



History of Smart Holding

1995

Establishment of the companies that will form the basis of Smart Holding investment group in the future. These companies specialized in the supply of materials for the mining and metals industries and performed commercial transactions with products of metallurgical industry and equipment.

1999

Smart Group LLC was founded on 7 October 1999 to manage the investment portfolio of Smart Holding in the metals and mining sector.

2000

Smart Group LLC gained the right to manage Ingulets Iron Ore Enrichment Works (Ingulets GOK, Kryvyi Rih) under a respective Investment Agreement with the state of Ukraine. During four years, the Group made substantial investments in the development of Ingulets GOK, improving its performance and creating a solid foundation for its further development.

2001

Smart Holding acquired an interest in Southern Iron Ore Mining and Processing Works (UGOK), which made the Group one of the key players in the iron ore supply market.

2003

Smart Holding was expanding and diversifying its investment portfolio. The Group acquired Unex Bank. In addition, the Company acquired a share in Veres Group that was among the leaders in the canned fruit and vegetables market in Ukraine.

2004

Smart Holding acquired a majority stake in Makiivka Metallurgical Plant OJSC (Donetsk region, Ukraine). During that period, this company was in the middle of the bankruptcy proceedings. Because of the successful rehabilitation during 2005 and 2006, the plant's performance stabilized, and it became one of the key assets in the Group's metals business.

In the same year, the Group acquired 83.6% shares in Kherson Shipyard OJSC through the privatization tender, thus giving a start to the shipbuilding business of Smart Maritime Group.

2006

To improve the corporate governance model, the management company SMART-HOLDING PJSC was founded.

The diversification of the investment portfolio continued through investments in such industries as shipbuilding, mining of non-metal materials and agro-industrial sector.

Smart Holding acquired 93.83% shares in Gorkyi Balaklava Mine from the State.

2007

Smart Holding and SCM made a strategic decision for the mining and metals sector of Ukraine to merge their mining and steelmaking assets. Thus, one of the world's largest mining and metals companies, Metinvest B.V. (the Netherlands), was founded.

Smart Holding entered the real estate development business by acquiring a stake in Yudzhin company. By that time, Yudzhin had registered its right to use the land plot, as well as developed and approved the shopping mall construction project on Troyitska Square near Olimpiyskyi National Sports Complex in Kyiv.

In the same year, Smart Holding acquired the shares in Chornomorskyi Shipbuilding Yard OJSC (today – Mykolaiv Shipyard of Smart Maritime Group, Mykolaiv). The shipyard had not built any vessels from 2004, but its performance was efficiently stabilized within a short period. The company became part of the shipbuilding business of Smart Maritime Group.

Smart Holding gained control over Ochakiv sea trade port (in Mykolaiv). The project's objective was to transform the operations of the minor port into one of the Black Sea's deep estuary harbours.

2008

Smart-Nerudprom LLC was established in order to consolidate asset management in the non-metal materials business. In addition to Balaklava ore mine, the Group's investment portfolio was extended with Yevpatoria Construction Materials Plant OJSC (in Crimea), Saky Construction Materials Plant OJSC (in Crimea) and Zaporozhnerudprom OJSC (today – Smart-Granit LLC in Zaporizhia). In 2014, due to the occupation of the Crimean Peninsula by the Russian Federation, the Group lost control over its non-metal materials' production assets in Crimea.

Yudzhin development company launched the implementation of its large-scale project to reconstruct Troyitska Square. By the start of the Euro 2012 Football Championship Final, the company had completed the first stage of the Square's re-design and duly prepared the infrastructure and the area adjacent to the country's main football arena.

2009

Smart Holding acquired a stake in Amstor retail chain (Donetsk region). At that time, the retailer owned a number of stores in Central and Eastern Ukraine. The strategic investor that

stepped in gave impetus to the development of the retail chain and created conditions needed to bring it up to the level of a national operator.

2010

Smart Holding acquired a stake in the gas production company Prom-Energo Product LLC (Kharkiv). The foundations of the gas-producing business line – Smart Energy – were laid.

2011

Developing its gas-producing business, Smart Holding acquired a majority stake in the British gas production company Regal Petroleum (today – Enwell Energy). At that time, the company controlled two promising gas and condensate fields in Poltava region (Ukraine). Subsequently, the Company expanded its portfolio of gas production assets through the acquisition of Ukrgezvydobutok PJSC (Kharkiv region). Smart Energy LLC (Kyiv) was founded for operational management of assets within this business area.

In the same year, Smart Holding and SCM establish agro-industrial holding company based on the agricultural assets of Ilyich Steel Works (Mariupol, Donetsk region). Today, HarvEast, possessing a bank of 127,000 hectares of cultivated land, claims to be one of the leaders in the domestic market of Ukraine.

2012

Smart Holding acquired Forum Bank from the international group Commerzbank.

The Group invested in the construction of a plant in Vinnytsia region to produce solid biofuel. The first stage of the plant Vin-Pellet LLC (today – Pellegrin LLC) for the production of fuel pellets from agricultural waste was commissioned in November.

In April, Smart Holding acquired Sport Hotel on Troyitska Square in Kyiv. The asset was sold through the respective privatization tender. The re-design of the hotel followed with the aim to reformat it into a four-star hotel facility.

The Group acquired a block of shares in Frunze NPO (Sumy) as a tactical portfolio investment.

At the end of the year, Amstor opened its first supermarket in Kyiv.

2013

Smart Holding took part in the WEF (World Economic Forum) initiative to develop Scenarios for Ukraine, a document designed to give an answer about possible future directions of Ukraine's economic development.

Kherson shipyard of Smart Maritime Group completed the fulfilment of a landmark contract to build a series of complete tankers of RST27 design ordered by SVL (Malta). This was the first series of complete ships built in the independent Ukraine.

Amstor chain opened the first supermarket in then Dnipropetrovsk (today – Dnipro) and began preparations for opening a store in Lviv. The total number of stores in the chain reached 31.

In December, Regal Petroleum (today – Enwell Energy) put into operation a condensate stabilization unit (CSU) at Mekhedivsko-Golotovschynske gas-condensate deposit. The unit was fitted out with equipment from Propak Systems Ltd. (Canada), which proved to be one of the top high-tech equipment in the world. This enabled the company to commence the production of liquefied gas corresponding to the autogas standard. Thus, the company became the second private producer of liquefied gas in Ukraine and managed to surpass the closest competitor by the quality of the attained commodity products.

2014

The political crisis, the occupation of the Autonomous Republic of Crimea by the Russian Federation and the outbreak of the military conflict in the East of the country significantly affected the development of Smart-Holding Group. The subsequent economic recession, the weakening of the national currency, imbalances in the financial markets, and the loss of governmental control over some territories of Ukraine, forced the leadership of Smart Holding to take a number of anti-recessionary decisions.

In this and the following years, some business areas were reformatting, the investment focus was shifted, and participation in some projects was terminated.

The National Bank of Ukraine refused to allocate a stabilization loan to Forum Bank PJSC and decided to introduce a provisional administration to this banking institution. Despite all the options offered by Smart Holding for the rehabilitation of the bank, as well as some concrete steps from the shareholder to infuse the financial resources into the bank, the regulator took a decision to withdraw Forum Bank from the market and dissolve it subsequently. Today, both experts and public officials agree that the decisions then adopted by the NBU were hasty, and Forum Bank could be saved, and its depositors could be protected.

In connection with the occupation of the Autonomous Republic of Crimea by the Russian Federation, Smart Holding decided to withdraw from the businesses located on the peninsula – extraction of non-metal minerals (Balaklava Ore Mine, Yevpatoria and Saki construction material plants) and agricultural business (Vesna farm).

In July, Smart Holding and SCM completed the deal to merge the mining and metallurgical assets of the two groups in the framework of the joint company Metinvest B.V. Today, Smart Holding owns 23.75% of Metinvest B.V.

In the conditions of industrial recession, Smart Maritime Group had to shift the emphasis towards ship repair orders. This trend, with rare exceptions, continued in the next three years. In this challenging period, the shipbuilding group was brought into balance through operations of the machine-building segment and cargo handling.

2015

Smart Holding and FOZZY GROUP reached an agreement to implement a joint project to resume the operation of Amstor retail chain. The agreement stipulated that Amstor's retail

business would operate under Silpo brand, while Amstor shopping centres would keep their original name. Thus, Smart Holding withdrew from the grocery retail business and focused on investing in commercial real estate.

This year, Kherson Shipyard of Smart Maritime Group built two tugboats under T2440 design for Kirgan Holding S.A., and at the end of the year, SMG signed a contract to build an oil garbage disposal vessel ordered by Yuzhnenskyi subsidiary of the Ukrainian Sea Ports Authority (USPA) (Yuzhne town, Odesa region).

Smart Holding continued to invest in drilling gas wells. This year, Prom-Energo Product LLC put into commercial operation exploration well no. 5 at Vasyshevske gas-condensate deposit (Kharkiv region) having a production rate of 35,000 cubic meters per day.

2016

Smart Holding commenced the implementation of an investment project to create an industrial park on the territories of Mykolaiv Shipyard of Smart Maritime Group that were not involved in the core production processes. The project was implemented in the format of a logistics hub with an emphasis on the transshipment of agricultural products and metal structures. The operator of the park was Naval Park LLC (Mykolaiv). Within the framework of the project, conditions for the integration of production facilities were created with the possibility of subsequent export of products, as well as import of goods to Ukraine.

This year, Smart Maritime Group significantly increased the scope of its ship repairs. A significant part in the portfolio of ship repair orders was about the deep modernization and renovation of vessels. In December, Kherson Shipyard of SMG completed the construction of a unique multipurpose ship – oil garbage disposal vessel SEA ANT, and handed it over to the administration of Pivdennyi Sea Port.

In July, Regal Petroleum Company (today – Enwell Energy) commenced drilling well no. 109 at Mekhedivsko-Golotovshchynske gas-condensate deposit (Poltava region).

In 2016, the Group's gas producing assets produced more than 208 million cubic meters of gas and 3,700 tons of liquefied gas from hydrocarbons of its own production.

2017

Unex Bank, which previously worked primarily with clients from the industrial sector, now changed its strategy and started to develop as a universal bank with a focus on the retail business. This was facilitated by the citizens' growing confidence in the banking system and positive shifts in the Ukrainian economy as a whole. The bank's net assets increased by 15% – to UAH 878 million, and the financial institution's operating profit reached UAH 11 million.

Smart Maritime Group continued to focus its efforts on providing high-quality ship repair services. One of the flagship projects of the year for the sub-holding company was the deep modernization of Donmaster Spirit dry cargo ship. Specialists of Kherson Shipyard increased the length of the vessel to 119 metres, which significantly improved the technical and economic parameters of the dry cargo carrier. Developing its metal processing business line, SMG

launched a sheet metal processing service based on Kherson Shipyard, a joint project with Metinvest.

Companies of Smart Energy Group managed to increase the production of hydrocarbons significantly: gas – by 8.5%, to 226.3 million cubic meters, and condensate – by 8.2%, up to 18,300 tons. This year, well no. 109 of Mekhedivsko-Golotovshchynske deposit (Poltava region) was put into operation, and drilling of well no. 28 at Ostroverkhivske field (Kharkiv region) commenced.

One of the milestone business events in 2017 was the opening of Park Inn by Radisson Kyiv Troyitska Hotel jointly with the Rezidor Hotel Group. The hotel, located on Troyitska Square in Kyiv, a two-minute walk away from the main national sports arena NSC Olimpiyskyi, went through a deep modernization and conversion.

Veres Group tapped into new sales markets, making up for the loss of the large Russian market due to the embargo imposed by the Russian government. This and next year, the share of export supplies to other countries went up to 18% (+11 percentage points), and their geographic coverage expanded to 25 countries. During this period, the company launched shipment of its products to countries such as Latvia, Lithuania, Poland, the United Arab Emirates, Jordan, China and the USA.

In 2017, companies of Metinvest Holding produced 7.6 million tons of steel and 27.5 million tons of iron ore concentrate. Metinvest's financial results improved significantly. Its sales proceeds grew by 44% compared to the previous year, to USD 8,931 million. Ukraine's share in the overall sales portfolio rose to 28%, while the share of Europe – another priority steel and iron ore market – remained at 36%.

2018

For Smart Maritime Group, year 2018 was marked by the resumption of its shipbuilding business. The company signed a contract to build two fully outfitted hulls of chemical tankers for the Dutch VEKA Shipbuilding WT B.V. The vessels would be built and delivered to the customer next summer, and the successful and high-quality performance of the contract would lay the foundation for the continued cooperation with the Dutch partners in subsequent years. During this period, 74 vessels were repaired and revamped on the stocks of SMG. Another major contract for the shipbuilders was the manufacture of basic elements of radial thickeners for Southern Mining and Processing Plant (Southern GOK, Kryvyi Rih). At the end of the year, the shipbuilding sub-holding company increased its production output almost twofold – to UAH 610 million.

Unex Bank continued to implement its retail business development strategy. In 2018, the bank increased the share of retail loans by UAH 79 million – to UAH 121 million, compared with the beginning of the year. Its net assets grew by 6% (UAH 54 million) to UAH 932 million.

This year became the most successful for gas production projects. Smart Energy's business showed impressive growth in all product groups: its gas production increased by 31%, gas condensate production – by 40%, and propane-butane production – by 50%. During this period, the gas producing companies significantly increased their operating well stock. Two wells were put into operation in Kharkiv region (no. 28 at Ostroverkhivske deposit and no. 10 at

Vasyshchevske deposit). In addition, the company completed the workover and wells no. 12 and no. 6 resumed their operation at Svyrydivske deposit in Poltava region.

In 2018, Metinvest Holding showed the best results for the last four years, proving that the group successfully restructured itself due to proactive operational, strategic and financial management. Its cast iron production grew by 3%, steel production remained unchanged, while coke and coal production increased by 11% and 9%, respectively.

In 2018, Metinvest acquired 24.99% in Pokrovske mine administration and Sviato-Varvarynska coal processing plant, as well as 23.71% in the Ukrainian producer of metallurgical coke – YuzhKoks. These acquisitions provided for a long-term supply of high-quality coking coal and coke, as well as strengthened Metinvest's own position in terms of availability of these key raw materials.

In 2018, the revenue of Metinvest Group grew by 33%, and its EBITDA increased by 23%. In addition, this year, Metinvest managed to bring its debt portfolio back to normal through successful refinancing of bonds and a syndicated loan.

2019

In 2019, Smart Energy's business achieved an important strategic goal – 1 million cubic meters of daily gas production. This became possible due to the implementation of a number of successful projects on drilling and workover of wells. At the end of the year, the Group's gas producing assets increased the level of gas production by 24.7% – to 368.8 million cubic metres. In June, Smart Holding increased its equity stake in Regal Petroleum plc (today – Enwell Energy plc.) to 82.65%.

Smart Maritime Group continued the execution of the contract to build the hulls of chemical tankers for the Dutch VEKA Shipbuilding WT B.V. In the summer, SMG handed over two finished vessels to the customer, and the parties signed contracts for the construction of two more similar vessels of the series. During this period, 76 vessels were repaired and revamped on the stocks of SMG.

Unex Bank closed year 2019 with a profit of UAH 9.2 million. The bank increased the volume of retail loans by 41.3% – to UAH 171 million, and the bank's net assets grew to UAH 937 million.

In the second half of the year, due to unfavourable conditions in the steel market and a significant strengthening of the national currency, Metinvest's financial indicators showed a slight decline. Nevertheless, even in such challenging conditions, the enterprises of the metallurgical holding company managed to bring steel production up by 3%, production of iron ore concentrate increased by 6%, and that of coking coal – by 10%. This year, the company completed such major investment projects as the overhaul of blast furnace no. 3 at Azovstal Works with simultaneous installation of a pulverized coal injection unit, as well as the retrofitting of the sheet rolling shop at Ilyich Steel Works. Metinvest acquired shares in two Ukrainian coking enterprises: 23.71% of shares in YuzhKoks and 49.37% of shares in Dniprovskiy Coking Plant.

Veres Group completed its restructuring based on the principles of clustered business division. Each production area was now represented by a separate company. VG Agro managed the

group's agricultural assets, VG Production integrated fruit and vegetable preservation facilities, and VG Farming managed the mushroom growing business. The Group's trading house was represented by VG Trade. Veres brand expanded its product range and brought new exclusive products to the market.

2020

This year was marked by the fight against the COVID-19 pandemic and its consequences for the company. The Group's businesses faced a number of challenges that were successfully overcome thanks to balanced management decisions and the dedication of its teams.

During this period, the businesses of Smart Holding Group, together with [Vadym Novynskyi Charitable Foundation](#), were among the first to respond to the call of the state to provide all possible support in the fight against the epidemic.

Thanks to the efforts of the Foundation's specialists, most sought-after medical equipment, personal protective gear for medical personnel and express tests for rapid detection of the disease were delivered to Ukraine. The amount of the charitable assistance allocated for these needs totalled more than UAH 100 million.

Year 2020 also marked the beginning of Smart Holding's transition to a new business model that implies a transformation from a classic industrial and investment holding to an investment management company.

The portfolio of the Group's assets in its gas production business expanded. Enwell Energy plc (formerly Regal Petroleum plc) acquired Arkona Gas-Energy, which held a special permit for the development of Svistunkivsko-Chervonolutske field (Poltava region). The development of this promising field had not been conducted for more than 15 years. Already the next year, its prospective reserves were evaluated, and in August 2021, the company started drilling a new well.

In 2020, Smart Energy managed to increase its natural gas production by 8.6%, condensate production – by 4.8% (up to 400.6 million cubic meters and 34,700 tons, respectively). The growth in production by Smart Energy resulted from commissioning of two wells at Ostroverkhivske field after the overhaul, as well as the commissioning of a new well at Svrydivske field.

Smart Maritime Group continued to experience the negative impact of the global shipbuilding market's recession, which was now exacerbated by the pressure from the pandemic. Nevertheless, during this period, two more outfitted hulls of chemical tankers (Cavalli design) – SYNERGY and MONTEVERDI – for the Dutch VEKA Group were launched from the stocks of Kherson Shipyard. In addition, the shipyards of the shipbuilding group implemented three deep-modernization projects. The most significant of them were the projects for the upgrade of dry-cargo vessels Gelius 1 and Dremora 2. In total, 55 ships were repaired at SMG shipyards during the year.

The project on creation of the industrial park in the premises of Mykolaiv Shipyard of SMG, which are not utilized in the shipbuilding process, gained its pace. Since the beginning of the project implementation (2016), the park operator – Naval Park – repaired the warehouses and

portal cranes, built a station for unloading vehicles, a station for unloading railway wagons, and upgraded the port facilities and infrastructure. By this time, Smart Holding's total investment in the project reached USD 6 million. The company began to actively search for an investment partner for the project. At the level of the Group's operating company, negotiations were held on the possible participation of China Railway Construction Corporation Ltd (China) in the project.

In 2020, Veres Group increased the sales of its canned products under its trademark by 8% - to UAH 946.9 million. The range of the brand's products expanded by 24 items, which was the highest figure in the last 5 years.

The brand opened a trading house in Kazakhstan. The Group also concluded a promising export contract for the supply of green peas to Singapore.

In 2020, Metinvest Holding managed to increase its steel production by 9% – to 8.3 million tons. During this period, the company completed a number of investment projects, including the project for modernization of Central Mining and Processing Plant (Central GOK). The company also increased its raw material production capacity by increasing its stake in Dniprovskiy Coking Plant, a Ukrainian producer of coking products, and Zaporizhvognetriv, a Ukrainian producer of refractory products and materials.

At the end of the year, Smart Holding decides to withdraw from the banking business. The Group negotiated the sale of Unex Bank to Dragon Capital investment company. The deal would be closed in April next year.

2021

The Group's corporate architecture changed. Back in 2020, SMART-HOLDING PJSC was reorganized into a limited liability company. Now the company was given the status of an operating company in Ukraine. Its main task was to develop the investment portfolio and provide a comprehensive expert assessment of the Group's Ukrainian assets for the Board of Directors of the top holding company SMART HOLDING (Cyprus) Ltd.

In turn, decision-making on major strategic issues was concentrated on the level of the top holding company SMART HOLDING (Cyprus) Ltd, whose Board of Directors approves and updates the development strategies of the Group and its businesses, changes in the investment portfolio, the distribution of profits and the procedure for distribution of dividends, M&A transactions, the appointment of business executives, as well as members of supervisory boards, etc.

2022

From the first day of the full-scale Russian invasion of Ukraine, the businesses of Smart Holding Group began to take an active part in helping the country fight the enemy. The Group's assets suffered significant losses, but most of the companies continued to operate and contribute to the fight against the Russian aggressor. The amount of social assistance Smart Holding provided to communities and the Armed Forces of Ukraine reached one billion hryvnias (UAH), taking into account its ownership share in Metinvest and the amount of this company's humanitarian aid. The companies of Smart Holding Group, not taking into account partner businesses, paid almost UAH 3.7 billion in taxes and fees to the country's budget for the year.

During the time of the full-scale war, Smart Holding Group implemented a number of anti-crisis projects thanks to which it was possible to support the activities of our enterprises and facilitate their further development.

Despite the temporary suspension of Smart Energy's gas production at gas fields in Poltava and Kharkiv regions due to the full-scale invasion, the company fully resumed the operations of its enterprises in the autumn. In 2022, the upgrade of the temporary metering and separation station (TMSS) was completed, which significantly increased the production of liquefied propane-butane. In addition, despite the wartime risks, the company drilled a new well and developed projects for future wells at promising deposits in Poltava region. Smart Energy group of companies provided assistance worth almost UAH 46 million to meet some needs of the Armed Forces of Ukraine, territorial defence units, and local communities. In particular, this included financial support, vehicles, products, etc.

Steel from Metinvest was used for producing tens of thousands defence structures, anti-tank hedgehogs, fortifications, modern combat protective gear, which helped in the fight against the aggressor. In 2022, Metinvest allocated more than UAH 3.1 billion to strengthen the country's defence capabilities, to support the company's employees and Ukrainian citizens. The enterprises of Metinvest Group suffered significant destruction as a result of the armed hostilities. Ilyich and Azovstal Iron and Steel Works in Mariupol suffered extensive damage. After the de-occupation of territories and once Metinvest regains control over its assets, the Group plans to restore the production base, in particular by building modern and environmentally friendly industrial facilities.

Veres Company continued its business operations despite the loss of one of its agricultural divisions due to the occupation, and despite interruptions in the power supply, which caused a significant challenge for the production process. To support citizens, territorial defence units and humanitarian missions, the company organized delivery of several hundred thousand units of its products.

Aiming to preserve its business and taking into account the high risk of finding itself in the war zone, Soton Company relocated its production facilities from Dnipro to Uzhgorod within a very short time. After the relocation of the industrial facilities and employees, the company continued the development and expansion of its sales markets in Europe. Exports to the EU, USA and other countries accounted for more than 80% of the company's sales.

Zaporizhia-based Smart Granit supplied rock fines and crushed stone for defence structures, and also donated some necessary equipment/vehicles for the erection of such structures. In particular, 1,650 tons of crushed stone (24 wagons) worth UAH 550,000 were transferred for the needs of the Armed Forces and territorial defense of the Dnipro region.

Kherson shipyard of shipbuilding business Smart Maritime Group (SMG) was under temporary occupation. However, at the request of the local authorities of Kherson city and despite the continued shelling, SMG maintained its infrastructural facilities in order to provide residents of part of Kherson city with electricity. SMG allocated more than UAH 2 million for the restoration of electric substations after the de-occupation.

Unfortunately, not all the businesses were able to preserve their production facilities and continue their operations. The work of Naval Company halted, and the enterprises in Mykolaiv and Ochakiv did not operate due to enemy shelling and mining of the water area. Some shopping malls of Smart Urban Solutions Company were destroyed, and those in the occupied territory were seized. The Park Inn Hotel on Olympic Square in Kyiv was not functioning.

In 2022, Smart Holding completed the last round of its restructuring. As part of the restructuring process, Vadym Novynskyi, the founder of Smart Holding, decided to dispose of his share in the company, transferring it to a trust. Full ownership, control and management of the Group's assets is carried out by trustees in accordance with the terms of the trust instrument.