



**REPORT ON THE ACTIVITY  
OF THE INVESTOR RELATIONS DIRECTOR  
OF INDUSTRIAL HOLDING BULGARIA PLC  
IN 2020**

**Dear Shareholders,**

The efficient communication among IHB and its investors, the regulatory authorities, the Stock Exchange, the Central Depository, and the media has always been in the focus of the investor relations activity. The global crisis caused by the spread of COVID-19 in the reporting year 2020 and the restrictive measures imposed resulted in difficulties in performing the everyday duties of the Investor Relations Director. The office of Industrial Holding Bulgaria AD was closed to external visitors for the duration of the state of emergency and the shareholders were able to only pose questions by phone and via e-mail [ir@bulgariaholding.com](mailto:ir@bulgariaholding.com). After the lifting of some of the restrictive measures, we created the necessary work organisation to enable the performance of investor relations functions. Effective communication and equal and timely access of the shareholders and potential investors of the Company to information they need was ensured, and the necessary assistance was provided in due time. The communication was carried out by phone, via e-mail or through individual meetings held in compliance with all anti-epidemic requirements.

As in the last few years, in 2020 the activity concentrated mainly on the following:

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

**Effective communication with the investment community**

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

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

In December 2020, the Company published a renewed and updated website, and we hope that it will be convenient and make it easier for investors and stakeholders to communicate with Industrial Holding Bulgaria PLC.

In 2020, due to the complicated situation caused by the spread of COVID - 19, the Company was not able to hold its annual general meeting with investors; however, the corporate governance was available for holding individual meetings with investors, if any such were requested, both remotely and in person, in compliance with all anti-epidemic measures.



### **Information about IHB – comprehensive, accessible, promptly supplied**

In 2020, we disclosed comprehensive information in the financial statements and management reports (periodic information), and timely supplied inside information in accordance with Article 7 of Regulation 596/2014. We submitted all periodic reports of the company required by POSA and the regulations on its implementation, within the statutory deadlines – six-month and annual reports (separate and consolidated), as well as quarterly notifications for the financial position of the company – separate and consolidated. The reports and public notifications had been prepared in such a way as to present fairly the company’s information and all statutory data. They were published on the IHB’s website right after their publication in the bulletin of Investor.BG, FSC and BSE. Within short time limits, the reports and public notifications were published in English as well. All IR releases according to Article 7 of Regulation 596/2014 were published, in Bulgarian and English language simultaneously, on the IHB’s website right after their publication in the bulletin of Investor.BG, FSC and BSE, and emailed to investors having expressed their interest to receive information.

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

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

### **Organisation of a General Meeting of Shareholders /GMS/**

The regular annual GMS in 2020 was held on 27 August 2020 within the time limit extended by the State of Emergency Act. The GMS approved the consolidated and separate management reports, the registered auditor’s report, and the financial statements for 2019; exonerated from liability the members of the Supervisory Board and the Management Board for their activity in 2019, voted for remuneration to be paid to the SB members, appointed a registered auditor for 2020 – AFA OOD, and distributed the 2019 profit of IHB.

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

### **Always available to the shareholders**

IHB maintains fair relationships with its shareholders, informing them of and providing input on questions and problematic issues. In 2020, meetings were held in compliance with all anti-epidemic measures and information was provided in response to inquiries. The analysts were mostly interested in the risks facing the IHB Group companies, especially in the current situation of shrinking economic activity and slowing down economic growth as a result of the measures taken to limit the spread of COVID-19, as well as information about the activity of the Group companies and the results achieved by IHB. The interest of small investors remained almost the same as in previous years, with the most frequently asked questions being those of the existence or not of approved dividends, depositary receipts, issuance of duplicates of depositary receipts, inheritance of shares, trade in shares, decisions of the General Meeting, the results and activities of IHB.

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

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



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

### **Administrative services to management bodies**

In 2020, all meetings of the Management Board and the Supervisory Board were convened in compliance with the requirements of the law and internal regulations of the Holding. The invitations, together with the agenda and materials for the meeting, were sent to all members by the relevant deadline. The Rules of Procedure of the Management Board and the Supervisory Board explicitly provided for the possibility of conducting virtual meetings through audio and video conferencing communication platforms that allow secure identification of participants. The minutes of the meetings were duly kept and stored.

### **Cooperation for good corporate governance**

In 2020, as it did before, IRD supported the compliance by the Company with the principles of good corporate governance. The Company committed to observe the National Corporate Governance Code, adopted by BSE, whose main objective is to promote and appraise best practices in the field of corporate governance. The Code is implemented on the basis of the “comply or explain” principle. Based on IHB's annual "comply or explain" reports, the Company has been included in the corporate governance index CGIX (Corporate Governance Index) and is one of the seven companies included in the index for 2020. The Corporate Governance Statement, including the "comply or explain" report prepared so far, was again presented in the annual financial statements of IHB for 2020, as part of the Management Report. A non-financial statement of IHB and the IHB Group companies prepared in accordance with the requirements of Art. 48 of the Accountancy Act was presented in the annual financial statements of IHB AD for 2020 (consolidated), as part of the Management Report, with the aims to provide a description of the policies followed by the IHB Group in respect of activities concerning employees, social matters, ecology and environment, and combating bribery and corruption, for the year ended 31 December 2020.

An updated corporate governance assessment map of the of IHB AD was enclosed to the audited annual financial statements of IHB AD for 2020.

In 2020, the shares of IHB scored a decline by 21.77 percent (an weighted average price per share at 30 December 2020 of BGN 0.7900 compared to an weighted average price per share at 30 December 2019 of BGN 1.0098). The weighted average price of the company shares over the entire reporting period 2020 is BGN 0.8788 (vs. an weighted average price of BGN 1.0212 in 2019). In 2020, the main stock exchange indices at the Bulgarian capital market scored a decline as follows: SOFIX by 21.23 percent, BGBX 40 by 9.34 percent, and BG TR30 by 3.31 percent.

### **Effective communication within the IHB Group**

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



### **Prospects for 2021**

The investor relations activity will continue to be concentrated on maintaining correct relations with the shareholders and the investment community, and approbating the best and contemporary international investor relations practices.

May 2021

Vladislava Zgureva  
Investor Relations Director