



INDUSTRIAL HOLDING BULGARIA PLC

**PUBLIC NOTIFICATION FOR FINANCIAL POSITION
ON A STAND-ALONE BASIS
30 DECEMBER 2023**

CORPORATE INFORMATION

Industrial Holding Bulgaria PLC (the Company) 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 96,808,417. The company has a two-tier system of governance, comprising Supervisory Board and Management Board.

The scope of activity of the Company includes the 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 existence of the Company shall be perpetual and the Company is not limited by other resolute condition.

Industrial Holding Bulgaria is entered into the Commercial Register kept by the Registry Agency under Unified Identification Code 121631219. The Company is registered in compliance with the Value Added Tax Act. The shares of the Company are listed on Bulgarian Stock Exchange AD, Sofia.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December 2023

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|--|---------------------|---------------------|
| Interest and dividend income | 9,321 | 9,199 |
| Other income, net | 19 | 2,501 |
| | 9,340 | 11,700 |
| Employee benefit expenses | (770) | (686) |
| Hired service expenses | (261) | (195) |
| Other operating expenses | (2,464) | (304) |
| Operating profit | 5,845 | 10,515 |
| Finance income | - | - |
| Finance costs | (1,339) | (381) |
| Operating profit before taxes | 4,506 | 10,134 |
| Income tax (expense)/benefit | 1 | (2) |
| Profit for the period | 4,507 | 10,132 |
| Other comprehensive income / (loss) | | |
| Total comprehensive income for the period, net of taxes | 4,507 | 10,132 |

SEPARATE STATEMENT OF FINANCIAL POSITION

As of 31 December 2023

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|--|---------------------|---------------------|
| Assets | | |
| Non – current assets | | |
| Non-current tangible and intangible assets | 218 | 122 |
| Right-to-use assets | 684 | 35 |
| Investments in subsidiaries | 196,647 | 194,138 |
| Loans to related parties | 48,786 | 46,135 |
| Differed tax asset | 6 | 5 |
| Total non-current assets | 246,341 | 240,435 |
| Current assets | | |
| Loans to related parties | 943 | 693 |
| Trade and other receivables | 656 | 456 |
| Other current financial assets | - | - |
| Cash and cash equivalents | 38,313 | 27,264 |
| Total current assets | 39,912 | 28,413 |
| TOTAL ASSETS | 286,253 | 268,848 |
| Equity and liabilities | | |
| Equity | | |
| Share capital | 96,808 | 96,808 |
| Share premium | 31,016 | 31,016 |
| Statutory and other reserves | 9,661 | 9,661 |
| Retained earnings | 126,805 | 122,294 |
| Total equity | 264,290 | 259,779 |
| Non-current liabilities | | |
| Interest-bearing loans | 14,835 | 5,083 |
| Loans and deposits from related parties | - | 591 |
| Lease liabilities | 624 | - |
| Retirement benefit liabilities | 45 | 45 |
| Total non-current liabilities | 15,504 | 5,719 |
| Current liabilities | | |
| Interest-bearing loans | 3,274 | 3,270 |
| Loans and deposits from related parties | 294 | 3 |
| Lease liabilities | 70 | 33 |
| Trade and other payables | 2,821 | 44 |
| Total current liabilities | 6,459 | 3,350 |
| Total liabilities | 21,963 | 9,069 |
| TOTAL EQUITY AND LIABILITIES | 286,253 | 268,848 |

SEPARATE STATEMENT OF CASH FLOWS

For the period ended 31 December 2023

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|--|---------------------|---------------------|
| Operating activity | | |
| Dividends received | 5,669 | 2,570 |
| Cash loans repaid from related parties | 15,585 | 29,314 |
| Cash loans to related parties | (18,363) | (11,794) |
| Interest received on loans to related parties | 1,327 | 1,134 |
| Cash paid on the acquisition of stocks and shares | (1,995) | (2,820) |
| Proceeds from reduction of the capital of a subsidiary | - | 3,092 |
| Received liquidation shares | - | 28 |
| Interest received on bank deposits | 744 | 89 |
| Proceeds from customers | 12 | 53 |
| Employee benefit related payments | (764) | (730) |
| Other proceeds / (payments), net | (345) | (527) |
| Purchase of US zero-coupon government securities | (11,523) | - |
| Proceeds from matured US zero-coupon government securities | 12,163 | - |
| Foreign exchange differences | (1,559) | (182) |
| Net cash flows from operating activity | 951 | 20,227 |
| Investing activity | | |
| Purchase of non-current tangible and intangible assets | (130) | (70) |
| Sale of non-current tangible and intangible assets | 9 | 25 |
| Net cash flows used in investing activity | (121) | (45) |
| Financing activity | | |
| Bank loans received | 9,752 | 8,349 |
| Principal paid on bank loans | - | (3,912) |
| Interest and charges paid on bank loans | (193) | (133) |
| Loans and deposits from related parties | 1,392 | 2,373 |
| Repaid loans and refunded deposits from related parties | (591) | (3,060) |
| Interest paid on loans and deposits from related parties | (23) | (22) |
| Lease liabilities paid | (84) | (166) |
| Interest paid on leases | (16) | (1) |
| Other proceeds and payments | 2 | (10) |
| Net cash flows used in financing activity | 10,239 | 3,418 |
| Net increase of cash and cash equivalents | 11,069 | 23,600 |
| Cash and cash equivalents on 1 January | 27,244 | 3,644 |
| Cash and cash equivalents on 31 December | 38,313 | 27,244 |

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2023r.

| | Share capital | Decrease in share capital pending registration | Treasury shares redeemed | Share premium | Statutory and additional reserves | Retained earnings | Total |
|--|-----------------|--|--------------------------|---------------|-----------------------------------|-------------------|----------------|
| in BGN'000 | | | | | | | |
| On 1 January 2022 | 107,400 | (10,592) | - | 31,016 | 9,661 | 112,158 | 249,643 |
| Comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | - | - | - | 10,132 | 10,132 |
| Other comprehensive income for the period | - | - | - | - | - | 4 | 4 |
| Total comprehensive income for the period | - | - | - | - | - | 10,136 | 10,136 |
| Transactions with shareholders recognised in equity | | | | | | | |
| Registration of capital reduction | (10,592) | 10,592 | - | - | - | - | - |
| Total transactions with shareholders | (10,592) | 10,592 | - | - | - | - | - |
| On 31 December 2022 | 96,808 | - | - | 31,016 | 9,661 | 122,294 | 259,779 |
| On 1 January 2023 | 96,808 | - | - | 31,016 | 9,661 | 122,294 | 259,779 |
| Comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | - | - | - | 4,507 | 4,507 |
| Other comprehensive income for the period | - | - | - | - | - | 4 | 4 |
| Total comprehensive income for the period | - | - | - | - | - | 4,511 | 4,511 |
| Transactions with shareholders recognised in equity | | | | | | | |
| On 31 December 2023 | 96,808 | - | - | 31,016 | 9,661 | 126,805 | 264,290 |

1. INTEREST AND DIVIDEND INCOME

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|---|---------------------|---------------------|
| Dividend income | 6,755 | 8,063 |
| Interest income on loans – related parties | 1,450 | 963 |
| Interest income on bank deposits | 859 | 173 |
| Interest income on short-term government securities | 257 | - |
| | 9,321 | 9,199 |

Dividend income of BGN 6,755 thousand was reported in 2023 (2022: BGN 8,063 thousand), distributed by:

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|--------------------------|---------------------|---------------------|
| ZMM Bulgaria Holding EAD | 4,295 | 3,678 |
| Privat Engineering EAD | - | 2,266 |
| KRZ Port Burgas AD | 1,405 | 1,405 |
| IHB Shipdesign AD | 798 | 455 |
| Maritime Holding AD | 257 | 259 |
| | 6,755 | 8,063 |

2. OTHER INCOME, NET

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|------------------------------------|---------------------|---------------------|
| Reversed impairment of investments | - | 2,430 |
| Rental income | 10 | 44 |
| Other income | 9 | 27 |
| | 19 | 2,501 |

3. EMPLOYEE BENEFIT EXPENSES

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|--|---------------------|---------------------|
| Wages and salaries | (665) | (590) |
| Social insurance costs and other social payments | (105) | (96) |
| | (770) | (686) |

4. OTHER OPERATING EXPENSES

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|--------------------------------------|---------------------|---------------------|
| Depreciation / amortisation expenses | (127) | (196) |
| Costs of materials | (35) | (40) |
| Impairment of investments | (2,211) | - |
| Other operating expenses | (91) | (68) |
| | (2,464) | (304) |

As disclosed in Investments in subsidiaries, the Company has performed an impairment testing on investments and loans in the Maritime Transport sector, as a result of which an impairment loss on investment in Privat Engineering EAD of BGN 2,211 thousand was recognised as of 31 December 2023 (31 December 2022: the Company did not recognise impairment losses).

5. FINANCE INCOME AND FINANCE COSTS

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|-----------------------|---------------------|---------------------|
| Finance income | - | - |

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|--|---------------------|---------------------|
| Foreign exchange losses, net | (1,096) | (182) |
| Interest expenses on a bank loan | (182) | (109) |
| Interest expenses on loans and deposits from related parties | (25) | (29) |
| Interest expenses on leases | (17) | (1) |
| Bank charges on loans | (15) | (26) |
| Other finance costs | (4) | (34) |
| Finance costs | (1,339) | (381) |

6. INCOME TAX

The Company owes no income taxes for the periods ended 31 December 2023 and 31 December 2022.

The reconciliation of income tax expenses and the accounting profit multiplied by the applicable rate for the periods ended 31 December 2023 and 31 December 2022 is as follows:

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|---|---------------------|---------------------|
| Profit before taxes | 4,506 | 10,134 |
| Income tax expense at the applicable tax rate of 10% (2022: 10%) in relation to the Group's accounting profit | (451) | (1,013) |
| Income, exempt from taxation – dividends | 676 | 806 |
| Reversed impairment loss, for which no deferred tax asset has been recognised | - | 243 |
| Tax loss, for which no deferred tax asset has been recognised | (224) | (41) |
| Other movements in temporary differences | - | 3 |
| Income tax expense at an effective tax rate of 0 % (2022: 0 %) | 1 | (2) |

As of 31 December 2023, the Company reported a deferred tax asset of BGN 6 thousand (as of 31 December 2022: BGN 5 thousand) on accrued retirement benefit liabilities, the leave liability, and a right-of-use asset.

7. INVESTMENTS IN SUBSIDIARIES

Investments, held by the Company as of 31 December 2023 and 31 December 2022, were as follows:

| in BGN'000 | Country of registration | Amount of the shareholding as of 31 December 2023 | Percentage of the shareholding as of 31 December 2023 | Amount of the shareholding as of 31 December 2022 | Percentage of the shareholding as of 31 December 2022 |
|--|-------------------------|---|---|---|---|
| Privat Engineering EAD | Bulgaria | 45,820 | 100.00% | 48,031 | 100.00% |
| ZMM Bulgaria Holding EAD | Bulgaria | 4,795 | 100.00% | 4,795 | 100.00% |
| KRZ Port Burgas AD | Bulgaria | 4,774 | 99.65% | 4,774 | 99.65% |
| КЛВК АД | Bulgaria | 46,096 | 67.96% | 46,096 | 67.96% |
| International Industrial Holding Bulgaria AG | Switzerland | 130 | 100.00% | 130 | 100.00% |
| Maritime Holding AD | Bulgaria | 400 | 61.00% | 400 | 61.00% |
| Bulyard Shipbuilding Industry EAD | Bulgaria | 66,189 | 100.00% | 66,189 | 100.00% |
| Odessos PBM EAD | Bulgaria | 28,373 | 100.00% | 23,653 | 100.00% |
| IHB Shipdesign AD | Bulgaria | 70 | 70.00% | 70 | 70.00% |
| | | 196,647 | | 194,138 | |

In November 2023, the capital of the subsidiary Odessos PBM EAD was increased by the amount of BGN 4,720 thousand by a decision of the sole owner - Industrial Holding Bulgaria PLC. The increase was entered in the Commercial Register with 25% of the capital paid in, and the deadline for the payment of the remaining 75% is within six months as of the date of the decision.

Impairment testing

As of 31 December 2023, the Company's management performed an analysis and found that there were indications of impairment of investments in subsidiaries in the maritime transport sector (Privat Engineering EAD and KLVK AD).

Management conducted an impairment testing of investments as of 31 December 2023, taking into consideration the factors listed below:

- The decline in the freight market as a result of the increased active supply of shipping tonnage and the expanding military conflicts;
- The increasing environmental requirements for ships in operation, resulting in investments for shipowners that do not have a positive impact on profitability and are associated with significant expense and additional days out of operation;
- The increasing market volatility and instability (political risks, etc.).

The recoverable amount of these investments has been determined by a value-in-use calculation based on the projected cash flows for the remaining useful life of the vessels, with assumptions consistent with those of the prior period tests.

The recoverable amount of KLVK AD is greater than the value of the net investment in that company. As a result, no impairment loss has been recognised.

The recoverable amount of Privat Engineering AD is less than the value of the net investment in that company. As a result, Industrial Holding Bulgaria PLC has recognised an impairment of its investment in Privat Engineering plc of BGN 2,211 thousand.

In contrast to 2022, the decline in freight rates in 2023 did not allow the segment to generate a significant amount of free cash during the year to service its net debt. Another factor was the low closing exchange rate of the US Dollar (1.76998

as of 31 December 2023 versus 1.83371 as of 31 December 2022), which also impacted adversely the assessment of the recoverable amount.

8. CASH AND CASH EQUIVALENTS

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|---|---------------------|---------------------|
| Cash with banks-related parties | 27,431 | 20,137 |
| Cash with banks-others | 10,882 | 7,107 |
| Cash and cash equivalents presented in the Statement of Cash Flows | 38,313 | 27,244 |
| Cash restricted as collateral on bank guarantee | - | 20 |
| Cash and cash equivalents presented in the Statement of Financial Position | 38,313 | 27,264 |

Cash denominated in BGN is measured at its nominal value, and that denominated in foreign currency is measured at the closing exchange rate of BNB at the end of the reporting period. Foreign exchange differences are reported as current income and expenses, respectively.

Aiming to manage the cash available and earn revenue from it, the Company contracted short-term deposits (maturing within three months).

9. INTEREST-BEARING LOANS

Non-current portion of long-term interest-bearing loans

| in BGN'000 | Currency | Interest rate % | Maturity | 31 December 2023 | 31 December 2022 |
|---|----------|-----------------|----------|---------------------|---------------------|
| Bank loan contract No. 22F-000155 of 24 February 2022 | EUR | 1.40% | 2029 | 14,835 | 5,083 |
| | | | | 14,835 | 5,083 |

Current portion of long-term interest-bearing loans

| in BGN'000 | Currency | Interest rate % | Maturity | 31 December 2023 | 31 December 2022 |
|---|----------|-----------------|----------|---------------------|---------------------|
| Bank loan contract No. 22F-000155 of 24 February 2022 | EUR | 1.40% | 2029 | 3,274 | 3,270 |
| | | | | 3,274 | 3,270 |

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|-------------------|---------------------|---------------------|
| Principal payable | 18,101 | 8,349 |
| Interest payable | 8 | 4 |
| | 18,109 | 8,353 |

Bank Loan Contract No. 22F-000155 was concluded to secure loan funds for investments of a subsidiary that is also a co-debtor under the contract, and guarantors are other subsidiaries. The contract is secured by mortgages on real estate (land and buildings) of the subsidiary implementing the investment project. In January 2023, Industrial Holding Bulgaria PLC signed an annex to the contract through which it changed the term of loan utilization until February 2024, the deadline for loan repayment to February 2029, and the date of the first repayment instalment – 20 March 2024.

Under Bank Loan Contract No. 22F-001225 concluded with a commercial bank, Industrial Holding Bulgaria PLC was granted a total limit for working capital financing, issuance of bank guarantees and letters of credit of the Holding and/or its Group companies in the amount of up to BGN 12,000 thousand. In December 2023, an annex was signed for revolving the part of the loan used as overdraft until 04 November 2024 and changing the interest rates for loans denominated in Bulgarian leva. The current floating interest rates are as follows: (a) for loans denominated in EUR – a one-month EURIBOR + 1.2%, but not less than 1.2%; (b) for loans denominated in BGN – the reference interest rate of the financing bank + 1.7%, but not less than 1.7%. The agreement is secured by mortgages on real estate (land and buildings) of a Group company, which is also a guarantor under the loan.

10. LEASE

In November 2022, Industrial Holding Bulgaria signed a new office rental agreement with a company under joint control of the persons exercising control for a 10-year term. The contract enters into effect from February 2023. In April 2023, the previous office rental agreement was terminated.

Under the contract in force as of 31 December 2023, the rent is subject to annual indexation in line with the change in the Harmonised Index of Consumer Prices. As of 31 December 2023, the lease liability was restated to reflect the rent increase effective 1 January 2024.

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

Lease liability

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|---|---------------------|---------------------|
| Balance at the beginning of the period | 33 | 166 |
| Newly-occurred lease liabilities in the period | 708 | - |
| Recalculation of the lease liabilities due to modification | 42 | 33 |
| Non-monetary payment of lease liabilities during the period | (6) | - |
| Interest expenses for the period | 17 | 1 |
| Lease payments for the period | (100) | (167) |
| Balance at the end of the period | 694 | 33 |
| Long-term portion | 624 | - |
| Short-term portion | 70 | 33 |

11. EQUITY

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

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|--|---------------------|---------------------|
| 96,808,417 ordinary shares with a nominal amount of BGN 1 each | 96,808 | 96,808 |
| | 96,808 | 96,808 |

As of 31 December 2023, the company's capital comprised 96,808,417 dematerialised registered voting shares with a nominal value of BGN 1 each, listed for trading on the Bulgarian Stock Exchange. The share capital is subscribed to at its nominal amount and is fully paid in. There are no preference shares or bearer's shares.

The shareholders of Industrial Holding Bulgaria PLC holding directly more than 5% of the company's capital as of 31 December 2023 are as follows:

| in BGN'000 | Number of shares as of 31 December 2023 | 31 December 2023 |
|--|---|------------------|
| BULLS AD | 65,911,454 | 68.08% |
| DZH AD | 9,657,874 | 9.98% |
| Other natural persons and legal entities | 21,239,089 | 21.94% |
| | 96,808,417 | 100.00% |

Treasury shares redeemed

By a decision of the General Meeting of Shareholders of Industrial Holding Bulgaria PLC dated 18 November 2021, a new procedure was initiated with the following parameters:

- number of shares to be redeemed annually for a period of five years - up to 3% of the registered capital of the Company for each calendar year, but not more than 10% in total for the entire redemption period and not more than 10% of the entire capital of the Company;
- minimum redemption price - BGN 1.00 per share;
- maximum redemption price - BGN 3.00 per share.

Allianz Bank Bulgaria AD was elected as an investment intermediary.

The Company did not hold treasury shares redeemed as of 31 December 2023.

12. RELATED PARTY DISCLOSURES

The Company is a related party with the following persons in accordance with the definitions of IAS 24:

I. Persons exercising control

- Bulls AD, a company that holds directly 68.08% 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.

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

IV. Entities, over which the persons that have control 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 of 31 December 2023 and 31 December 2022 are disclosed in Investments in subsidiaries.

- Subsidiaries in which the Company holds indirect control

IHB Metal Castings EAD, ZMM Nova Zagora AD and ZMM Sliven AD and are indirect subsidiaries of Industrial Holding Bulgaria PLC because they are subsidiaries of ZMM Bulgaria Holding EAD, a direct subsidiary of Industrial Holding Bulgaria PLC. Karvuna Ltd. is an indirect subsidiary because it is a subsidiary 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.

VI. Associated companies

12.1. RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES**Loans to related parties**

| in BGN'000 | | 31 December 2023 | 31 December 2022 |
|--------------|--|---------------------|---------------------|
| Subsidiaries | Non-current portion of long-term loans | 48,735 | 46,135 |
| Associates | Non-current portion of long-term loans | 51 | - |
| | | 48,786 | 46,135 |
| Subsidiaries | Current portion of long-term loans | 943 | 92 |
| Subsidiaries | Short-term loans | - | 601 |
| | | 943 | 693 |
| | | 49,729 | 46,828 |
| | Principal | 49,513 | 46,735 |
| | Interest | 216 | 93 |

The loans granted are secured by promissory notes, except for the loans extended to Odria Ltd in the amount of BGN 6,127 thousand and that to Karvuna Ltd of BGN 2,201 thousand, both secured by a sea mortgage on m/v Dimond Sky and m/v Karvuna, owned by the subsidiaries.

Trade and other receivables

| in BGN'000 | | 31 December 2023 | 31 December 2022 |
|---|----------------------------------|---------------------|---------------------|
| Subsidiaries | Dividends | 140 | 158 |
| Entities, over which the persons that have control exercise also significant influence or are members of their key management personnel | Prepayments | 10 | 9 |
| | Interest on bank deposits | 178 | 84 |
| Entities under joint control of the persons exercising control | Deposit under a rental agreement | 6 | 12 |
| | | 334 | 263 |

Trade and other payables

| in BGN'000 | | 31 December 2023 | 31 December 2022 |
|--|------------------------------|---------------------|---------------------|
| Subsidiaries | Capital increase liabilities | 2,725 | - |
| Entities under joint control of the persons exercising control | Payables to suppliers | 3 | - |
| | | 2,728 | - |

Cash with banks - related parties

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|---|---------------------|---------------------|
| Entities, over which the persons that have control exercise also significant influence or are members of their key management personnel | 27,431 | 20,137 |
| | 27,431 | 20,137 |

Loans from related parties

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|----------------------------|--|---------------------|
| Persons exercising control | Non-current portion of long-term loans | 591 |
| | Current portion of long-term loans | 3 |
| | | 594 |
| | Principal | 591 |
| | Interest | 3 |

Deposits from related parties

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|------------|---------------------|---------------------|
| | Short-term deposits | - |
| | | - |
| | Principal | - |
| | Interest | - |

Lease liabilities under contracts with related parties

| in BGN'000 | 31 December 2023 | 31 December 2022 |
|--|---------------------|---------------------|
| Entities under joint control of the persons exercising control | 694 | - |
| Balance at the period-end | 694 | - |
| | Long-term portion | - |
| | Short-term portion | - |

The fee due for the term under a lease contract concluded with a company under joint control of the persons exercising control in 2023 is BGN 73 thousand and the cash outflow is BGN 67 thousand.

12.2. RELATED PARTY TRANSACTIONS**Sales transactions**

| in BGN'000 | | 31 December 2023 | 31 December 2022 |
|------------------------------------|--------------|---------------------|---------------------|
| Dividend income | | | |
| | Subsidiaries | 6,755 | 8,063 |
| Rental income | | | |
| | Subsidiaries | 10 | 44 |
| Revenue from sales of fixed assets | | | |
| | Subsidiaries | 1 | 14 |
| | | 6,766 | 8,121 |

Purchase transactions

| in BGN'000 | | 31 December 2023 | 31 December 2022 |
|------------------------|---|---------------------|---------------------|
| Purchase of shares | | | |
| | Subsidiaries | - | 2,820 |
| Hired service expenses | | | |
| | Entities under joint control of the persons exercising control | 10 | - |
| | Entities, over which the persons that have control exercise also significant influence or are members of their key management personnel | - | 14 |
| Other expenses | | | |
| | Entities under joint control of the persons exercising control | 23 | 50 |
| Other finance costs | | | |
| | Entities, over which the persons that have control exercise also significant influence or are members of their key management personnel | 2 | 2 |
| | | 35 | 2,886 |

Loans to related parties

| in BGN'000 | | Loans granted | Non-monetary increase/ (decrease) | Received principal | Interest income | Received interest |
|--------------|-------------------------|-----------------|-----------------------------------|--------------------|-----------------|-------------------|
| Subsidiaries | 31 December 2023 | (18,312) | - | 15,585 | 1,450 | 1,327 |
| Associates | 31 December 2023 | (51) | - | - | - | - |
| Subsidiaries | 31 December 2022 | (11,794) | - | 29,314 | 963 | 1,134 |
| Associates | 31 December 2022 | - | - | - | - | - |
| | 31 December 2023 | (18,363) | - | 15,585 | 1,450 | 1,327 |
| | 31 December 2022 | (11,794) | - | 29,314 | 963 | 1,134 |

Loans granted as of 31 December 2023 mature in 2024-2029. The agreed interest rates vary from 3.5% to 7.5%. An exception is an investment loan granted to a subsidiary, which bears an interest rate of 1.6%; the loan was financed by a targeted bank loan.

Interest income on deposits provided by Industrial Holding Bulgaria PLC to a bank – related party (entities, over which the persons that have control exercise also significant influence or are members of their key management personnel) in 2023 amounts to BGN 667 thousand. The interest paid by the bank during the period amounted to BGN 573 thousand.

In November 2023, the sole equity owner of Industrial Holding Bulgaria PLC took a decision to increase the capital of Odessos PBM EAD by BGN 4,720 thousand. As of 31 December 2023, BGN 1,995 thousand was paid.

Loans from related parties

| in BGN'000 | | Received loans | Non-monetary increases/ (decreases) | Reimbursed principal | Interest expenses | Paid interest |
|--------------------|-------------------------|----------------|-------------------------------------|----------------------|-------------------|---------------|
| Exercising control | 31 December 2023 | - | - | (591) | (20) | (23) |
| Exercising control | 31 December 2022 | 978 | - | (387) | (10) | (7) |
| | 31 December 2023 | - | - | (591) | (20) | (23) |
| | 31 December 2022 | 978 | - | (387) | (10) | (7) |

Deposits from related parties

| in BGN'000 | | Received deposits | Non-monetary increases/ (decreases) | Reimbursed principal | Interest expenses | Paid interest |
|--------------|-------------------------|-------------------|-------------------------------------|----------------------|-------------------|---------------|
| Subsidiaries | 31 December 2023 | 1,392 | (1,103) | - | (5) | - |
| Subsidiaries | 31 December 2022 | 1,395 | (6,144) | (2,673) | (19) | (15) |
| | 31 December 2023 | 1,392 | (1,103) | - | (5) | - |
| | 31 December 2022 | 1,395 | (6,144) | (2,673) | (19) | (15) |

Non-monetary movements in deposits from related parties are a set off of the liabilities under these deposits against receivables of the Company on shareholding during the relevant period.

Terms and conditions of related party transactions

The sales to and purchases from related parties are made on contractual terms. Outstanding balances at the year-end are unsecured (except for loans) and interest-free (except for loans), and settlement occurs in cash. No guarantees have been provided or received for any related party receivables or payables. Based on an analysis of the recoverability of its receivables from related parties, the Company has recognised no impairment losses as of 31 December 2023 (2022: Nil). An impairment testing is carried out at the end of each financial year based on an analysis of the financial performance and creditworthiness of the related party and the market in which the related party operates.

13. COMMITMENTS AND CONTINGENCIES

Legal claims

No legal claims have been brought against the Company.

Guarantees

Under Contract No. 22F-001225 signed with a commercial bank, a loan for granting a total limit for working capital financing, issuance of bank guarantees and letters of credit of the Holding and/or Group entities with a limit of up to BGN 12,000 thousand, as of 31 December 2023:

- letters of guarantee was not issued to cover a liabilities (31 December 2022: BGN 6,000 thousand);
- bank guarantees were issued to Group companies, namely IHB Metal Castings AD for BGN 20 thousand and ZMM Nova Zagora for BGN 143 thousand (31 December 2022: BGN 20 thousand under Contract No. 22F-001137, transferred to the above-described limit in 2023).

The unutilised limit under Contract No. 22F-001225 amounted to BGN 11,837 thousand as of 31 December 2023.

Collateral

In connection with Bank loan contract number 22F-000155 of 24 February 2022, obtained to secure loan funds for investments of a subsidiary, a financial collateral agreement was signed by way of a pledge of receivables providing for a right of use over all its accounts with the creditor bank in the amount of the loan liability at the relevant time.

In connection with Bank loan contract number 22F-001225 of 07 November 2022, obtained to secure a total limit for working capital financing, issuing bank guarantees and letters of credit, a financial collateral agreement was signed by way of a pledge of receivables providing for a right of use over all its accounts with the creditor bank in the amount of the loan liability at the relevant time.

14. DESCRIPTION OF THE MAJOR RISKS AND UNCERTAINTIES FACED BY THE COMPANY

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

Non-systematic risks specific to the Company

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

As the activity of IHB relates to the management of other companies' assets, it is exposed to the Group subsidiaries' industry risks. The Holding's investments are focused on businesses characterised by the slow rotation of funds invested (machine-building), dependence on energy and other resources (machine-building, ship repair, maritime transport), and high cyclicity (ship repair, shop design, maritime transport, classification and certification, and port activity), thus reducing the return on the investment portfolio of IHB.

Risks arising from pandemics and epidemics

Globalisation worldwide and the 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, blocks world trade, limits and pose difficulties on the supply chain, and has an adverse impact on all economic agents. Possible extension / reduction of restrictive measures in individual countries are risks that can lead very fast to both improvement and deterioration of the external environment, and that have an impact on the trade partners of the Group companies.

Risks arising from natural disasters

Like many other regions of the world, Bulgaria is exposed to almost all risks related to climate change. Natural disasters such as floods, earthquakes, etc., resulting from these risks can cause both loss of human life and large financial losses, significantly affecting economic stability and growth. The impact of such events can often go beyond the borders of the country in which they occur and threaten large-scale territories in neighbouring countries.

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 segments in the IHB's investment portfolio, the most direct and imminent impact they have on the shipping industry. Stress on the market and pressure on the freight have a number of divergent factors:

- cyclicity 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 eco-norms and directives against environmental pollution and for energy savings for vessels imposes mandatory reconstructions of vessels and other technical solutions to bring them in compliance with ecological regulations;
- 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 commodity in the industry and a stock commodity. Restrictions imposed by the European Union and the United States on Russia as a major global supplier of crude oil and gas are having a negative effect;

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

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 - expanding war conflicts around the world, political uncertainty in many places, sanctions and restrictions imposed on trade with a number of countries, refugee flows. This risk impedes the free movement of goods and people, and leads to a change in trade flows and transport corridors; moreover, it hampers the access of registry inspectors to supervised vessels. The risk also affects the machine building industry by reducing sales volumes on traditional markets.

Risks associated with fraud and abuse

The changing environment in combination with the expanding use of new technologies have intensified the risk of fraud and abuse, including the risk related to cyber-attacks, unscrupulous trade practices, bankruptcies of contractors, etc.

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 pressure on phasing out the use of traditional energy sources, such as coal, oil or gas is growing worldwide. Restrictive duties are being introduced on imports of raw materials from countries that do not follow the European Union's environmental policies.

It is a policy of the Group to comply with its regulatory obligations in the area of ecology, which is linked to fixed investments for the alignment and maintenance of facilities and processes in accordance with the required standards, as

well as investing in environmentally friendly technologies (related to RES, equipping own ships with ballast systems, reducing carbon emissions from the Group's fleet, etc.).

Risk related to basic commodities, materials and energy sources

This risk results from changes in the supplies and prices of raw materials, materials and various energy sources being used. Disrupted supplies result in rise in prices and it in turn, has an unfavourable effect on the results of manufacturing companies operating in metal-intensive and energy-absorbing segments, such as machine building and ship repair. Maritime transport is dependent on the prices of fuels. The impact of changes in the market price of electric energy is similar, as the electric energy is subject to international supply and demand and is determined by factors beyond the control of management. For several years now, the supply of electric energy has been negotiated at a Group level on the open market.

In 2022, the level of this risk intensified. The broken supply chains due to COVID-19 and the war in Ukraine, affected the growth of international prices of commodities and goods and fuelled inflation at a rapid pace. The price jump cannot be transferred directly to the end customers and significantly affects the profitability of the products manufactured and services offered by the Group. Despite the slowdown in price pressure in 2023 and the normalization of the prices of energy sources, the effect cannot be transferred directly to end customers and affects the profitability of the products produced and the services offered by the Group.

Risks relating to attracting and retaining experienced and qualified employees

Many sectors of the national economy are experiencing a capacity crunch exacerbated by a long-standing lack of focus on secondary vocational education. The lasting trend of declining and aging population in our country reduces people of working age. Employees' professional qualities affect directly entities' financial results and innovation performance. The risk is intensified by the convertible nature of some professions and high worldwide demand for such staff.

Management has adopted a long-term approach to human resource management related to preliminary and subsequent qualification of staff, a close cooperation with the academic society in the country, and attracting foreign workers.

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 repair, ship design, port activities, classification and certification.

The unstable political and economic environment intensified the level of credit risk worldwide and for the Group in particular. 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.

Guarantees - It is a policy of the Group to issue financial guarantees only to Group companies 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. In case of need, the subsidiaries utilise funds from the credit limit agreed by IHB for opening of letters of credit and issuance of bank guarantees to trade contractors.

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. Where possible, a deferred payment to suppliers and subcontractors is applied in combination with the above measures, but without affecting negatively their businesses. 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 fixed one. The Group is currently exposed to currency risk from changes in the exchange rate of the US Dollar in relation to the free cash flows generated by maritime transport. The increase in the revenue share from foreign ships in total sales strengthens the impact of this 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. The inflation growth in 2022 has led to a change in Central Banks' policies to increase interest rates and tighter fiscal conditions, a trend that continued in 2023 as well.

Systematic risks

The Holding and its subsidiaries are exposed to systematic risks relating to the market and macro-environment in which the companies operate. The risk arising out of the military conflict between Russia and Ukraine intensifies. These risks cannot be managed and controlled by the management team.

15. TRENDS FOR BUSINESSES, IN WHICH THE GROUP COMPANIES OPERATE

Maritime transport

In 2023, freight rates in the bulk segment declined compared to 2022. Tonnage demand grew slightly, but freight was negatively impacted by increased active supply of shipping tonnage, which was boosted by a reduction in port congestion in addition to fleet growth. On the other hand, the reduced throughput of the Panama Canal, affected by a severe drought, has not yet had an impact on freight rates. The sector has also been adversely affected by the growing military conflicts in various regions of the world and, in particular, by the escalation of the situation in Yemen, which has effectively paralysed traffic through the Suez Canal due to the threat of military action against merchant ships passing through the Gulf of Aden and the Red Sea. Global sanctions against Russia and the stunted growth rate of the Chinese economy are the other factors affecting the market. Because of the continuing uncertainty fuelled by rising interest rates, the reduction of tonnage in operation also runs at a slow pace despite increased activity compared to previous periods. These factors, reinforced by rising construction costs, negatively impact orders for new bulk carriers. The impact of the ever-increasing environmental requirements towards new ships is similar. Climate issues and the decision to reduce the use of coal as an energy source are squeezing tonnage demand. There is no clarity on the concept of environmentally friendly marine fuel and effective ship fuel in view of the new regulations.

Since January 2024, the scope of the European Union Emissions Trading Scheme (ETS) has been extended to include shipping with an obligation to offset its harmful impacts for voyages to and from European ports. It is expected that shipowners will be able to offset these costs in their charter contracts, but in general, market participants may well move towards chartering newer and greener ships for these voyages.

The Group's ships sail with Bulgarian and foreign crews.

All vessels of the IHB fleet have ballast systems installed. In 2023, work continued in accordance with the new requirements of the International Maritime Organization (IMO) related to carbon intensity - the Energy Efficiency Index of Existing Ships (EEXI) aimed at their technical efficiency and the Carbon Intensity Indicator (CII) aimed at to their operational efficiency. In the coming years, the impact of new regulations for the reduction of carbon dioxide emissions in the atmosphere is to be assessed.

Ship building and ship repair

The decline in the freight market and the expiration of the statutory deadline for implementing projects for installing ballast systems have boosted **Bullard Shipbuilding Industry's** orders from early 2023. After the middle of the year, the ship repair market in China became active again, with a downward trend in the prices of the services offered. Initially, this situation led to the release of slots in Türkiye's shipyards, which, in turn, intensified competition in the Black Sea and Eastern Mediterranean region. In the wake of events in the Gulf of Aden and the armed conflict in the Gaza Strip, ship repair enquiries increased again in the last quarter of 2023, and a series of contracts have been concluded since the beginning of 2024.

The drop in the price of electricity in 2023 has a minimal net effect due to the initially reduced and then discontinued government compensation. Hired service costs and costs of technical gases account for growth. Costs of materials are still relatively high, supported by rising interest rates and emerging disruptions in global trade.

The military conflict between Russia and Ukraine creates the perception of additional risk for ships in the Black Sea basin.

Ship design

The low levels of shipbuilding are affecting the development of design services in several directions. On the one hand, tighter measures and rules to reduce the greenhouse effect of ships are reducing orders for new construction due to the need for more clarity at the moment on what ships will be sought and with what engines. The development of alternatives is still at an early stage. There is also no clear time horizon for owners to operate their ships without additional investment to meet the changing environmental regulations. The demand for retrofit ballast design services is decreasing due to the approaching deadline for retrofitting the fleet in operation. The expanding military conflicts in different regions globally and the worsening economic environment are forcing shipowners to reconsider their investment intentions for new and reconstruction and renovation of existing vessels.

On the other hand, trends are emerging, stimulating interest in design services. Activity in coastal areas is growing. Vessels are being sought for the fishing industry and general-purpose offshore vessels. Interest in specialised vessels for the construction and maintenance of offshore wind farms and in the conversion of ships – either changing their purpose or increasing their functionality- is expected to grow. There has also been a stirring of the market in the area of small "pilot" projects, financed primarily by various grant schemes, related to the design of alternative variants of ships with reduced harmful emissions (even in the absence of established market technologies for the replacement of ship fuels). It is expected that this trend will continue and that pure investment projects will emerge at some point.

The passenger ship market is dependent on the development of various factors. Despite the demand for such ships, including design services, orders are yet at low levels. Shipowners and financing institutions are cautious. Because of the generally uncertain situation, fuelled by inflation and rising interest rates, agreed projects have been postponed before their start.

The management of **IHB Shipdesign** monitors the trends in the environmental protection policy. It is planned to increase the share of ships that will be retrofitted to decarbonize and reduce carbon emissions. Development of the so-called hybridization of vessels, aiming to reduce fuel costs, as well as increased demand for engineering services to bring ships into operation in accordance with the requirements of EEXI and CII/IMO regulations, effective from the beginning of 2023, is expected.

Classification and certification

The Bulgarian Ship Register (BRS, the Register) reports a decline in revenue in 2023 compared to the results achieved in 2022. The decrease in revenue from foreign shipowners is a consequence of the postponement of ship inspections due to the busyness of ship repair plants and the delay in cargo handling caused by the crisis in Ukraine. Revenue from the domestic market has preserved their levels, but the absence of construction supervision projects is limiting their growth potential.

The management's efforts are aimed at attracting new agents and shipowners, developing and offering additional services supplementing the main ones. The Register provides its clients an additional service in connection with the requirements of the EEXI and CII/IMO regulations effective from the beginning of 2023. In this regard, the technical documentation of most of the ships in the BRS' fleet has been reviewed and approved.

In the latest publication of the Paris Memorandum on the performance of the Recognised Organisations, BSR was classified in the group of Organisations demonstrating a high level of performance. The performance position is a good precondition for attracting new customers and applying for approval by new Flag Administrations. In 2023, BSR passed

successfully audits by the Flag Administrations of Barbados, Belize and Sierra Leone, whereas the results are positive and contracts are to be signed at the beginning of the next year.

BRS is exploring the possibility of being approved as a verification body under EU Regulation 2015/757, authorising it to provide services relating to monitoring, reporting and verifying carbon dioxide emissions generated by maritime transport.

Port Operations

The port terminals of **Odessos PBM and KRZ Port Burgas** are part of the public transport ports in Varna and Burgas, whose workload depends to a more significant extent on the economic situation in Bulgaria and in the countries of the Mediterranean and Black Sea regions.

Demand for port services and grain cargo flows through the Group's terminals are primarily influenced by the country's harvest and international trade in the countries of the Black Sea region. The open grain corridor and Ukrainian grain imports secured domestic sales in the first quarter. Re-export deals were also realised, which increased cargo turnover in the region as a whole. The rest of the year saw more active grain exports. Yields in the new agricultural season in the country are very good. The military conflict continues to affect trade through the ports adversely.

The recovery of metal volumes depends on the development of the economy, investments in infrastructure and construction projects, and most of all, on the European policy regarding imports from third countries. Despite observing a partial increase in the volumes of this type of cargo in the first half of the year, the decreasing investment activity is expected to have a negative impact on their demand and, consequently, on the cargo turnover in the following months.

The terminals in the regions of Varna and Burgas focus on building new capacities and storage facilities to improve and accelerate the processing of cereals and other cargo, strengthening the competitive environment. The two terminals of the Group are also gradually expanding their capabilities. In Odessos PBM, the first stage of the port expansion is being implemented actively - the construction of a new quay wall - and the second stage - the construction of the necessary storage facilities - will commence in the last quarter of the year. At the end of March 2023, KRZ Port Burgas received a building permit for its project, and the construction activities began.

Bulport Logistics offers services to small and mid-sized vessels and yacht mooring, small vessels docking for repairs, and the rental of offices and areas for storage and production activities. The gradual abatement of the effects of the pandemic has increased the demand for production premises combined with office space, primarily from foreign companies. In 2023, the company acquired from another Group company (through a transaction for the transfer of a separated activity) a developed and independently functioning business identical to its current principal scope of business (namely, leasing out of industrial and warehousing premises).

The Company has focused on developing its warehousing and logistics activities by gradually renovating and improving the technical condition of existing buildings and sites, expanding and upgrading the area's infrastructure to meet changing demand trends. Increasing the volume of activities is expected to achieve a higher rate of effectiveness.

The Company is also working on expanding the services offered to customers. In front of the business building is a parking lot for 160 cars, a fast-charging station with a capacity of 50 kW and a two-connector fast-charging station with a capacity of 150 kW, available at all times of day or night. Heating for two buildings is solved.

Machine Building

The overall economic situation, fuelled by the rise in interest rates, had a restrictive effect on the investment activity of the clients of **ZMM Bulgaria Holding and its subsidiaries**. The impact of the practically abandoned Russian market of metal-cutting machines also persists. From the beginning of the second quarter of 2023, a recovery in customer demand began, and orders stabilised to close to average levels. The trend towards increasing the share of heavier and longer metal cutting machines the Group offers. An additional factor with a positive influence is the reduction of lead times.

The adjusted prices of the machines manufactured in 2022, in combination with the option to use electricity from the operating own solar plants of the Group, partially reduce the negative effect of inflation on the profitability of the offered products.

16. INFORMATION PURSUANT TO APPENDIX N 4 TO ORDINANCE N 2 ON INITIAL AND SUBSEQUENT DISCLOSURE OF INFORMATION IN PUBLIC OFFERING OF SECURITIES AND ADMISSION OF SECURITIES TO TRADING ON A REGULATED MARKET

Change in individuals exercising control over the company

There were no changes in the ultimate persons exercising control over the Company at 31 December 2023.

As of 31 December 2023, Industrial Holding Bulgaria had information about the following shareholders holding more than 5% of the votes at the General Meeting, as follows:

1. BULLS AD

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

As of 31 December 2023: 65,911,454 shares held directly, representing 68.08% of the capital

2. DZH AD

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

As of 31 December 2023: 9,657,874 shares held directly, representing 9.98% of

3. Daneta Angelova Zheleva

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

As of 31 December 2023: 41,044 shares held directly, representing 0.04% of the capital and through related parties 9,658,520 shares held directly, representing 9.98% of the capital, or directly and through related parties in total 9,699,564, representing 10.02% of the capital.

4. Dimitar Georgiev Zhelev

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

As of 31 December 2023: 646 shares held directly, representing 0.0007 of the capital and through related parties 9,698,918 shares held directly, representing 10.02% of the votes, and controlled through Bulls AD 65,911,454 shares held directly, representing 68.08% of the capital, or directly and through related parties and through controlled parties 75,611,018, representing 78.10% of the capital.

Dimitar Georgiev Zhelev controls Bulls AD.

Dimitar Zhelev and Daneta Zheleva are spouses.

Initiation of bankruptcy proceedings in respect of the Company or its subsidiary and all significant stages relating to the proceedings until the Company is announced insolvent

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.

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

None.

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. 100o1, par. 4 of POSA.

Daneta Zheleva

Chief Executive Officer

Industrial Holding Bulgaria PLC

Ivan Rashkov

Chief Accountant

Vladislava Zgureva

Investors Relations Director