

Translation from Bulgarian

GRADUS AD

INTERIM CONSOLIDATED MANAGEMENT REPORT
As at 31 March 2022

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I. General information about the group

1. Registration and business activities

The Gradus Group includes the parent company and its seven subsidiaries.

Parent company

Gradus AD (the "Company") is a company registered in Bulgaria with the Commercial Register at the Registry Agency under UIC 204882907.

The company is of unlimited duration.

Management address:

Republic of Bulgaria,

6000 Stara Zagora, Industrialen quarter, Gradus Poultry Slaughterhouse.

Gradus AD is a public company in accordance with the Public Offering of Securities Act.

Subsidiaries:

As of 31 March 2023, the Group subsidiaries are:

- Lora-2004* (the Company) is registered as OOD (a limited liability company) with the Stara Zagora Regional Court, under company file 332/2004. On 14 December 2017, it was registered with the Commercial Register as EOOD (a single-member limited liability company) with the sole owner of the capital being Gradus AD.

Management address: Stara Zagora, Industrialen quarter, Gradus Poultry Slaughterhouse

- Zhyuliv* (the Company) is registered as OOD (a limited liability company) with the Sliven District Court, under company file 369/1997. On 14 December 2017, it was registered with the Commercial Register as EOOD (a single-member limited liability company) with the sole owner of the capital being Gradus AD.

Management address: the town of Stara Zagora, Industrialen quarter, Gradus Poultry Slaughterhouse

- Millennium 2000* (the Company) is registered as OOD (a limited liability company) by decision 1976 / 20 December 2001 with the Sliven District Court, under company file 948/2001. On 14 December 2017, it was registered with the Commercial Register as EOOD (a single-member limited liability company) with the sole owner of the capital being Gradus AD.

Management address: the town of Stara Zagora, Industrialen quarter, Gradus Poultry Slaughterhouse

- Gradus-1* (the Company) is registered with the District Court of Pazardzhik under company file 732/1995. On 14 December 2017, its legal form was changed to EOOD (a single-member limited liability company) with the sole owner of the capital being Gradus AD.

Management address: the town of Stara Zagora, Industrialen quarter, Gradus Poultry Slaughterhouse

- Gradus-3** (the Company) was established on 20 April 1999 by decision of the Stara Zagora District Court on company file 895/1999.

Management address: the town of Stara Zagora, Industrialen quarter, Gradus Poultry Slaughterhouse

- Gradus-98* ("Biser Oliva-98" AD) was registered on 10 July 1998 by decision of the Stara Zagora District Court on company file No. 1399/1998. By decision of the General Meeting of the Shareholders held on 08 August 2017, it was decided to change the company name from Biser Oliva-98 AD to Gradus-98 AD, which was entered into the Commercial Register on 06 September 2017.

Management address: the town of Stara Zagora, Industrialen quarter.

- Gold Farm 91 EOOD * (the Company) is registered into the Commercial Register with sole owner of capital "Gradus" AD.

Registered office address: Stara Zagora "Industrialen" Residential District, "Gradus" Poultry Slaughterhouse

- Gradus Logistics EOOD * (the Company) is registered into the Commercial Register with sole owner of capital "Gradus" AD.

Registered office address: Stara Zagora "Industrialen" Residential District, "Gradus" Poultry Slaughterhouse

* Effective percentage of participation

** Indirect participation

Business activities of the Group companies

The main business activity of the Group companies is concentrated in the Poultry Farming sector, with the exception of companies whose activity includes also production of compound fodder and trade and renting of means of transport.

The scope of business activities of the Group companies is as follows:

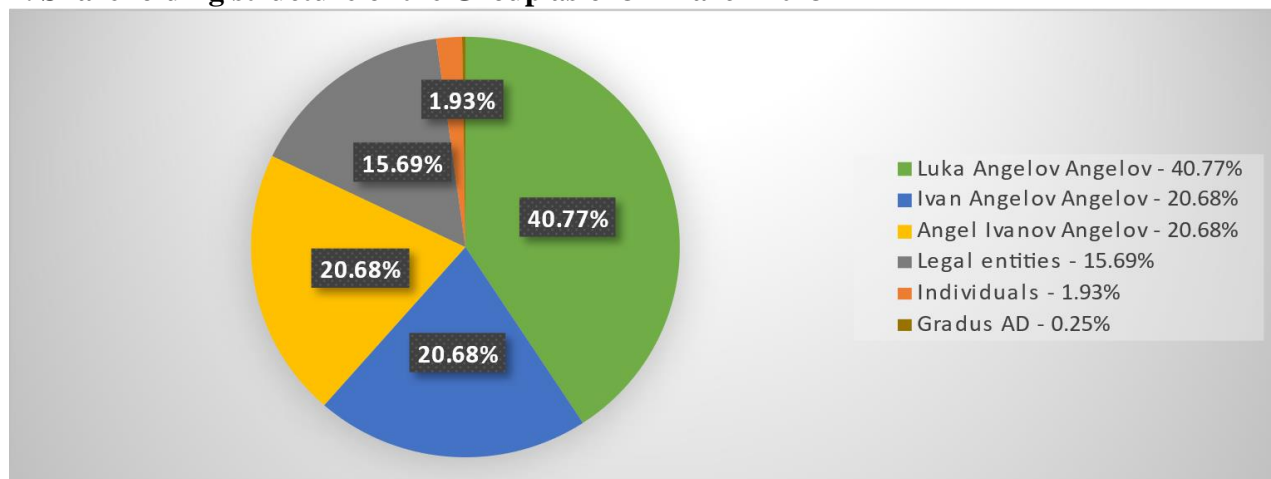
- **Lora-2004 EOOD** - the main business activity of the company is poultry farming - breeding and realization of fattened poultry – broilers;
- **Zhyuliv EOOD** – the main business activity of the company is fattening of broilers and hatching of chickens. The company is registered in the State Fund Agriculture as a farmer.
- **Millennium 2000 EOOD** - the main business activity of the company is poultry farming - breeding parents of broilers, production and realization of breeding eggs, production and realization of fattened broilers;
- **Gradus-1 EOOD** - the main business activity of the company is the processing and sale of poultry meat products;
- **Gradus-3 AD** - the main business activity of the company is the production of compound fodder intended for the market, containing grains and feed additives in a ratio according to established and approved recipes. For the exercise of the activity, the company is entered in the register under Article 19, para.11 of the Law on Fodders and has received a certificate of approval № 00041 dated 26 January 2007 issued by the National Grain and Fodder Service.
- **Gradus-98 AD** - the main business activity of the company is production, processing and realization of all kind of agricultural and animal products.
- **Gold Farm 91 EOOD** – the main activity of the company is poultry farming - breeding and realization of fattened birds - broiler chickens.
- **Gradus Logistics EOOD** - the main activity of the company is rental of vehicles.

The parent company and the subsidiaries carry out their business activities in the Republic of Bulgaria.

The parent company holds the following equity interest in the subsidiaries:

- Lora-2004 EOOD - 50 shares with a nominal value of BGN 100 each representing 100% of the capital of Lora-2004 EOOD;
- Zhyuliv EOOD - 50 shares with a nominal value of BGN 100 each representing 100% of the capital of Zhyuliv EOOD;
- Millennium-2000 EOOD - 10 shares with a nominal value of BGN 500 each representing 100% of the capital of Millennium-2000 EOOD;
- Gradus-1 EOOD - 100 shares with a nominal value of BGN 50 each representing 100% of the capital of Gradus-1 EOOD;
- Gradus AD participates indirectly in the capital of Gradus 3 AD through its subsidiary Gradus-1 EOOD, owning 96.00% of the capital of Gradus 3 AD;
- Gradus 98 AD – 49,967 ordinary registered voting shares with a nominal value of BGN 10 each, representing 99.94% of the capital of Gradus 98 AD.
- Gold Farm 91 EOOD – 3837782 shares with a nominal value of BGN 1 лев each, representing 100% of the capital of Gold Farm 91 EOOD.
- Gradus Logistics EOOD - 4000 shares with a nominal value of BGN 100 each representing 100% of the capital of Gradus Logistics EOOD

2. Shareholding structure of the Group as of 31 March 2023



3. Personnel

As of 31 March 2023, the average payroll staff of the Group was 1,274 workers and employees (31 March 2022: 1,283).

II. An objective overview of the development and performance of the enterprise as well as its condition, together with a description of the main risks it faces

1. Current period results of the group

For the period 01 January 2023 – 31 March 2023, the Group has reported an operating profit of BGN 4 723 thousand (for the period 01 January 2022 – 31 March 2022 - an operating profit of BGN 7,516 thousand) and net profit of BGN 4 220 thousand (01 January 2022 – 31 March 2022 : an operating profit of BGN 6,749 thousand).

The consolidated results of "Gradus" AD are additionally influenced by:

- Losses from overstocking with feed raw materials purchased in 2022 at significantly higher prices compared to their market prices in the first quarter of 2023;
- Limited export of breeding eggs to third countries, due to low sales prices, not providing economic benefit for the Group.

REVENUE

Sales revenue reported by the Group for the reporting period amount to BGN 30 531 thousand, including:

Sales revenue	1-3/2023 BGN'000	1-3/2022 BGN'000	Change %	Relative share 2023 %
Revenue from sale of finished products	29 901	34 610	-14%	98%
Revenue from sale of goods	206	201	2%	1%
Revenue from sale of services	424	299	42%	1%
Total sales revenue	30 531	35 110	-13%	100%

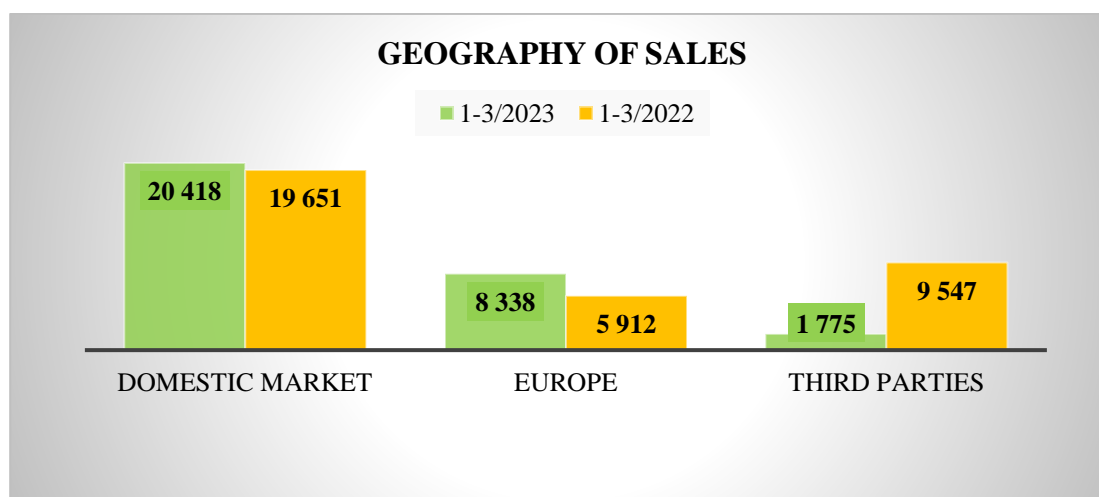
Revenues from product sales for the reporting period decreased by BGN 4 709 thousand or by 13.61% compared to the same period in 2022, reflecting unrealised transactions on third-country markets in the Breeding Eggs segment due to economic failures.

Revenues from sales of goods for the reporting period increased by BGN 5 thousand or by 2.49% compared to the same period of 2022.

Revenues from the sale of services for the period increased by BGN 125 thousand or by 41.81% compared to the same period in 2022.

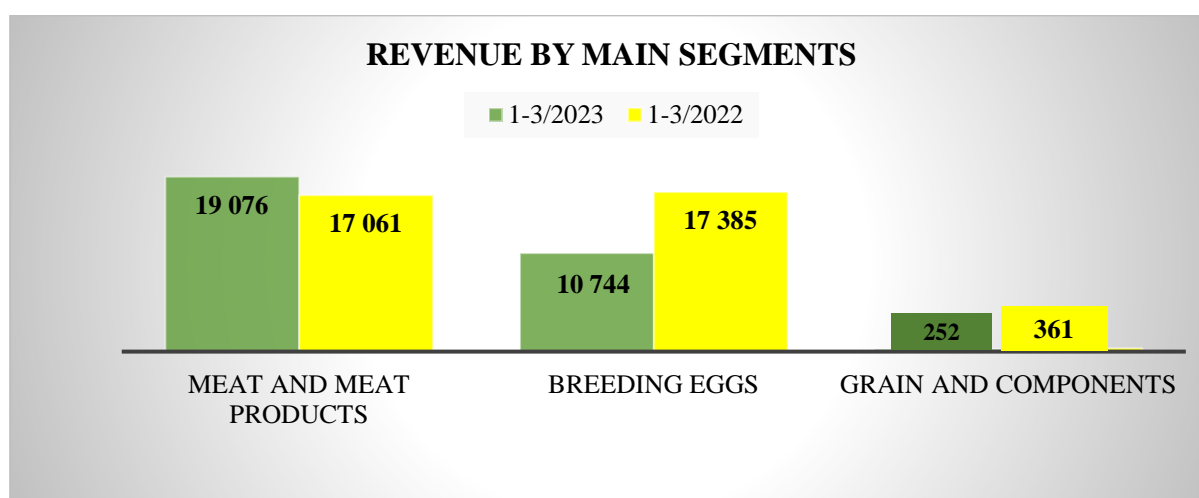
Geography of sales

	1-3/2023 BGN'000	1-3/2022 BGN'000	Change %	Relative share 2023 %
Domestic market	20 418	19 651	4%	67%
Europe	8 338	5 912	41%	27%
Third countries	1 775	9 547	-81%	6%
Total	30 531	35 110	-13%	100%



Revenue reported by main segment

	1-3/2023 BGN'000	1-3/2022 BGN'000	Change %	Relative share 2023 %
Meat and meat products	19 076	17 061	12%	63%
Breeding eggs	10 744	17 385	-38%	36%
Grain and components	252	361	-30%	1%
Total	30 072	34 807	-14%	100%



For the reporting period with the largest share of sales revenue by main segment is the segment "Meat and meat products" with 63.43% of the total revenue BGN 30,072 thousand (For the same period of the previous year, the segment with the largest share of sales "Breeding eggs" with 50% of the total revenue BGN 34,807 thousand).

REVENUE BY MAIN SEGMENTS AND BY MARKET

Main segments	Domestic market		Europe		Third countries	
	1-3/2023	1-3/2022	1-3/2023	1-3/2022	1-3/2023	1-3/2022
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Meat and meat products	18 716	16 866	271	187	89	8
Breeding eggs	991	2 121	8 067	5 725	1 686	9 539
<i>breeding eggs</i>	897	1 948	3 188	2 052	1 686	9 539
<i>one-day-old chicks</i>	94	173	4 879	3 673	-	0
Grains and components	252	361	-	-	-	-
Total	19 959	19 348	8 338	5 912	1 775	9 547

The management of the group closely monitors the main markets for the realization of the production in the segments in which it operates and takes the necessary measures to ensure optimal economic benefit at the group level.

Segment "Meat and meat products"

The realized sales revenues in the "Meat and Meat Products" segment for the period under review scored a growth by **11,81 %** or BGN **2,015** thousand compared to the same period of the previous 2022 year.

Inflationary processes in the country and dynamic prices of cereals on world markets suggest future volatility in price levels of meat and meat products.

The high production costs of raw materials, auxiliary materials and energy carriers forced a limitation of the assortment of products under the "I eat" brand in "Gradus - 1" EOOD. The released capacities as a result of this enable the company to focus on the production of end products with greater demand, higher added value and margins.

The management expects the positive impact of the strategic reorientation of the subsidiary to continue in the current year and to lead to significant results in the medium term.

Segment „Breeding eggs“

Realized sales revenues in this segment for the reporting period decreased by **38,2%** or by BGN **6,641** thousand compared to the same period of the previous year.

Breeding eggs

The realized revenues from sales of breeding eggs for the reporting period decreased by **57,37%** or by BGN **7,768** thousand compared to the same period of the previous year. In the current year, there are volatile prices of breeding eggs on international markets.

Revenues from domestic market of breeding eggs recorded decrease of **53,95%** or **1,051** thousand BGN same period of 2022.

During the period under review, there was a increase in revenue from sales of breeder eggs on the European market by **55,36%** or BGN **1,136** thousand compared to the same period of 2022.

The Group recorded an decrease in revenue from sales of breeder eggs to third countries for the period under review by **82,33%** or BGN **7,853** thousand compared to the same period of 2022.

Day-old chicks

The Group realized an increase in revenue from sales of day-old chicks in the amount of BGN **1,127** thousand or **29,30%** in comparison to the same period in 2022.

Realized revenues from sales of day-old chicks on the domestic market decreased by **45,66%** or BGN **79** thousand compared to the same reporting period in 2022.

Sales of day-old chicks in Europe saw significant revenue growth with **32,83%** or by BGN **1,206** thousand compared to the same reporting period in 2022.

Segment “Grains and components segment”

For the reporting period the Group realized a decrease in sales of the grain and components segment by **30,19%** or BGN **109** thousand, compared to the same reporting period of 2022.

The group does not focus on this segment of its business, but if there are good transaction opportunities in this segment, they will be exploited.

The optimisation and restructuring processes to reduce costs and increase revenue continue.

Reported other operating income for the period under review amounted to BGN 4 018 thousand and included:

Other operating income	1-3/2023 BGN'000	1-3/2022 BGN'000	Change %	Relative share 2023 %
Rental income	113	169	-33%	3%
Gain on sale of materials and FTAs	116	65	78%	3%
Income from financing, including: <i>for the humane rearing of poultry</i>	2 980	3 958	-25%	74%
<i>for electric energy</i>	2 628	2 935	-10%	65%
<i>Others</i>	266	966	-72%	7%
Total	809	119	580%	-
Total	4 018	4 338	-7%	100%

A significant part of the composition of other income from the Group's activities during the reporting period is the income from financing. For 2023 the Group mainly reports revenues from bird welfare financing and revenues from electricity financing.

EXPENSES

The Group reports operating expenses amounting to BGN 29,894 thousand.

Operating expenses	1-3/2023 BGN'000	1-3/2022 BGN'000	Changes %	Relative share 2023 %
Changes in stock of finished products and work in progress	(9 359)	(7 660)	22%	-31%
Expenses on raw materials and materials	26 397	27 670	-5%	88%
Hired service expenses	1 566	1 874	-16%	5%
Personnel expenses	8 416	7 451	13%	28%
Depreciation / amortization expenses	2 055	1 955	5%	7%
Carrying amount of goods sold	171	160	7%	1%
Other operating expenses including	648	628	3%	2%
Total	29 894	32 078	-7%	100%

During the period under review, operating expenses decreased by BGN 2,184 thousand or by 6.81% compared to the same period in 2022 (detailed information on operating costs can be found on page 31 of the explanatory notes to the consolidated report).

The cost of raw materials and supplies decreased by BGN 1,273 thousand or 4,6% compared to the same period in 2022 (p. 31, note 27);

The cost of external services decreased by BGN 308 thousand or by 16,44% compared to the same period in 2022 (p. 31, note 28);

Personnel costs in 2023 increased by BGN 965 thousand or by 12,95% compared to the same period of 2022.

Depreciation and amortization expenses for the reporting period increased marginally by BGN 100 thousand or by 5,12% compared to the same period in 2022.

The carrying amount of the goods sold increased by BGN 11 thousand or by 6,88% compared to the reported in the same period of 2022.

The other operating expenses increased by BGN 20 thousand or by 3,18% in the during period under review of 2023 same reporting period of 2022.

FINANCE INCOME AND FINANCE COSTS

Finance income	1-3/2023 BGN'000	1-3/2022 BGN'000	Change %	Relative share 2023 %
Interest income on loans granted	57	51	12%	100%
Foreign exchange gains	-	17	-100%	-
Total	57	68	-16%	100%

Finance costs	1-3/2023 BGN'000	1-3/2022 BGN'000	Change %	Relative share 2023 %
Interest expenses on bank loans received	27	3	800%	28%
Bank charges	34	8	325%	35%
Foreign exchange losses	37	-	-	38%
Total	98	11	791%	100%

2. Main risks faced by the Group

The risk management policy of the Group is directed towards identifying and analysing the risks to which the Group is exposed to set limits of risk appetite. Based on the analysis of these risks, the Group develops and implements appropriate controls to address these risks. This policy, as well as the risk management controls introduced are subject to periodic reviews to reflect any changes in the external and internal conditions in which the subsidiaries operate.

The continuing uncertainty regarding the expected economic development at the national, regional and global levels, as well as the observed inflationary processes, are a challenge in determining the Group's strategy and may affect its results. The geopolitical risk associated with the conflict in Ukraine may have a negative effect on economic processes in Bulgaria and the region, as well as in particular on supply chains in a number of sectors of the economy, and hence affect the Group's operations. This uncertainty creates risks that the Group analyzes and assesses.

Credit risk

Credit risk arises mainly from receivables from customers. The exposure to credit risk is the result of the individual characteristics of each individual client.

The Group manages credit risk primarily by placing credit limits on each client individually, depending on the sales volume and the client's credit history, as well as by exercising constant control over delayed payments.

Currency risk

Sometimes, the Group companies undertake transactions denominated in foreign currencies. The Group is exposed to currency risk relating to possible fluctuations in exchange rates of foreign currencies. Currently, such risk originates from fluctuations in the USD exchange rate upon trading in agricultural produce.

Liquidity risk

Liquidity risk is the risk that the Group companies will have difficulty in fulfilling their obligations related to financial liabilities. The liquidity management approach aims at ensuring, as far as possible, that there will always be sufficient liquidity to meet its obligations, both under normal and stressful conditions, and without incurring unacceptable losses or harming the reputation of the Group. For the purpose, the subsidiaries maintain credit lines and use short-term borrowings from banks.

Market risk

Market risk is the risk that in case of changes in market prices, such as foreign exchange rates, interest rates or prices of equity instruments, the companies' income or the value of their investments may be affected. The goods' prices are monitored by the Group's management. Sales are managed locally using competitive market prices. The main factors determining price changes are changes in competitors' prices as well as changes in the cost of products.

Political risk

Political risk is the probability of a change of government, or of a sudden change in its policy, of internal political turmoil and adverse changes in European and / or national legislation, as a result of which the environment in which local businesses operate will change negatively, and investors to incur losses.

The political situation on the Export Markets of the Group has a significant effect on the operations and financial position of the Group. Russia is still inaccessible as a breeding egg market for the group.

At the date of the report, the Russian invasion of Ukraine created preconditions for uncertainty and negative consequences for Bulgaria in many dimensions, including economic.

During the reporting period there were no revenues from sales of the Group in Ukraine (BGN 729 thousand in the same reporting period of 2022 and BGN 1,877 thousand in the same reporting period of 2021). Typically, these sales are situated in the Breeding Eggs segment.

Macroeconomic risk

This is the risk of macroeconomic shocks, which are measured by economic stability and the prospects for growth of the national economy. Trends in the macroeconomic environment directly or indirectly influence the formation and change of market conditions, as well as the investment climate.

3. Key ratios analysis

To achieve greater efficiency and control over the Group companies' results, management monitors certain key performance indicators related to business activities. These indicators are mainly focused on the amount of profit, debt level and effectiveness.

- **Gross Profit Margin (Gross profit from operations / Sales)**

	1-3 2023	1-3/2022
Pre-tax profit	4 723	7 516
Income	30 531	35 110
Gross profit margin	15.47%	21.41%

- **EBITDA margin (EBITDA-Earnings before interest, taxes, depreciation and amortisation /Sales)**

	1-3 2023	1-3/2022
EBITDA (Earnings before interest, taxes, depreciation and amortisation)	6 819	9 414
Income	30 531	35 110
EBITDA margin	22.33%	26.81%

- **Debt to Assets Ratio (Total Liabilities / Total Assets).** Through this indicator, management monitors how much of the assets have been financed by debt in one form or another.

	31.03.2023	31.12.2022
Total liabilities	40 685	40 631
Total assets	362 459	358 255
Debt to Assets Ratio	0.11	0.11

4. Prospective future development of the Group

The Group's management continues its policy of effectively and successfully achieving its main goals:

- increasing the number of main flocks, increasing the number of fattened broilers, increasing the production and marketing of breeding eggs, as well as achieving full compliance with all European standards for the protection of the environment;
- full utilization of production;
- development of existing and new business lines related to the production of high-margin food products.

III. Significant events, which have occurred during the reporting period and until the issuance of the interim management report

On 04.01.2023 there have been changes in the management of the group, as the current members of the Board of Directors Ivan Angelov (Chairman of the Board of Directors and Executive Director) and Luka Angelov (Deputy Chairman of the Board of Directors) terminated their participation in the Board of Directors and their place was taken by Angel Angelov (Chairman of the Board of Directors) and Bistra Kotzeva (Deputy Chairman of the Board of Directors).

On 04.01.2023 changes were made, consisting in the registration of a decision for Gradus AD to be managed and represented by Angel Ivanov Angelov and Georgi Alexandrov Babev – jointly.

As of 17.01.2023. the company's own shares buyback programme has been launched pursuant to Art. 111, para. 6 of the Public Offering of Securities Act.

In connection with a resolution of the annual general meeting of shareholders held on 05.06.2020 and on the basis of the provision of art. 111, para. 6 of the Public Offering of Securities Act, we notify you of a decision taken by the Board of Directors of Gradus AD to initiate a buyback procedure for up to 7 308 261 of own shares, representing up to 3% of the capital of the Company, which is within the limitation under Art. 111, para. 5 of the Public Offering of Securities Act. The investment intermediary to which orders will be submitted is First Financial Brokerage House Ltd.

On 17.01.2023. Gradus AD bought back 18,776 own shares at an average price of BGN 1.50 per share.

As of 17.01.2023 the total number of own shares held by the company is 18 776 pieces or 0.008% of the voting rights of Gradus AD.

On 18.01.2023. Gradus AD bought back 107,900 own shares at an average price of BGN 1.50 per share.

As of 18.01.2023. the total number of own shares held by the company is 126 676 pieces or 0.052% of the voting rights of Gradus AD.

On 19.01.2023. Gradus AD bought back 20,197 own shares at an average price of BGN 1.50 per share. As of 19.01.2023. the total number of own shares held by the company is 146 873 or 0.060% of the voting rights of Gradus AD.

On 20.01.2023 Gradus AD bought back 248 own shares at an average price of BGN 1.50 per share. As of 20.01.2023. the total number of own shares held by the company is 147 121 or 0.060% of the voting rights of Gradus AD.

On 24.01.2023. Gradus AD bought back 1,690 own shares at an average price of BGN 1.50 per share. As of 24.01.2023. the total number of own shares held by the company is 148 811 or 0.061% of the voting rights of Gradus AD.

On 25.01.2023. Gradus AD bought back 95,404 own shares at an average price of BGN 1.50 per share. As of 25.01.2023. the total number of own shares held by the company is 244 215 units or 0.1% of the voting rights of Gradus AD.

On 26.01.2023. Gradus AD bought back 2,190 own shares at an average price of BGN 1.50 per share. As of 26.01.2023. the total number of own shares held by the company is 246 405 or 0.1% of the voting rights of Gradus AD.

On 27.01.2023. Gradus AD bought back 56,490 own shares at an average price of BGN 1.50 per share. As of 27.01.2023 the total number of own shares held by the company is 302 895 pieces or 0.1 2% of the voting rights of Gradus AD.

On 30.01.2023. Gradus AD bought back 137,705 own shares at an average price of BGN 1.50 per share. As of 30.01.2023 the total number of own shares held by the company is 462 295 pieces or 0.1 9% of the voting rights of Gradus AD.

On 31.01.2023. Gradus AD bought back 137,705 own shares at an average price of BGN 1.50 per share. As of 31.01.2023, the total number of own shares held by the company is 600,000 or 0.25% of the voting rights of Gradus AD.

On 14.02.2023 at the General Meeting of Shareholders of Gradus-98 AD, it was decided to distribute part of the profit for 2021 in the amount of BGN 2,000,000. As a result of the decision, Gradus AD, as the majority shareholder of Gradus-98 AD, will receive a dividend of BGN 1,998,680.

On 02.03.2023. Gradus AD bought back 1,131 own shares at an average price of BGN 1.40 per share. As of 02.03.2023, the total number of own shares held by the company is 601,131 or 0.25% of the voting rights of Gradus AD.

On 06.03.2023. Gradus AD bought back 5,643 own shares at an average price of BGN 1.40 per share. As of 06.03.2023 the total number of own shares held by the company is 606 774 pieces or 0.25% of the voting rights of Gradus AD.

On 07.03.2023. Gradus AD bought back 2,700 own shares at an average price of BGN 1.40 per share. As of 07.03.2023 the total number of own shares owned by the company is 609,474 or 0.25% of the voting rights of Gradus AD.

On 08.03.2023. Gradus AD bought back 650 own shares at an average price of BGN 1.40 per share. As of 08.03.2023 the total number of own shares held by the company is 610,124 or 0.25% of the voting rights of Gradus AD.

On 20.03.2023. Gradus AD is again part of the three leading indices on the BSE: SOFIX, BGBX40 and BGTR 30.

On 19.04.2023, a request was received from the subsidiaries of Gradus AD -Gold Farm 91 EOOD, UIC 205933500, Lora-2004 EOOD, UIC 123658624, Juliv EOOD, UIC 119053781 and Millennium 2000 EOOD, UIC 119591422 for approval of a transaction under Art. 114, para. 3, item 1, letter "a" of the Public Offering of Securities Act and based on the resolution for approval of the Board of Directors of Gradus AD dated 20.04.2023 you are hereby informed of the commencement of the procedure for the merger of Gold Farm 91 EOOD (UIC 205933500); "Lora-2004" EOOD (UIC 123658624) and "Juliv" EOOD (UIC 119053781), as the companies to be converted, into "MILLENNIUM 2000" EOOD (UIC 119591422), as the receiving company.

Gradus AD is the sole owner of the capital of each of the converting and receiving companies. Therefore, the planned merger is an entirely intra-group transformation, which will result in a change in the ultimate ownership of the assets to be transferred as a result of the merger from the transforming to the receiving company. The merger will be carried out without any increase in the capital of the receiving company, "MILLENNIUM 2000" EOOD, no advantages are envisaged for the verifiers or the members of the management and supervisory bodies of the companies participating in the merger, nor are any other changes envisaged in the Articles of incorporation of Millennium 2000 as a receiving company. GRADUS AD is the sole owner of the capital of Millennium 2000 and will remain so after the merger. The merger is planned to take place before the end of the

second quarter of 2023, the accounting date of the merger being the earlier than the date of entry of the merger in the Commercial Register or 30 June 2023;

On 26.04.2023. Gradus AD bought back 1 970 000 own shares at an average price of BGN 1.4 5 per share.
As of 26.04.2023 the total number of own shares held by the company is 2 580 124 pieces or 1.06% of the voting rights of Gradus AD.

On 28.04.2023. Gradus AD bought back 29,291 own shares at an average price of BGN 1.4,9978 per share.
As of 28.04.2023 the total number of own shares held by the company is 2 609 415 pieces or 1.07% of the voting rights of Gradus AD.

On 02.05.2023. at a meeting of the Board of Directors of Gradus AD it was decided that part of the profit of the subsidiary Gradus-1 EOOD shall be distributed to Gradus AD, in its capacity of sole owner of the capital, in the form of a dividend amounting to BGN 1 000 000.00 /one million/ .

On 02.05.2023. at a meeting of the Board of Directors of Gradus AD, it was decided that part of the profit of the subsidiary Laura-2004 EOOD shall be distributed to Gradus AD, in its capacity of sole owner of the capital, in the form of a dividend amounting to BGN 1 000 000.00 /one million/ BGN.

On 02.05.2023. at a meeting of the Board of Directors of Gradus AD it was decided that part of the profit of the subsidiary Millennium 2000 EOOD shall be distributed to Gradus AD, in its capacity of sole owner of the capital, in the form of a dividend amounting to BGN 1 000 000.00 /one million/ .

On 02.05.2023. Gradus AD bought back 59 992 own shares at an average price of BGN 1.497997 per share.
As of 02.05.2023 the total number of own shares held by the company is 2 669 407 pieces or 1.1% of the voting rights of Gradus AD.

On 03.05.2023. Gradus AD bought back 1070 own shares at an average price of BGN 1.50 per share.
As of 03.05.2023 the total number of own shares owned by the company is 2 670 477 pieces or 1.1% of the voting rights of Gradus AD.

On 09.05.2023. Gradus AD bought back 700 own shares at an average price of BGN 1.50 per share.
As of 09.05.2023 the total number of own shares held by the company is 2 671 177 pieces or 1.1% of the voting rights of Gradus AD.

On 11.05.2023. Gradus AD bought back 10,000 own shares at an average price of BGN 1.50 per share.
As of 11.05.2023 the total number of own shares held by the company is 2 681 177 pieces or 1.1% of the voting rights of Gradus AD.

On 16.05.2023. Gradus AD bought back 8,748 own shares at an average price of BGN 1.50 per share.
As of 16.05.2023 the total number of own shares held by the company is 2 689 925 pieces or 1.1% of the voting rights of Gradus AD.

On 17.05.2023. Gradus AD bought back 1,000 own shares at an average price of BGN 1.50 per share.
As of 17.05.2023 the total number of own shares held by the company is 2 690 925 pieces or 1.1% of the voting rights of Gradus AD.

On 18.05.2023. Gradus AD bought back 60,200 own shares at an average price of BGN 1.50 per share.
As of 18.05.2023 the total number of own shares held by the company is 2 751 125 pieces or 1.13% of the voting rights of Gradus AD.

On 19.05.2023 Gradus AD-Stara Zagora presented an invitation to convene a Regular General Meeting of Shareholders and materials for a General Meeting of Shareholders, which will be held on 06-30-2023. from 11:00 a.m. in Stara Zagora, Park-Hotel Stara Zagora, 50 "Han Asparuh" Street, "Tervel" Hall, with the following agenda:

1. Approval of the Activity Report of the Board of Directors of the Company for the year 2022;

Draft resolution: The General Meeting of Shareholders approves the Activity Report of the Board of Directors of the Company for the year 2022;

2. Approval of the Registered Auditor's Report for auditing the Annual Financial Statements of the Company for the year 2022;

Draft resolution: The General Meeting of Shareholders approves the Report of the Registered Auditor for the Verification of the Annual Financial Statement for the year 2022;

3. Approval of the Annual Financial Statements of the Company for the year 2022;

Draft resolution: The General Meeting of Shareholders approves the Annual Financial Statement of the Company for the year 2022;

4. Approval of the report on the activity of the Investor Relations Director of the Company for the year 2022;

Draft resolution: The General Meeting of Shareholders approves the report on the activity of the Investor Relations Director of the Company for the year 2022;

5. Approval of the report on the activity of the Audit Committee for the year 2022;

Draft resolution: The General Meeting approves the report on the activity of the Audit Committee for the year 2022;

6. Election of members of the Audit Committee of the Company on proposal of the Board of Directors and determination of their remuneration;

Draft resolution: The General Meeting of Shareholders elects the members of the Audit Committee proposed by the Board of Directors as follows: Hristina Atanasova Filipova, Ivaylo Nikolaev Nikolov and Radka Dimcheva Peneva and set a monthly remuneration for the chairman of the Audit Committee at the gross amount of BGN500 and for member of the Audit Committee at the gross amount of BGN 250.

7. Proposal for distribution of the profit for 2022;

Draft resolution:

7.1. The General Meeting of Shareholders approves part the profit for 2022 in total gross amount of BGN 2 800 000 to be distributed as dividend and the rest of the profit remains undistributed. The gross single annual dividend will be determined in accordance with Art. 115v, para. 3 of the POCA, as the company is in buyback procedure;

7.2. Condition and term of dividend distribution: Commencement of payment of dividends: 30.08.2023; Term for payment of dividends: - three months; Method of payment of dividends: through Central Depository AD and branches of Unicredit Bulbank AD;

8. Deciding on the dismissal of the members of the Board of Directors of the Company for their activity in 2022;

Draft resolution: The General Meeting of Shareholders releases from responsibility the members of the Board of Directors of the Company for their activity in 2022;

9. Election of a certified (registered) auditor to verify and certify the Company's Annual Financial Reports for 2023.

Draft resolution: The General Meeting of Shareholders elects a registered auditor to verify and certify the annual financial statements of the Company for 2023, in accordance with a proposal of the Audit Committee included in the materials on the agenda.

10. Approval of the Report on the Implementation of the Remuneration Policy of the Board of Directors;

Draft resolution: The General Meeting of Shareholders approves the Report on the Implementation of the Remuneration Policy of the Board of Directors of the Company;

On 19.05.2023. Gradus AD presented an invitation for the Online Meeting "Financial Review of the First Quarter of 2023 and discussion with investors" from 15:00 on May 31, 2023.

On 19.05.2023. Gradus AD bought back 9,480 own shares at an average price of BGN 1.50 per share. As of 19.05.2023 the total number of own shares held by the company is 2 760 605 pieces or 1.13% of the voting rights of Gradus AD.

On 23.05.2023. Gradus AD bought back 845 own shares at an average price of BGN 1.50 per share. As of 23.05.2023 the total number of own shares held by the company is 2 761 450 pieces or 1.13% of the voting rights of Gradus AD.

IV. Information about related party transactions

The group has not entered into large related party transactions outside its normal business. The information on related party transactions is disclosed in the notes (bel. 34, p. 36) to the interim consolidated financial statements for the period January – March 2023.

GRADUS GROUP

EXECUTIVE DIRECTOR:

/Georgi Babev/

CHAIRMAN OF THE BOARD OF DIRECTORS:

/Angel Angelov/