expected that the active marketing policy of ZMM Bulgaria Holding pursued in the last few years, the change in the pricing and product development processes in combination with the increased online presence, will continue to bear fruits - there is a steady trend of increasing the inquiries from end-customers with a very wide geographical diversification, which in the long run is expected to result in sustainable market positions for the companies operating in the machine building sector.

**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

**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**

**Change in individuals exercising control over the company**

There were no changes in the persons exercising control over the Company at 31 March 2019.

As at 31 December 2019, Industrial Holding Bulgaria PLC had information about the following shareholders holding more than 5% of the votes at the General Meeting, as follows:

1. Venside Enterprises Limited

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

As at 31 December 2019: 7,089,320 shares representing 06.60 % of votes held directly

2. BULLS AD

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

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

Bulls AD owns 100% from the capital of Venside Enterprises Ltd and controls its shares.

3. DZH AD

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

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

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 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 representing 8.37% of votes.

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 31 December 2019: 646 shares held directly, representing 0.0006% of votes, directly and through related parties - a total of 8,999,564 shares representing 8.37% of votes, and controlled through Venside Enterprises Ltd and Bulls AD: a total of 44,697,441 shares, 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 shares 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 over the last two years, have allowed that a majority vote and de facto control within the meaning of IAS 24 is exercised by Bulls AD and Venside Enterprises Limited at the GMS of Industrial Holding Bulgaria PLC.

**INDUSTRIAL HOLDING BULGARIA PLC**  
**PUBLIC NOTIFICATION FOR FINANCIAL POSITION**

For the period ended 31 December 2020

As at 31 December 2020, IHB held 9,073,468 redeemed treasury shares representing 8.45% of the Company's capital; pursuant to article 187a, paragraph 3 of the Commercial Act, the voting right attached to these shares has been suspended until their transfer.

**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.

**Conclusion or performance of significant transactions**

N/A

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

There is no such circumstance.

**Change in the Company's auditors and reasons for the change**

There is no such circumstance.

**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**

For the reporting period, there are no initiated or terminated cases in which the price of the claim amounts to or exceeds 10 percent of the equity of Industrial Holding Bulgaria PLC.

On 5 December 2020, in Mombasa, Kenya, Motor ship (m / v) Diamond Sky, registered in the port of Valletta, Malta, owned by ODRIA LTD, a subsidiary of Industrial Holding Bulgaria PLC, was arrested as collateral for a claim for incorrectly delivered cargo and expenses at a value below the one indicated in item 1.30 of Annex 9.

As of the date of issue of this public notification, all claims relating to this case have been settled by an out-of-court settlement that is currently in progress. The arrest of m / v Diamond Sky has been lifted and the ship continues to fulfil its current charter agreement.

On 16 December 2020, Industrial Holding Bulgaria PLC and KLVK AD claimed in court their rights to mortgage creditors under the first-ranking, respectively second-ranking, maritime mortgage on m / v Diamond Sky. The value of each of the two claims is below the one indicated in item 1.30 of Annex 9.

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

There has been no such circumstance during the past quarter.

**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**

N/A

This Public Notification has been prepared in accordance with the requirements of Art. 100o<sup>1</sup>, par. 4 of POSA.

**Daneta Zheleva**  
**Chief Executive Officer**  
**Industrial Holding Bulgaria PLC**

**Ivan Rashkov**  
**Chief Accountant**

**Vladislava Zgureva**  
**Investors Relations Director**