



**INDUSTRIAL HOLDING BULGARIA PLC**

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**PUBLIC NOTIFICATION FOR FINANCIAL POSITION  
ON A CONSOLIDATED BASIS  
31 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.

As of 31 December 2023, Industrial Holding Bulgaria PLC has 9 direct subsidiaries (31 December 2022: 9), 11 indirect subsidiaries (31 December 2022: 11), and 2 indirect associates (31 December 2022: Nil), collectively referred to as "the Group".

The scope of business activity of the Group includes production and trading activities in the area of heavy machinery, shipbuilding, ship repair and maritime transportation, port services, designer's services, maintenance and repair, and other services.

The duration of all Group companies shall be perpetual and the companies are not limited by other resolute condition.

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

**CONSOLIDATED INCOME STATEMENT**

in BGN'000	31 December 2023	31 December 2022
Revenue	119,186	145,753
Other operating income	2,893	6,292
	<b>122,079</b>	<b>152,045</b>
Change in stock of work in progress and finished products	(667)	2,063
Costs of acquisition and development of assets' self-construction	834	1,509
Costs of materials	(32,341)	(40,274)
Costs of hired services	(23,957)	(23,047)
Depreciation / amortization expenses	(13,797)	(14,008)
Costs of personnel	(36,332)	(35,221)
Other operating expenses	(7,763)	(18,477)
<b>Operating profit</b>	<b>8,056</b>	<b>24,590</b>
Finance income	1,557	661
Finance costs	(1,894)	(215)
<b>Profit before tax</b>	<b>7,719</b>	<b>25,036</b>
Income tax expense	(1,226)	(1,488)
<b>Profit for the year</b>	<b>6,493</b>	<b>23,548</b>
Attributable to:		
Equity holders of the parent	6,245	23,070
Non-controlling interest	248	478

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As of 31 December 2023

in BGN'000	31 December 2023	31 December 2022
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	321,514	320,979
Intangible assets	2,419	2,341
Goodwill	4,329	4,329
Investment properties	15,241	14,059
Right-of-use assets	2,486	76
Deferred tax assets	39	47
Trade and other receivables	84	24
<b>Total non-current assets</b>	<b>346,112</b>	<b>341,855</b>
<b>Current assets</b>		
Inventories	18,775	21,736
Trade and other receivables	9,282	11,229
Contract assets	1,010	1,444
Income tax receivable	180	56
Cash and cash equivalents	56,995	45,374
<b>Total current assets</b>	<b>86,242</b>	<b>79,839</b>
Assets classified as held for sale	-	1
<b>TOTAL ASSETS</b>	<b>432,354</b>	<b>421,695</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

As of 31 December 2023

in BGN'000	31 December 2023	31 December 2022
<b>Equity</b>		
Share capital	96,808	96,808
Share premium	31,016	31,016
Other reserves	84,894	84,815
Reserve from foreign exchange translation of foreign operations	20,397	24,607
Retained earnings	149,597	142,576
<b>Equity attributable to the equity owners of the parent company</b>	<b>382,712</b>	<b>379,822</b>
Non-controlling interest	1,121	1,405
<b>Total equity</b>	<b>383,833</b>	<b>381,227</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Interest-bearing loans	15,142	5,575
Loans from related parties	-	591
Lease liabilities	2,238	-
Trade and other payables	247	109
Government financing	1,115	1,156
Retirement benefit liabilities	1,082	1,025
Deferred tax liabilities	11,490	11,063
<b>Total non-current liabilities</b>	<b>31,314</b>	<b>19,519</b>
<b>Current liabilities</b>		
Interest-bearing loans	3,459	3,455
Loans from related parties	-	160
Lease liabilities	283	77
Trade and other payables	10,336	13,135
Contract liabilities	2,812	3,938
Provisions	10	10
Government financing	107	107
Income tax liabilities	200	67
<b>Total current liabilities</b>	<b>17,207</b>	<b>20,949</b>
<b>Total liabilities</b>	<b>48,521</b>	<b>40,468</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>432,354</b>	<b>421,695</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 31 December 2023

in BGN'000	31 December 2023	31 December 2022
<b>Operating activity</b>		
Proceeds from customers	124,612	143,995
Payments to suppliers	(69,663)	(65,315)
Staff remuneration related payments	(35,745)	(33,460)
Income taxes refunded/(paid)	(878)	(956)
Other taxes refunded /(paid), net	5,473	3,073
Foreign currency differences	(2,052)	146
Government financing received	-	704
Other proceeds / (payments), net	(1,994)	(1,029)
<b>Net cash flows from operating activity</b>	<b>19,753</b>	<b>47,158</b>
<b>Investing activity</b>		
Payments on the acquisition of fixed assets and self-constructed fixed assets	(17,549)	(20,480)
Proceeds from sale of property, plant and equipment	77	204
Received government financing for fixed assets	64	-
Acquisition of additional shareholding in subsidiaries	(58)	-
Loans to associated companies	(51)	-
Proceeds from interest on bank deposits	1,154	144
Purchase of Zero-coupon U.S. Treasury bonds	(11,523)	-
Proceeds from matured Zero-coupon U.S. Treasury bonds	12,163	-
Other payments	-	(28)
<b>Net cash flow used in investing activities</b>	<b>(15,723)</b>	<b>(20,160)</b>
<b>Financing activities</b>		
Proceeds from loans	9,752	9,767
Payments on loans	(933)	(4,925)
Payments on lease liabilities	(278)	(324)
Dividends paid	(450)	(439)
Interest paid on loans	(212)	(130)
Interest paid on lease contracts	(58)	(2)
Fees and commissions paid on loans	(15)	(26)
Other proceeds / (payments), net	(153)	(241)
<b>Net cash flow used in financing activities</b>	<b>7,653</b>	<b>3,680</b>
Net increase in cash and cash equivalents	11,683	30,678
Cash and cash equivalents at 1 January	45,354	14,857
FX translation effects	(42)	(181)
<b>Cash and cash equivalents at 31 December</b>	<b>56,995</b>	<b>45,354</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period ended 31 December 2023

in BGN'000

	Attributable to equity holders of the parent										Total	Non-controlling interest	Total equity
	Share capital	Reduction of share capital in process of registration	Treasury shares redeemed	Share premium	Statutory and additional reserves	Revaluation reserve	Reserve from FX translation of foreign operations	Cash flow hedge reserve	Retained earnings				
<b>At 1 January 2023</b>	<b>96,808</b>	-	-	<b>31,016</b>	<b>4,957</b>	<b>79,858</b>	<b>24,607</b>	-	<b>142,576</b>	<b>379,822</b>	<b>1,405</b>	<b>381,227</b>	
<b><i>Comprehensive income for the period</i></b>													
Profit for the period	-	-	-	-	-	-	-	-	6,245	6,245	248	6,493	
Other comprehensive income for the period	-	-	-	-	-	1,066	(4,210)	-	(172)	(3,316)	(1)	(3,317)	
<b><i>Total comprehensive income for the period</i></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,066</b>	<b>(4,210)</b>	<b>-</b>	<b>6,073</b>	<b>2,929</b>	<b>247</b>	<b>3,176</b>	
<b>Transactions with shareholders recognised in equity</b>													
Distribution of profits to reserves	-	-	-	-	(279)	-	-	-	279	-	-	-	
Dividends distributed	-	-	-	-	-	-	-	-	-	-	(512)	(512)	
Shareholding acquisition	-	-	-	-	6	4	-	-	(49)	(39)	(19)	(58)	
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(273)</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>230</b>	<b>(39)</b>	<b>(531)</b>	<b>(570)</b>	
Transfer of revaluation reserve to retained earnings	-	-	-	-	-	(718)	-	-	718	-	-	-	
<b>At 31 December 2023</b>	<b>96,808</b>	-	-	<b>31,016</b>	<b>4,684</b>	<b>80,210</b>	<b>20,397</b>	-	<b>149,597</b>	<b>382,712</b>	<b>1,121</b>	<b>383,833</b>	

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period ended 31 December 2022

in BGN'000

	Attributable to equity holders of the parent company										Total	Non-controlling interest	Total equity
	Share capital	Reduction of share capital in process of registration	Treasury shares redeemed	Share premium	Statutory and additional reserves	Revaluation reserve	Reserve from FX translation of foreign operations	Cash flow hedge reserve	Retained earnings				
<b>At 1 January 2022</b>	<b>107,400</b>	<b>(10,592)</b>	<b>-</b>	<b>31,016</b>	<b>5,124</b>	<b>79,824</b>	<b>16,409</b>	<b>-</b>	<b>118,735</b>	<b>347,916</b>	<b>2,229</b>	<b>350,145</b>	
<b><i>Comprehensive income for the period</i></b>													
Profit for the period	-	-	-	-	-	-	-	-	23,070	23,070	478	23,548	
Other comprehensive income for the period	-	-	-	-	-	-	8,198	-	(246)	7,952	(7)	7,945	
<b><i>Total comprehensive income for the period</i></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,198</b>	<b>-</b>	<b>22,824</b>	<b>31,022</b>	<b>471</b>	<b>31,493</b>	
<b><i>Transactions with shareholders recognised in equity</i></b>													
Distribution of profits to reserves	-	-	-	-	(330)	-	-	-	330	-	-	-	
Dividends distributed	-	-	-	-	-	-	-	-	-	-	(383)	(383)	
Shareholding acquisition	-	-	-	-	163	109	-	-	120	392	(392)	-	
Liquidation share paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(28)	(28)	
Registration of capital reduction	(10,592)	10,592	-	-	-	-	-	-	-	-	-	-	
<b><i>Total transactions with shareholders</i></b>	<b>(10,592)</b>	<b>10,592</b>	<b>-</b>	<b>-</b>	<b>(167)</b>	<b>109</b>	<b>-</b>	<b>-</b>	<b>450</b>	<b>392</b>	<b>(803)</b>	<b>(411)</b>	
Transfer of revaluation reserve to retained earnings	-	-	-	-	-	(75)	-	-	75	-	-	-	
Other transfers	-	-	-	-	-	-	-	-	492	492	(492)	-	
<b>At 31 December 2022</b>	<b>96,808</b>	<b>-</b>	<b>-</b>	<b>31,016</b>	<b>4,957</b>	<b>79,858</b>	<b>24,607</b>	<b>-</b>	<b>142,576</b>	<b>379,822</b>	<b>1,405</b>	<b>381,227</b>	



## NOTES

### 1. REVENUE

in BGN'000	31 December 2023	31 December 2022
Revenue from manufacture of metal-cutting machines, components and details	37,184	34,663
Revenue from cargo transportation under voyage charter contracts	12,403	25,010
Revenue from time-charter contracts	21,845	36,216
Revenue from repair and reconstruction of ships	26,446	28,101
Revenue from designer's services	3,424	4,446
Revenue from cargo processing	10,478	9,607
Revenue from cargo storage	1,755	2,174
Quay rentals	855	679
Property rentals	2,597	2,117
Revenue from other services	2,199	2,740
	<b>119,186</b>	<b>145,753</b>

The Group's total revenue realised in 2023 has decreased compared to the revenue reported for the same period in 2022. Their dynamics were primarily due to the following:

- Ship charter revenue was adversely impacted by the decrease in freight rates vs. the comparative period.
- Revenue from ship repairs decreased due to the cumulative effect of intensified competition in the region, including in terms of prices and lower volume of activities within the scope of one ship repair relating to the installation of ballast systems;
- Revenue from sales of metal-cutting machines, components, and details increased due to the increase in selling prices and share of heavier and longer machines in the sales.

#### Other operating income

in BGN'000	31 December 2023	31 December 2022
Income from government financing	277	2,984
Gain on sale of fixed assets	43	167
Gain on sales of materials and scrap	1,814	2,036
Income from insurance indemnities	25	121
Gain on revaluation of investment property (Note 20)	212	641
Other income	522	343
	<b>2,893</b>	<b>6,292</b>

Income from financing reported for the period from 01 January 2023 to 31 December 2023 comprises mainly proceeds in the amount of BGN 172 thousand under the government program for compensating the costs of electricity of consumers.

Income from financing reported for the period from 01 January 2022 to 31 December 2023 comprises mainly:

- proceeds in the amount of BGN 2,402 thousand under the government Program for compensating the costs of electricity of consumers;
- proceeds in the amount of BGN 475 thousand under the Employment Preservation Program at the Employment Agency in support of businesses and reducing the negative consequences of the spread of COVID-19.

## 2. COSTS OF MATERIALS

in BGN'000	31 December 2023	31 December 2022
Main materials	(16,979)	(19,731)
Fuel used on ships	(5,787)	(8,462)
Electric power	(2,585)	(5,815)
Auxiliary materials	(3,690)	(3,713)
Spare parts	(2,474)	(1,754)
Other materials	(826)	(799)
	<b>(32,341)</b>	<b>(40,274)</b>

According to its accounting policy, the Group recognises the government grants received under the government Program for compensating the costs of electricity of consumers as income from financing and does not recognise the costs of electricity offset.

## 3. COSTS OF HIRED SERVICES

in BGN'000	31 December 2023	31 December 2022
Port-related expenses	(3,221)	(3,773)
Services of subcontractors	(10,995)	(9,836)
Insurances	(1,859)	(1,648)
Agency services	(1,256)	(1,973)
Security	(1,031)	(931)
Repair services	(1,284)	(905)
Software maintenance on subscription	(545)	(779)
Civil contracts	(305)	(324)
Other costs	(3,461)	(2,878)
	<b>(23,957)</b>	<b>(23,047)</b>

## 4. EMPLOYEE BENEFIT EXPENSES

in BGN'000	31 December 2023	31 December 2022
Salaries	(27,974)	(26,559)
Compulsory social insurance	(4,273)	(4,161)
Management contracts	(1,980)	(2,238)
Compulsory social and health insurance on management contracts	(115)	(115)
Unused leave accruals	(137)	(378)
Accruals for retirement benefits (Note 29)	(123)	(92)
Other employee benefits	(1,730)	(1,678)
	<b>(36,332)</b>	<b>(35,221)</b>

## 5. OTHER OPERATING EXPENSES

in BGN'000	31 December 2023	31 December 2022
Impairment	(2,917)	(15,402)
Litigation costs, notarial and other fees	(140)	(344)
Local taxes and charges, tax on expenses	(782)	(774)
Business trip and crew replacement expenses	(1,396)	(1,008)
Scrap and retirement of fixed tangible assets	(1,979)	(196)
Provisions accrued	-	99
Other expenses	(549)	(852)
	<b>(7,763)</b>	<b>(18,477)</b>

As of 31 December 2023, the Group's management conducted an analysis and determined that there were indications of impairment of the assets of the Maritime Transport segment - M/V Karvuna, M/V Anthea, M/V Diamond Sea, and M/V Diamond Sky. The impairment indications were related to 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 did not have a positive impact on profitability and were associated with significant expense and additional days out of operation;
- The increasing market volatility and instability (political risks, etc.).

The recoverable amount of ships was determined by a value-in-use calculation. The total reported impairment loss on fixed assets (ships) of the Maritime segment was BGN 2,871 thousand (2022: BGN 10,433 thousand) for 2023.

## 6. FINANCE INCOME AND FINANCE EXPENSES

in BGN'000	31 December 2023	31 December 2022
Foreign currency gains, net	-	372
Interest income	1,557	289
<b>Finance income</b>	<b>1,557</b>	<b>661</b>

in BGN'000	31 December 2023	31 December 2022
Interest expenses	(107)	(69)
Foreign currency losses, net	(1,644)	-
Other finance costs	(143)	(146)
<b>Finance costs</b>	<b>(1,894)</b>	<b>(215)</b>

**Interest expenses**

in BGN'000	31 December 2023	31 December 2022
Interest expenses on bank loans	(25)	(54)
Interest expenses on loans from related parties	(21)	(13)
Interest expenses on lease liabilities	(60)	(2)
Other Interest expenses	(1)	-
	<b>(107)</b>	<b>(69)</b>

In 2023, interest on bank loans in the amount of BGN 167 thousand was capitalized in the assets of the Port Operations segment (2022: BGN 68 thousand).

**7. CASH AND CASH EQUIVALENTS**

in BGN'000	31 December 2023	31 December 2022
Cash with banks-related parties	44,888	36,802
Cash with banks	11,843	8,277
Cash on hand	264	275
<b>Cash and cash equivalents presented in the Consolidated Statement of Cash Flows</b>	<b>56,995</b>	<b>45,354</b>
Cash restricted as collateral on bank loans	-	20
<b>Cash and cash equivalents presented in the Consolidated Statement of Financial Position</b>	<b>56,995</b>	<b>45,374</b>

Cash denominated in BGN is measured at its nominal value and those denominated in foreign currency – at the closing exchange rate of BNB at the end of the reporting period. Foreign exchange differences are reported as current income and respectively, expenses. Aiming at managing cash available and earning revenue from it, the Company concluded short-term deposits (within 3 months).

**8. BANK LOANS***Long-term*

in BGN'000	Currency	Interest rate, %	Maturity	31 December 2023	31 December 2022
Bank loan contract number 22F-000155 of 24 February 2022	EUR	1.40%	2029	14,835	5,083
Bank loan contract number 19F-002296 of 8 October 2019	EUR	1.60%	2026	307	492
				<b>15,142</b>	<b>5,575</b>

*Short-term*

in BGN'000	Currency	Interest rate, %	Maturity	31 December 2023	31 December 2022
Bank loan contract number 22F-000155 of 24 February 2022	EUR	1.40%	2029	3,274	3,270
Bank loan contract number 19F-002296 of 8 October 2019	EUR	1.60%	2026	185	185
				<b>3,459</b>	<b>3,455</b>

in BGN'000	31 December 2023	31 December 2022
Principal payable	18,593	9,026
Interest payable	8	4
	<b>18,601</b>	<b>9,030</b>

In January 2023, an annex to Bank Loan Contract No. 22F-000155, concluded for the purpose to finance investments in a project for the extension of one of the ports in the amount of EUR 10,000 thousand, was signed. By means of the annex, the term of loan utilisation was changed until February 2024, the deadline for loan repayment until February 2029, and the date of the first instalment payment until 20 March 2024, respectively.

Under Bank Loan Contract No. 22F-001225, a total limit for working capital financing, issuing bank guarantees and opening letters of credit was provided to the Holding and/or its Group companies in the amount of up to BGN 12,000 thousand. In December 2023, an annex for revolving the loan portion used overnight until 04 November 2024 was signed, along with a change in the interest rates for loans denominated in Bulgarian leva. The effective floating interest rates amount to: (a) for EUR Loans: the 1M EURIBOR +1.2%, but not less than 1.2%; (b) for BGN loans – the reference interest rate of the financing bank + 1.7%, but not less than 1.7%. The Contract is secured by mortgages on the real estate of a Group company, which is also a guarantor under the Contract. The utilised limit under the Contract amounted to BGN 11,837 thousand as of 31 December 2023.

## 9. EQUITY

### *Share capital - registered*

The share capital is stated at nominal value according to the registration with the Commercial Register.

in BGN'000	31 December 2023	31 December 2022
96,808,417 ordinary shares with a nominal value of BGN 1 each	96,808	96,808
	<b>96,808</b>	<b>96,808</b>

The capital of the parent company Industrial Holding PLC as of 31 December 2023 comprises 96,808,417 dematerialised registered voting shares with a nominal value of BGN 1 each, which are listed for trading on the Bulgarian Stock Exchange. The share capital is subscribed at its par and is fully paid-in. There is no preference shares and bearer's shares.

Shareholders of Industrial Holding Bulgaria PLC holding more than 5% share in the Group's capital as of 31 December 2023:

in BGN'000	Number of shares as of 30 September 2023	30 September 2023
BULLS AD	65,911,454	68.08%
DZH AD	9,657,874	9.98%
Other legal entities and natural persons	21,239,089	21.94%
	<b>96,808,417</b>	<b>100.00%</b>

### *Treasury shares redeemed*

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

- Number of shares to be redeemed each year 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 amount of the purchase price - BGN 1.00 per share;

- Maximum amount of the purchase price - BGN 3.00 per share.

The appointed investment intermediary is Allianz Bank Bulgaria AD.

Industrial Holding Bulgaria PLC held no treasury shares redeemed as of 31 December 2023.

## 10. RELATED PARTY DISCLOSURE UNDER IAS 24

The following subsidiaries were included in the Group's consolidated financial data:

	Country of registration	31 December 2023	31 December 2022
Industrial Holding Bulgaria PLC	Bulgaria	Parent company	Parent company
Privat Engineering EAD	Bulgaria	100.00%	100.00%
ZMM Bulgaria Holding EAD	Bulgaria	100.00%	100.00%
ZMM Sliven AD	Bulgaria	95.98%	95.98%
ZMM Nova Zagora AD	Bulgaria	99.45%	99.24%
IHB Metal Castings EAD	Bulgaria	100.00%	100.00%
KRZ Port Bourgas AD	Bulgaria	99.65%	99.65%
KLVK AD	Bulgaria	100.00%	100.00%
International Industrial Holding Bulgaria AG	Switzerland	100.00%	100.00%
Maritime Holding AD	Bulgaria	61.00%	61.00%
Bulgarian Register of Shipping EAD	Bulgaria	61.00%	61.00%
Bullyard Shipbuilding Industry EAD	Bulgaria	100.00%	100.00%
IHB Shipping Co EAD	Bulgaria	100.00%	100.00%
Karvuna LTD	Marshal Islands	100.00%	100.00%
Odria LTD	Marshal Islands	100.00%	100.00%
Tirista LTD	Marshal Islands	100.00%	100.00%
Serdika LTD	Marshal Islands	100.00%	100.00%
Karia LTD	Marshal Islands	99.00%	99.00%
Bulport Logistics AD	Bulgaria	100.00%	100.00%
Odessos PBM EAD	Bulgaria	100.00%	100.00%
IHB Shipdesign AD	Bulgaria	70.00%	70.00%

In 2023, there was a change in the investment portfolio Industrial Holding Bulgaria as a result of the participation in the incorporation of two new associated companies:

- CI NMF I Black Sea JV Holdco B.V. – a company, registered in the Netherlands, to explore the opportunities of developing projects for the production of energy from renewable sources. The share of IHB in its capital is 20%, indirectly - through International Industrial Holding Bulgaria AG. The remaining 80% is held by another company from the Netherlands;
- Drazki Varna EAD – a sole-owned subsidiary of CI NMF I Black Sea JV Holdco B.V.

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

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

- BULLS AD, a company that directly holds 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. Entities under the common control of the persons exercising control (item I)

III. Entities, over which the persons that have control (item I) also exercise significant influence or are members of their key management staff

IV. Key management personnel, including the Management and Supervisory Boards

V. Associates.

## 11. RELATED PARTY TRANSACTIONS

### Trade and other receivables from related parties

in BGN'000	31 December 2023	31 December 2022
Entities under common control of persons exercising control	23	22
Entities, over which the persons exercising control have significant influence or are members of their key management staff	270	145
	<b>293</b>	<b>167</b>

### Loans to related parties

in BGN'000	31 December 2023	31 December 2022
Associated companies	51	-
	<b>51</b>	<b>-</b>

### Cash with banks – related parties

in BGN'000	31 December 2023	31 December 2022
Entities, over which the persons exercising control have significant influence or are members of their key management staff	44,888	36,802
	<b>44,888</b>	<b>36,802</b>

**Loans from related parties (including interest)**

in BGN'000	31 December 2023	31 December 2022
Persons exercising control	-	751
	-	<b>751</b>
Non-current portion of long-term loans	-	591
Current portion of long-term loans	-	160
Principal	-	748
Interest	-	3

The loan liabilities of the persons exercising control were fully repaid as of the date of issue of this Public Notification.

**Liabilities under lease contracts with related parties**

in BGN'000	31 December 2023	31 December 2022
Entities under common control of persons exercising control	2,447	-
	<b>2,447</b>	-
Long-term portion	2,199	-
Short-term portion	248	-

The fee due under a lease contract concluded with an entity under the common control of the persons exercising control for the first nine months of 2023 amounts to BGN 258 thousand, while the cash outflow is BGN 237 thousand.



**Trade and other payables to related parties**

in BGN'000	31 December 2023	31 December 2022
Entities under common control of persons exercising control	6	-
Entities, over which the persons exercising control have significant influence or are members of their key management staff	9	9
	<b>15</b>	<b>9</b>

**Purchase and sale transactions – related parties**

in BGN'000		31 December 2023	31 December 2022
Revenue from contracts with customers			
	Entities, over which the persons exercising control have significant influence or are members of their key management staff	67	61
Rental income			
	Persons exercising control	-	1
	Entities under common control of persons exercising control	-	3
	Entities, over which the persons exercising control have significant influence or are members of their key management staff	87	83
Other income			
	Persons exercising control	4	2
	Entities, over which the persons exercising control have significant influence or are members of their key management staff	6	31
		<b>164</b>	<b>181</b>
in BGN'000		31 December 2023	31 December 2022
Costs of materials			
	Entities under common control of persons exercising control	39	-
Costs of hired services			
	Entities under common control of persons exercising control	10	-
	Entities, over which the persons exercising control have significant influence or are members of their key management staff	520	780
Other expenses			
	Entities under common control of persons exercising control	130	172
	Entities, over which the persons exercising control have significant influence or are members of their key management staff	-	41
Other finance costs			
	Entities, over which the persons exercising control have significant influence or are members of their key management staff	85	72
		<b>784</b>	<b>1,065</b>

**Movements of loans from related parties**

in BGN'000		Amounts received / (provided)	Amounts (paid)/ refunded	Interest (expenses)/ income	Interest paid
Persons exercising control	31 December 2023	-	(748)	(21)	(24)
Persons exercising control	31 December 2022	978	(387)	(13)	(10)
	31 December 2023	-	(748)	(21)	(24)
	31 December 2022	978	(387)	(13)	(10)

**Movements of loans to related parties**

in BGN'000		Amounts received / (provided)	Amounts (paid)/ refunded	Interest (expenses)/ income	Interest paid
Associated companies	31 December 2023	(51)	-	-	-
Associated companies	31 December 2022	-	-	-	-
	31 December 2023	(51)	-	-	-
	31 December 2022	-	-	-	-

**12. TERMS AND CONDITIONS OF RELATED PARTY TRANSACTIONS**

The sales to and purchases from related parties are made at contractual prices. Outstanding balances at the period-end are unsecured (except for loans), interest free (except for loans) and the settlement is made in cash. There have been no guarantees provided to or received for related party payables or receivables. For the period ended 31 December 2023 (31 December 2022: Nil), the Group had not written down related party receivables. A review for impairment is made every financial year through examining the financial position of the related party and the market in which the related party operates.

**13. COMMITMENTS AND CONTINGENCIES****13.1. LEGAL CLAIMS**

There are no significant legal claims brought against the Group.

**13.2. GUARANTEES**

According to Bank Loan Contract 22F-001225 for granting a total limit for working capital financing, issuance of bank guarantees and letters of credit in the amount of up to BGN 12,000 thousand as of 31 December 2023:

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

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

### 13.3. COLLATERAL

In connection with Bank loan contract number 22F-001225 of 07 November 2022, obtained to provide a total limit for working capital financing, issuance of bank guarantees and letters of credit, Industrial Holding Bulgaria PLC and the company-guarantor concluded financial collateral agreements through a pledge of receivables granting the right of use of all their accounts with the creditor bank in the amount of the liability at the appropriate time.

In connection with Bank loan contract number 22F-000155 of 24 February 2022, obtained to secure loan funds for investments of a subsidiary, Industrial Holding Bulgaria PLC, the companies-guarantors and the company-co-debtor signed financial collateral agreements through a pledge of receivables providing for a right of use over all their accounts with the creditor bank in the amount of the liability at the appropriate time.

In connection with Bank loan contract number 19F-002296 of 8 October 2019, obtained to finance the construction of a photovoltaic power plant, the company-borrower under the loan and the company-co-debtor signed financial collateral agreements through a pledge of receivables on all their accounts with the creditor bank in the amount of the liability at the appropriate time.

The collateral described above is adequate until the date of full repayment of the loan obligations they secure and/or until the termination date of the revolving limits, as the case may be.

## 14. DESCRIPTION OF THE MAJOR RISKS AND UNCERTAINTIES FACED BY THE GROUP

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, and to monitor the risks and compliance with the limits set.

*Non-systematic risks specific to the Company*

### **Risks associated with the Group's portfolio structure**

The Group's investments are focused on businesses characterised by slow rotation of funds invested (machine-building), dependency on energy and other resources (machine-building, ship repair, maritime transport) and high cyclicality (ship repair, ship design, maritime transport, classification and certification, port activity), thus reducing the level of return of the overall investment portfolio.

### **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:

- 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 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 in conjunction with par. 2 of POSA.

**Daneta Zheleva**

**Chief Executive Officer**

**Industrial Holding Bulgaria PLC**

**Ivan Rashkov**

**Chief Accountant**

**Vladislava Zgureva**

**Investors Relations Director**