



**SIX-MONTH FINANCIAL REPORT ON THE ACTIVITY
AS OF 30 JUNE 2021**

/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 2021 and their impact on the results reported in the financial statements

1. Operating results

The results are presented in the following table:

Indicators /on a consolidated basis/ BGN'000	01.01.2021- 30.06.2021	01.01.2020- 30.06.2020
Revenue	61,520	43,218
Operating profit / loss	15,843	(7,448)
Net finance income // finance costs	3,162	(493)
Profit / loss before tax	19,005	(7,941)
Profit / loss after tax from continuing operations	18,376	(8,520)
Profit / loss after tax for majority owners	18,184	(8,733)
EBITDA	21,938	8,049

The total revenue generated by the Group for the first half of 2021 increase compared to the revenue reported for the same period of 2020 by 42.35 %.

Revenue from operating activity for the first half of 2021 amount to BGN 58,569 thousand vs. BGN 42,434 thousand for the same period of 2020, or there is an increase of 38.02 %. The increase in the Maritime transport segment is 77.45%, Shipbuilding and ship repair segment - 30.15%, Machine building segment– 16.95%, and Other activities - 35.00%, while in the Port operations segment there is a decrease by 7.45%.

The dynamics of revenue is mainly due to:

- Ship charter revenue has increased as a result of a significant increase in freight levels, especially in the segments in which the Group's vessels operate (Handysize and Supramax), reaching their highest levels in the last 10 years. The depreciation of the US dollar has had an opposite effect on revenue in the first half of 2021 compared to the same period in 2020;
- Revenue in the Shipbuilding and ship repair segment has also increased thanks to the recovery of economic activity in the first half of 2021 and the inability of shipowners to further postpone class repairs related to the requirements and environmental regulations in the industry;
- Revenue in the Machine building segment has also increased as a result of the recovery that is observed in investment activities;
- The poor grain harvest in 2020 has had a negative impact on revenue in the Port operations segment in the first quarter of 2021.



Other operating income on a consolidated basis for the half year of 2021 amounts to BGN 2,951 thousand compared to BGN 784 thousand for the same period of 2020. Their growth is mainly due to the funding obtained by some of the Group companies under the "Employment Preservation Program" of the Employment Agency for business support and reduction of the negative consequences of the spread of COVID-19.

The Group reports net finance income of BGN 3,162 thousand for the first half of 2021 compared to net finance costs of BGN 493 thousand for the same period in 2020. This is due to:

- An increase in finance income as a result of the foreign exchange gains reported in relation to the dissolution of the activity of Emona Ltd., and
- A decrease in finance costs, mainly in the part of interest expenses as a result of the repayment of loans of the Group.

The result from operating activity is a profit of BGN 15,843 thousand compared to a loss of BGN 7,448 thousand for the same period last year.

The pre-tax financial result for the first half of 2021 is a profit of BGN 19,005 thousand compared to a loss of BGN 7,941 thousand for the same period of 2020.

The after-tax result is a profit of BGN 18,376 thousand, including BGN 18,184 thousand attributable to the majority owners. The profit reported for the current period is achieved mainly thanks to the increased profitability of the Maritime transport segment as a result of the growth in the freight market, in combination with the one-time currency effect reclassified in the income statement after the liquidation of Emona Ltd.

2. Main scope of activity

Following the decision of the General Meeting of Shareholders held on 22 January 2021, by virtue of which the results of the distribution of the company's assets after the completion of the liquidation process and preparation of the final liquidation balance sheet as of 30 November 2020 were accepted and a decision to obliterate it from the Register was taken, on 2 February 2021, the obliteration of IHB Electric AD (obliterated) was entered in the Commercial Register at the Registry Agency.

On 31 May 2021, Emona Ltd, Marshal Islands, a subsidiary of IHB-Privat Engineering EAD, was obliterated from the Commercial Register of the Marshal Islands after the completion of a voluntary liquidation procedure. The company sold its main asset – m/v Emona at the end of 2020.

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, convened a regular annual General Meeting of Shareholders of the Company to be held on 29 June 2021.

The so-convened regular annual General Meeting of Shareholders of Industrial Holding Bulgaria PLC was held on 29 June 2021 and took the following decisions:



1. Approval of the Report on the Activity of the Company for 2020 and the Consolidated Report on the Activity of the Company for 2020

Decision: The General Meeting of Shareholders approves the Report on the Activity of the Company for 2020 and the Consolidated Report on the Activity of the Company for 2020.

2. Approval of the Report of the Registered Auditor for the audit of the Annual Financial Statements of the Company for 2020 and the Report of the Registered Auditor for the audit of the Consolidated Annual Financial Statements of the Company for 2020

Decision: The General Meeting of Shareholders accepts the Report of the Registered Auditor on the audit of the Annual Financial Statements for 2020 and the Report on the audit of the Consolidated Annual Financial Statements of the Company for 2020.

3. Approval of the Annual Financial Statements of the Company for 2020 and the Consolidated Financial Statements of the Company for 2020

Decision: The General Meeting of Shareholders approves the Annual Financial Statements of the Company for 2020 and the Consolidated Financial Statements of the Company for 2020.

4. Taking a decision for covering the financial loss of the Company for 2020

Decision: The General Meeting of Shareholders takes a decision that the financial loss of the Company for 2020 amounting to BGN 9,408,296.70 (nine million, four hundred and eight thousand, two hundred and ninety-six Bulgarian leva and seventy stotinki) is covered by the prior year's retained earnings of the Company.

5. Report on the implementation of the remuneration policy for the members of the Supervisory and Management Boards of Industrial Holding Bulgaria AD for 2020

Decision: The General Meeting of Shareholders approves the Report on the implementation of the remuneration policy for the members of the Supervisory and Management Boards of Industrial Holding Bulgaria AD for 2020.

6. Release from liability of the members of the Management Board and the Supervisory Board for their activities in 2020

Decision: The General Meeting of Shareholders releases from liability for their activities in 2020:

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 for the period from 01 January 2020 to 25 November 2020;
- Borislav Emilov Gavrilov,
- Boyko Nikolov Noev

7. Determining of the remuneration of the members of the Supervisory Board and the Management Board of the Company for 2021

Decision: The General Meeting of Shareholders determines a monthly remuneration of BGN 1,000 to be paid to the members of the Supervisory Board and the Management Board of the Company in 2021.

8. Review of the Remuneration policy for the members of the Supervisory Board and the Management Board Industrial Holding Bulgaria PLC

Decision: The General Meeting of Shareholders approves amendments to the Remuneration policy for the members of the Supervisory Board and the Management Board Industrial Holding Bulgaria PLC with reference to the amendments of Ordinance 48 of FSC on the requirements to the remuneration, State Gazette, issue 61 of 2020, as per the material enclosed.



9. Election of a registered auditor of the Company for 2021.

Decision: The General Meeting of Shareholders elects the recommended by the Audit Committee registered auditor of the Company for 2021 – AFA OOD.

10. Report on the activity of the Company’s Audit Committee for 2020.

11. Report on the Activity of the Investor Relations Director for 2020.

12. Miscellaneous.

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 2021 (31 January 2021), IHB acquired 13,534 treasury shares at an weighted average price of BGN 0.799 per share.

In February 2021, IHB acquired (with settlement closed as at 28 February 2021) 761 at an weighted average price of BGN 0.820 per share.

In March 2021, IHB acquired (with settlement closed as at 31 March 2021) 15 232 at an weighted average price of BGN 0.832 per share.

In April 2021, IHB acquired (with settlement closed as at 30 April 2021) 3 400 at an weighted average price of BGN 0.850 per share.

In May 2021, IHB acquired (with settlement closed as at 31 May 2021) 966 700 at an weighted average price of BGN 0.950 per share.

In June 2021, IHB acquired 519 131 at an weighted average price of BGN 1,087 per share.

The total number of treasury shares held as of 30 June 2021 is 10,592,226 shares.

Over the period from 1 July 2021 to the date of issue of this report, IHB has not made any transactions in connection with the decision taken to buy back shares.

Tender offer

On 08 June 2021, Industrial Holding Bulgaria PLC received a notification under Art. 151, Para. 3 of POSA, together with a draft tender offer under Article 149b, Para 1 of POSA, from Bulls AD, Sofia, for the purchase of up to 25,000,000 (twenty-five million) shares, but not less than 15,800,000 (fifteen million and eight hundred thousand) voting shares from the other shareholders of Industrial Holding Bulgaria PLC.

The price offered by the tender offeror, Bulls AD, for the purchase of the shares of the other shareholders of IHB was BGN 0.95 per share.



The Financial Supervision Commission has not issued a final ban on the publication of the tender offer by means of Protocol No. 48 of 01 July 2021.

The full text of the Tender Offer is published in Investor.bg (www.investor.bg), on the website of the authorised investment intermediary Elana Trading AD (www.elana.net), and on the website of BSE (www.bse-sofia.bg), as well as on the website of the Company.

The time limit for acceptance of the tender offer expires on 02 August 2021.

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 Group's investments are focused on segments 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 operations), thus reducing the return on the investment portfolio of the Holding as a whole.

Risks arising from pandemics and epidemics

Globalization worldwide and the free 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 state of the global economy and demand for raw materials underpin the development of trade. Of all industries in the IHB's investment portfolio, 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;
- increased environmental restrictions – the introduction of new regulations 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 and makes their operation more expensive;



- 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 strongly 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 businesses 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.

Risks associated with fraud and abuse

As a result of 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, bankruptcies of contractors, 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. The lasting trend of declining and aging population in our country naturally reduces people of working age, including those with low qualifications. 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. 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.

Risk related to the prices of basic raw materials, materials and energy sources



Such risk arises from changes in the prices of raw materials, materials and various energy sources used. The rise in prices has an adverse effect on the results of the manufacturing entities which operate in metal-intensive and energy-absorbing segments, such as machine building and shipbuilding and ship repair. Maritime transport is highly dependent on the fuel prices and fuels are a stock commodity. The impact of the changes in market prices of electricity is similar, as the electricity is subject to international supply and demand and therefore, is dependent on factors that are beyond the control of management. The supply of electricity has been negotiated at Group level on the free market for several years. As of the beginning of 2021 and at present, the level of this risk worldwide and for the Group has increased.

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, is still high 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 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, is still high due to the continuing negative effects 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 jointing 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.

The main financial commitments of the Company relate to investment projects – of the Company itself and of its subsidiaries.

Management of the Holding restructured the available cash resources for implementing its medium-term investment intentions within the Group in order to reflect the change in the priorities and market developments, and in view of the outlined trends and uncertain situation around the development of enterprises from various industries. If necessary, the Holding finances the development of the companies on an ongoing basis. In connection with the spread of COVID-19 in early 2020, the Group's investment projects were temporarily frozen. Considering the gradual recovery of the Holding's investment portfolio segments, the implementation of the main investment projects of the Group was resumed in the first half of 2021. At the beginning of 2021, the construction and commissioning of a photovoltaic plant to cover the own needs of ZMM Nova Zagora was completed. Currently, Odessos PBM and KRZ Port Bourgas are working on the technical design and obtaining the necessary building permits for the implementation of their projects for the expansion of the two port terminals. The Odessos PBM expansion project will be implemented in stages. Its expected start is in October 2021, and the expected deadline for implementation is September 2023. It is planned that the project will be financed with own funds of the subsidiary and the Group, and with a bank loan.

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 BGN 10 million and options for disbursement in BGN, EUR and USD.

The commitment for utilisation and repayment of all amounts extended as working capital financing, as well as for issuance of bank guarantees, opening of letters of credit and warranties ends on 26 November 2021. The validity term of the bank guarantees issued and letters of credit is up to 36 months as of the date of issuance, but not later than 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 2021, bank guarantees were issued to the Group companies, as follows: IHB Metal Castings AD for BGN 20 thousand (31 December 2020: BGN 20 thousand). A letter of guarantee was issued to cover a liability of KRZ Port Burgas AD amounting to BGN 3,000 thousand (31 December 2020: BGN 3,000 thousand), and a revolving credit line for working capital financing of BGN 5,500 thousand was opened (31 December 2020: BGN 5,500 thousand). The amounts utilised by the subsidiaries as of 30 June 2021 for the purpose of working capital financing are as follows: ZMM Sliven AD utilized BGN 23 thousand, Odessos PBM EAD - BGN 200 thousand, KRZ Port Burgas AD – BGN 135 thousand, and by ZMM Nova Zagora AD – BGN 650 thousand.

The unutilised limited under this contract for the provision of a credit limit amounted to BGN 4,492 thousand as at 30 June 2021.

Trends for the businesses in which the Group companies operate

Maritime transport

The shipping market has reported a positive development in the first quarter of 2021. Demand for tonnage increased and freight levels have risen significantly, especially in the segments, in which the Group's ships operate (Handysize и Supramax), reaching their highest levels in the last 10 years.

The main impetus for the restart of maritime transport was given by the recovery of the global economy, accompanied by the need to supply many different goods, most of whose stocks are at record low levels or even depleted. The implementation of a number of contracts postponed during the crisis year of 2020 has begun. Congestion in many ports (especially in Southern China) has blocked part of the available ship tonnage and price levels have risen. Complicated relations between China and Australia have altered cargo flows and forced deliveries from more distant destinations with smaller vessels, such as the Group's fleet. As a result of the above factors, the segment achieved very high positive results for the Group in the first half of 2021.

Despite rising metal scrap prices, cutting old vessels and reducing tonnage in operation continues at a slow pace and volume, as many shipowners try to make the most of market demand and high freight before scrapping their old ships. This has a negative impact on orders for new vessels, which are at record lows. Similar is the impact of the sharp rise in steel prices and the ever-increasing environmental requirements for new ships, which necessitates ever larger investments on acquisitions. At the same time, there is no foreseeable horizon in which the owners of the new vessels will be able to operate them without additional costs for achieving compliance with possible subsequent regulatory changes and restrictions.

It is expected that the market will stabilise and maintain high levels of freight this year, supported by incentives adopted by a number of countries, which have already increased the volumes of all types of



cargo. The future of shipping will depend on the development of the COVID-19 pandemic and its impact on the global economy, the US-China trade war, numerous local conflicts and sanctions.

The profitability of this segment of the Group's portfolio is influenced by the existing ballast water treatment conventions, which are being implemented in stages. The ballast systems of two ships of the IHB fleet have been installed - m / v Karvuna and m / v Anteya. The other ships will be able to meet the new environmental standards in their upcoming class repairs scheduled to be held in the second half of 2021 and the first half of 2022. These mandatory investments has 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. In the coming years, the impact of other new regulations for reducing greenhouse gas emissions in the air in accordance with Plan 2030-2050 will be assessed, as well as the possible solutions to comply with them.

Ship building and ship repair

The expected recovery of the business in 2021 is mainly conditioned on the exhausting opportunities for the owners to postpone the class repairs of their ships, without which the vessels cannot continue to operate. Increasing pressure to meet regulatory requirements pushed on shipowners and increased inquiries and repair orders in the first six months of 2021. It is expected that this year the repairs will increase in terms of volume and revenue compared to 2020. The sharp rise in prices of materials, labour and energy has its negative impact. The high price levels in shipping, which encourage shipowners to postpone class repairs as much as possible until the peak of the market passes, have a negative impact on orders at the moment. In the medium term, the enhanced environmental measures for ships in operation and the legal requirements imposed on them to install ballast water systems and possibly purifying (the so-called scrubber) systems if that is beneficial to shipowners from an economic perspective will continue to impact positively on the industry due to the increased volume of ship repairs that will have to be performed.

Following the reduced construction of new and the delayed modification and upgrade of existing vessels in 2020 due to the COVID-19 pandemic, at present new orders are still low. Due to the lack of new construction, shipowners are focusing on repairing older ships, which is economically justified considering the current freight levels.

Ship design

The market for retrofit services and 3D laser scanning was moving the fastest in 2021. The COVID-19 pandemic has resulted in a new type of cooperation between different companies around the world. Management of **IHB Shipdesign** negotiates with local design companies from North America, South America and Europe the provision of 3D scanning services, while the design itself is carried out at the company's office. These services relate to the new environmental requirements in the industry for the installation of ballast systems. Originally due to the crisis and currently, because of the high freight levels, many shipowners are taking the opportunity to temporarily postpone their projects in order to benefit at maximum from the favourable market opportunities. The gradual expiration of the statutory deadline for their implementation and the continuing growth of the shipping market have increased the demand for retrofit services and 3D laser scanning and give hope to compensate for the delay seen in 2020.

The rise in oil prices combined with the upward trend in the freight market may retrieve shipowners' interest in supplying their engines with purifying (the so-called scrubber) systems that will allow the ships to use high-sulphur fuel, and revive the demand for design and installation services.

Management of IHB Shipdesign monitors trends in the development of global environmental policies. The intensifying global environmental policy will continue to change the current regulations on vessels



in the future as well, and that is expected to have a positive impact on the demand for design services.



Classification and certification

Bulgarian Ship Register (BRS) reports growth in revenue and its performance in the first six months of 2021 compared to the same period last year. Despite ongoing restrictions due to COVID-19, the main portion of the requested inspections of vessels have been completed. Thanks to the developed network of BRS representatives abroad, the company provides its customers with a competitive service in terms of cost and lead time. After the usually weak winter months, in the second quarter of the year there is an increase in the number of inspections of small vessels, which is a result of the seasonal nature of their operation. It is expected that the trend will continue in the coming months. The register supervises the construction of a new tourist catamaran for passenger transport, ordered by the Burgas municipality, which is at its finishing stage and is planned to be completed by the end of the summer.

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 port terminals of **KRZ Port Burgas** and **Odessos PBM** are part of the public transport ports in Burgas and Varna. Their development 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.

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. As a result of the poor grain harvest in the country in 2020, the loads are weak in the first half of 2021, and small stocks are maintained in anticipation of high yields from the new harvest continues. The increase in the import cargo flows of certain 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 forthcoming commissioning of new processing facilities will increase the demand for closed warehouses. In connection with the above, there is a trend to direct the 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 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 including in times of crisis. The two subsidiaries are working on the technical design and obtaining the necessary building permits by the end of 2021 in order to be able to implement their projects.

The recovery of metal cargo volumes from before the pandemic depends on the development of the economy and investments in infrastructure and construction projects.

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 uncertainties caused by the pandemic affected negatively the demand for office space and repairs of small vessels in the first quarter of 2021, due to shrinking economic activity of potential customers in the first six months of 2021. Management expects that there will be greater clarity in business environment in the second half of the year and that it will be able to gradually let out the vacant office space in the medium term. The company is also looking for opportunities for alternative solutions in this direction, researching the market of shared spaces.



Machine building

Despite the ongoing pandemic of COVID-19, 2021 began with a reviving investment activity of the customers of both **ZMM Bulgaria Holding** and its **subsidiaries**. Demand for metal-cutting machines offered by the Group continued to grow throughout the first six months and strengthened expectations for a better 2021. However, this growth was more difficult to meet with extended lead time due to the shrank production in 2020 and partially disrupted production rhythm as a result of the large number of ill people that was observed during the subsequent waves of the pandemic. Increased demand in all areas of industry has also increased the lead time for delivery of components. The companies took a number of measures and gradually began to increase their production capacity in order to normalize delivery times to customers. At present, the production schedule is stabilised. The sharp rise in the prices of basic raw materials at the beginning of the year impacted negatively on profitability, which was reflected in increased costs of input materials and a significant increase in the prices of key suppliers.

Economic support measures taken by the state have helped to retain staff, but the increased capacity has resulted in a shortage of skilled labour. The development of the pandemic and the restrictions for preserving the health of the local teams, possible new closing of the borders and the limited opportunity for business trips and participation in exhibitions will continue to have a negative effect.

The active and consistent marketing policy of ZMM Bulgaria Holding, the change in pricing processes and product development, in combination with the increased online presence will continue to bring results - 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 2021, 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 six months of 2021, IHB PLC disclosed the following internal information:

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

During the first six months of 2021, IHB PLC disclosed the following internal information:

Share buyback of IHB

04 January 2021

In December 2020, in connection with the decision for share buyback, Industrial Holding Bulgaria PLC acquired (with settlement closed as at 31 December 2020) 23,000 shares at an weighted average price of BGN 0.826 per share.

The total number of the treasury shares acquired in 2020, as at 31 December 2020, is 2,425,246 shares (2.26 %), at an weighted average price per share of BGN 0.878.

The total number of the treasury shares held as at 31 December 2020 is 9,073,468 shares (8,45%).



IHB published a public notification for financial position for Q4 2020 – on a non-consolidated basis

28 January 2021

On 28 January 2021, IHB filed a public notification for financial position for Q4 2020 (on a non-consolidated basis) to the public, Financial Supervision Commission and Bulgarian Stock Exchange.

[Public notification](#)

Share buyback of IHB

01 February 2021

In January 2021, in connection with the decision for share buyback, Industrial Holding Bulgaria PLC acquired (with settlement closed as at 31 January 2021) 13,534 shares at an weighted average price of BGN .799 per share.

The total number of the treasury shares held as at 31 January 2021 is 9,087,002 shares.

Obliteration of the name of IHB Electric AD (in liquidation), Sofia, from the Commercial Register

04 February 2021

By decision 20210202141924, the obliteration of the name of IHB Electric AD (in liquidation), Sofia, a subsidiary of Industrial Holding Bulgaria PLC, was entered into the Commercial Register at the Registry Agency, after completing the liquidation procedure.

IHB published a public notification for financial position for Q4 2020 – on a consolidated basis

26 February 2021

On 26 February 2021, IHB filed a public notification for financial position for Q4 2020 (on a consolidated basis) to the public, Financial Supervision Commission and Bulgarian Stock Exchange.

[Public notification](#)

Share buyback of IHB

01 March 2021

In February 2021, in connection with the decision for share buyback, Industrial Holding Bulgaria PLC acquired (with settlement closed as at 28 February 2021) 761 shares at an weighted average price of BGN 0.820 per share.

The total number of the treasury shares held as at 28 February 2021 is 9,087,763 shares.

IHB published its annual non-consolidated report for 2020

25 March 2021

On 25 March 2021, IHB filed its annual non-consolidated report for 2020 to the public, Financial Supervision Commission and Bulgarian Stock Exchange.

[Annual consolidated report 2020](#)

Share buyback of IHB

02 April 2021

In March 2021, in connection with the decision for share buyback, Industrial Holding Bulgaria PLC acquired (with settlement closed as at 31 March 2021) 15,232 shares at an weighted average price of BGN 0.832 per share.

The total number of the treasury shares held as at 31 March 2021 is 9,102,995 shares.



IHB published a public notification for financial position for Q1 2021 – on a non-consolidated basis

28 April 2021

On 28 April 2021, IHB filed a public notification for financial position for Q1 2021 (on a non-consolidated basis) to the public, Financial Supervision Commission and Bulgarian Stock Exchange.

[Public notification](#)

IHB published its annual consolidated report for 2020

29 April 2021

On 29 April 2021, IHB filed its annual consolidated report for 2020 to the public, Financial Supervision Commission and Bulgarian Stock Exchange.

[Annual consolidated report 2020](#)

Share buyback of IHB

05 May 2021

In April 2021, in connection with the decision for share buyback, Industrial Holding Bulgaria PLC acquired (with settlement closed as at 30 April 2021) 3,400 shares at an weighted average price of BGN 0.850 per share.

The total number of the treasury shares held as at 30 April 2021 is ,106,395 shares.

Notification under Article 148b of the Public Offering of Securities Act

10 May 2021

On 10 May 2021, Industrial Holding Bulgaria PLC received a notification on the disclosure of shareholding in a public company in accordance with Article 145 of the Public Offering of Securities Act from the following person:

1. Union Group AD, Sofia

The notification is about a change in voting rights vested by shares issued by Industrial Holding Bulgaria PLC, as follows:

Current status – 10.71 % (11,503,206 shares);

Status upon the previous notification - n/a;

Date on which the voting right of the person fell below the limits: 07 May 2020

Notification under Article 148b of the Public Offering of Securities Act

11 May 2021

On 10 May 2021, Industrial Holding Bulgaria PLC received a notification on the disclosure of significant shareholding in a public company in accordance with Article 145 of the Public Offering of Securities Act from the following person:

1. POD Allianz Bulgaria, Sofia, in the capacity as a representative of the shareholders of Industrial Holding Bulgaria PLC – ZUPF Allianz Bulgaria, ZPPF Allianz Bulgaria and DPF Allianz Bulgaria

The notification is about a change in voting rights vested by shares issued by Industrial Holding Bulgaria PLC, as follows:

Current status for all of the three pension funds – 0 %;

Status upon the previous notification for all of the three pension funds - 11.02 %;

Date on which the voting right of the person fell below the limits: 07 May 2021



IHB convenes RAGMS on 29 June 2021

25 May 2021

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

Unified identification code of the event: IHB-RGMS29062021

The Supervisory Board of Industrial Holding Bulgaria PLC, UIC 121631219 /hereinafter the Company/ with its decision of 14 May 2021 convenes a regular annual General Meeting of Shareholders of the Company, Unified identification code of the event: IHB-RGMS29062021, to be held on 29 June 2021 at 10.00 a.m. (EET=UTC+3) / 07:00 UTC). The meeting will be held in Sofia, 106 Vitosha Blvd., The Rosslyn Central Park Hotel Sofia, Conference Floor C, Conference Hall 1, under the following agenda and draft decisions:

1. Approval of the Report on the Activity of the Company for 2020 and the Consolidated Report on the Activity of the Company for 2020

Draft decision: The General Meeting of Shareholders approves the Report on the Activity of the Company for 2020 and the Consolidated Report on the Activity of the Company for 2020.

2. Approval of the Report of the Registered Auditor for the audit of the Annual Financial Statements of the Company for 2020 and the Report of the Registered Auditor for the audit of the Consolidated Annual Financial Statements of the Company for 2020

Draft decision: The General Meeting of Shareholders accepts the Report of the Registered Auditor on the audit of the Annual Financial Statements for 2020 and the Report on the audit of the Consolidated Annual Financial Statements of the Company for 2020.

3. Approval of the Annual Financial Statements of the Company for 2020 and the Consolidated Financial Statements of the Company for 2020

Draft decision: The General Meeting of Shareholders approves the Annual Financial Statements of the Company for 2020 and the Consolidated Financial Statements of the Company for 2020.

4. Taking a decision for covering the financial loss of the Company for 2020

Draft decision: The General Meeting of Shareholders takes a decision that the financial loss of the Company for 2020 amounting to BGN 9,408,296.70 (nine million, four hundred and eight thousand, two hundred and ninety-six Bulgarian leva and seventy stotinki) is covered by the prior year's retained earnings of the Company.

5. Report on the implementation of the remuneration policy for the members of the Supervisory and Management Boards of Industrial Holding Bulgaria AD for 2020

Draft decision: The General Meeting of Shareholders approves the Report on the implementation of the remuneration policy for the members of the Supervisory and Management Boards of Industrial Holding Bulgaria AD for 2020.

6. Release from liability of the members of the Management Board and the Supervisory Board for their activities in 2020

Draft decision: The General Meeting of Shareholders releases from liability for their activities in 2020: 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 for the period from 01 January 2020 to 25 November 2020;
- Borislav Emilov Gavrilov,
- Boyko Nikolov Noev

7. Determining of the remuneration of the members of the Supervisory Board and the Management Board of the Company for 2021

Draft decision: The General Meeting of Shareholders determines a monthly remuneration of BGN 1,000 to be paid to the members of the Supervisory Board and the Management Board of the Company in 2021.

8. Review of the Remuneration policy for the members of the Supervisory Board and the Management Board Industrial Holding Bulgaria PLC

Draft decision: The General Meeting of Shareholders approves amendments to the Remuneration policy for the members of the Supervisory Board and the Management Board Industrial Holding Bulgaria PLC with reference to the amendments of Ordinance 48 of FSC on the requirements to the remuneration, State Gazette, issue 61 of 2020, as per the material enclosed.

9. Election of a registered auditor of the Company for 2021.

Draft decision: The General Meeting of Shareholders elects the recommended by the Audit Committee registered auditor of the Company for 2021 – AFA OOD.

10. Report on the activity of the Company's Audit Committee for 2020.

11. Report on the Activity of the Investor Relations Director for 2020.

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 (Issue code ISIN BG1100019980) as shareholders 14 days prior to the date of the General Meeting, i.e. before 15 June 2021.

As of the date of the decision of convention of the General Meeting of Shareholders – 14 May 2021 – the total number of voting shares in the capital of the Company is 107,400,643. At the same date the Company bought back 9,116,686 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 Investors section / General Meeting of Shareholders (<https://www.bulgariaholding.com/bg/obscho-sbranie-na-akcionerite>) - for the period from the entry of the invitation into the Commercial 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. UTC+3 to 5 p. m. UTC+3 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, and 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 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 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 UTC+3 on 28 June 2021.
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. UTC+3 on 29 June 2021 at the place where the General Meeting of 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 13 July 2021 at 10.00 am (EET=UTC+3)/ 07:00 UTC) 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 29 June 2021 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 public notification for financial position for Q1 2021 – on a consolidated basis

28 May 2021

On 28 May 2021, IHB filed a public notification for financial position for Q1 2021 (on a consolidated basis) to the public, Financial Supervision Commission and Bulgarian Stock Exchange.

[Public notification](#)

Share buyback of IHB

01 June 2021

In May 2021, in connection with the decision for share buyback, Industrial Holding Bulgaria PLC acquired (with settlement closed as at 31 May 2021) 966,700 shares at an weighted average price of BGN 0.950 per share.

The total number of the treasury shares held as at 31 May 2021 is 10,073,095 shares.



Tender offer under Art. 149b, Para. 1 of the Public Offering of Securities Act (POSA) received from Bulls AD, Sofia, for the purchase of shares of Industrial Holding Bulgaria PLC

08 June 2021

On 08 June 2021, Industrial Holding Bulgaria PLC received a notification under Art. 151, Para. 3 of POSA, together with a draft tender offer under Article 149b, Para 1 of POSA, from Bulls AD, Sofia, for the purchase of up to 25,000,000 (twenty-five million) shares, but not less than 15,800,000 (fifteen million and eight hundred thousand) voting shares from the other shareholders of Industrial Holding Bulgaria PLC.

In connection with the requirement of Art. 151, Para. 4 of POSA, information on the tender offer for the purchase of shares of Industrial Holding Bulgaria PLC, received from Bulls AD and the essential terms and conditions thereof are presented in an appendix to this notification.

The Financial Supervision Commission has not yet commented on the so-submitted tender offer.

APPENDIX

Revised tender offer under Art. 149b, Para. 1 of the Public Offering of Securities Act (POSA) received from Bulls AD, Sofia, for the purchase of shares of Industrial Holding Bulgaria PLC

25 June 2021

On 25 June 2021, Industrial Holding Bulgaria PLC received a notification under Art. 152, Para. 4 with reference to Art. 151, Para. 3 of POSA, together with a revised Art. 149b, Para. 1 of the Public Offering of Securities Act (POSA) received from Bulls AD, Sofia, for the acquisition of up to 25,000,000 (twenty-five million) shares, but not less than 15,800,000 (fifteen million and eight hundred thousand) voting shares from the other shareholders of Industrial Holding Bulgaria PLC.

Considering the requirement of Art. 152, Para. 4 with reference to Art. 151, Para. 4 of POSA, information on the revised tender offer for the purchase of shares of Industrial Holding Bulgaria PLC, received from Bulls AD and the essential terms and conditions thereof are presented in an appendix to this notification.

The Financial Supervision Commission has not yet commented on the so-submitted draft of a revised tender offer.

APPENDIX

Decisions and Minutes of the GMS of IHB held on 29 June 2021

29 June 2021

DECISIONS

Taken by the regular annual General Meeting of Shareholders of Industrial Holding Bulgaria PLC 29 June 2021, Sofia, 106 Vitosha Blvd., The Rosslyn Central Park Hotel Sofia

1. Approval of the Report on the Activity of the Company for 2020 and the Consolidated Report on the Activity of the Company for 2020

Decision: The General Meeting of Shareholders approves the Report on the Activity of the Company for 2020 and the Consolidated Report on the Activity of the Company for 2020.

2. Approval of the Report of the Registered Auditor for the audit of the Annual Financial Statements of the Company for 2020 and the Report of the Registered Auditor for the audit of the Consolidated Annual Financial Statements of the Company for 2020

Decision: The General Meeting of Shareholders accepts the Report of the Registered Auditor on the audit of the Annual Financial Statements for 2020 and the Report on the audit of the Consolidated Annual Financial Statements of the Company for 2020.



3. Approval of the Annual Financial Statements of the Company for 2020 and the Consolidated Financial Statements of the Company for 2020

Decision: The General Meeting of Shareholders approves the Annual Financial Statements of the Company for 2020 and the Consolidated Financial Statements of the Company for 2020.

4. Taking a decision for covering the financial loss of the Company for 2020

Decision: The General Meeting of Shareholders takes a decision that the financial loss of the Company for 2020 amounting to BGN 9,408,296.70 (nine million, four hundred and eight thousand, two hundred and ninety-six Bulgarian leva and seventy stotinki) is covered by the prior year's retained earnings of the Company.

5. Report on the implementation of the remuneration policy for the members of the Supervisory and Management Boards of Industrial Holding Bulgaria AD for 2020

Decision: The General Meeting of Shareholders approves the Report on the implementation of the remuneration policy for the members of the Supervisory and Management Boards of Industrial Holding Bulgaria AD for 2020.

6. Release from liability of the members of the Management Board and the Supervisory Board for their activities in 2020

Decision: The General Meeting of Shareholders releases from liability for their activities in 2020:

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 for the period from 01 January 2020 to 25 November 2020;
- Borislav Emilov Gavrilov,
- Boyko Nikolov Noev

7. Determining of the remuneration of the members of the Supervisory Board and the Management Board of the Company for 2021

Decision: The General Meeting of Shareholders determines a monthly remuneration of BGN 1,000 to be paid to the members of the Supervisory Board and the Management Board of the Company in 2021.

8. Review of the Remuneration policy for the members of the Supervisory Board and the Management Board Industrial Holding Bulgaria PLC

Decision: The General Meeting of Shareholders approves amendments to the Remuneration policy for the members of the Supervisory Board and the Management Board Industrial Holding Bulgaria PLC with reference to the amendments of Ordinance 48 of FSC on the requirements to the remuneration, State Gazette, issue 61 of 2020, as per the material enclosed.

9. Election of a registered auditor of the Company for 2021.

Decision: The General Meeting of Shareholders elects the recommended by the Audit Committee registered auditor of the Company for 2021 – AFA OOD.

10. Report on the activity of the Company's Audit Committee for 2020.

11. Report on the Activity of the Investor Relations Director for 2020.

Minutes of GMS 29.06.2021

Share buyback of IHB

01 July 2021



In June 2021, in connection with the decision for share buyback, Industrial Holding Bulgaria PLC acquired (with settlement closed as at 30 June 2021) 519,131 shares at an weighted average price of BGN 1.087 per share.

The total number of the treasury shares held as at 30 June 2021 is 10,592,226 shares.

Published by Bulls AD, Sofia, Tender offer under Art. 149b, Para. 1 of the Public Offering of Securities Act (POSA) for the purchase of shares of Industrial Holding Bulgaria PLC

02 July 2021

On 02 July 2021, Industrial Holding Bulgaria PLC received a notification from Bulls AD, Sofia, under Art. 154, Para. 1 of POSA, together with a final tender offer under Article 149b, Para 1 of POSA, from Bulls AD, Sofia, for the purchase of up to 25,000,000 (twenty-five million) shares, but not less than 15,800,000 (fifteen million and eight hundred thousand) voting shares from the other shareholders of Industrial Holding Bulgaria PLC.

The full wording of the Tender offer is enclosed to this notification and published in Investor.bg (www.investor.bg), on the website of the authorized investment intermediary Elana Trading AD (www.elana.net), as well as on the website of BSE (www.bse-sofia.bg).

The tender offer received and the opinion of the Management Board of the company are published on the website of Industrial Holding Bulgaria PLC, For Investors/ Tender Offers section.

The Financial Supervision Commission has not issued a final ban on the publication of the tender offer by means of Protocol No. 48 of 01 July 2021.

TENDER OFFER

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 charges in the persons exercising control over the Company at 30 June 2021.

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.

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



During the reporting period, no cases have been initiated or discontinued in which the price of the claim amounts to or exceeds 10 percent of the equity of Industrial Holding Bulgaria PLC.

On 05 December 2020, in Kenya, Motor ship (m / v) Diamond Sky, owned by ODRIA LTD, a subsidiary of Industrial Holding Bulgaria PLC, was arrested as collateral for a claim for incorrectly delivered cargo and expenses due to bankruptcy of the cargo charter. In January 2021, all claims relating to this case had been settled by an out-of-court settlement, the arrest of the ship had been lifted and now, the ship is fully operational.

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. In March 2021 all cases have been discarded.

The value of each of the two claims is below the one indicated in item 1.30 of Annex 9.

1. 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.

2. 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 2 February 2021, the obliteration of IHB Electric AD (obliterated) was entered in the Commercial Register at the Registry Agency, after the General Meeting of Shareholders held on 22 January 2021 approved the results of the distribution of the company's assets after the completion of the liquidation process and preparation of the final liquidation balance sheet as of 30 November 2020 and resolved on its obliteration.

On 31 May 2021, Emona Ltd, Marshal Islands, a subsidiary of IHB-Privat Engineering EAD, was obliterated from the Commercial Register of the Marshal Islands after the completion of a voluntary liquidation procedure. The company sold its main asset – m/v Emona at the end of 2020.

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/

There was no such circumstance in the reporting period.

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 2021.

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 2021, 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 2021: 37,608,121 shares held directly, representing 35.02% of votes

As at 31 December 2020: 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 2021: 7,089,320 shares held directly, representing 6.60% of votes

As at 31 December 2020: 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 2021: 8,957,874 shares held directly, representing 8.34% of votes

As at 31 December 2020: 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 2021: 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 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

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 2021: 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 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

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.

5.6. UNION-GROUP AD

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

As at 30 June 2021: 14,127,347 shares held directly, representing 13.15% of votes

As at 31 December 2020: 0 shares held directly, representing 0% of votes

At 30 June 2021, IHB held 10,592,226 redeemed treasury shares representing 9.86 % 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 2021:

	Acquired directly in the first six months of 2021	Transferred directly in the first six months of 2021	Acquired through related in the first six months of 2021	Transferred through related in the first six months of 2021	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%
Borislav Gavrilov	0	0	0	0	208	0	208	0.0001%
Boyko Noev	0	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 2021, 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 2,292 thousand, bearing a 2% interest rate and maturing on 31 January 2023;
- Bulyard KI AD under a loan contract concluded, an amount of BGN 300 thousand, bearing a 2% interest rate and maturing on 31 March 2021;
- Odria Ltd under an annex to a novation contract concluded previously, an additional amount of EUR 83 thousand, bearing a 1% interest rate and maturing on 01 January 2025;
- Bulport Logistics AD under an annex to a loan contract concluded previously, an additional amount of EUR 1,550 thousand, bearing a 2% interest rate and maturing on 30 June 2022.

Daneta Zheleva
Chief Executive Officer

Vladislava Zgureva
Investor Relations Director