

Translation from Bulgarian

GRADUS AD

INTERIM CONSOLIDATED MANAGEMENT REPORT
As at 31 December 2023
to the preliminary consolidated financial statements for 2023

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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 December 2023, the Group subsidiaries are:

- 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.

- 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:

- **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, fattening of broilers and hatching of chickens;
- **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.
- **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:

- 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.
- Gradus Logistics EOOD - 4000 shares with a nominal value of BGN 100 each representing 100% of the capital of Gradus Logistics EOOD

2. Personnel

As of 31 December 2023, the average payroll staff of the Group was 1,129 workers and employees (31 December 2022: 1,275 workers and employees).

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 December 2023, the Group has reported an operating loss of **BGN 13 016** thousand (for the period 01 January 2022 – 31 December 2022 - an operating loss of **BGN 452** thousand) and net loss of **BGN 12 787** thousand (01 January 2022 – 31 December 2022 : an net loss of **BGN 354** thousand).

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

The consolidated results of Gradus AD were impacted by:

- Limited exports of breeder eggs to third countries due to low selling prices, not providing economic benefit to the Group.
- Losses from overstocking with raw materials for feed purchased in 2022 at substantially higher prices than their market prices in the 2023 reporting period;
- Depreciation of grains and components in the subsidiary Gradus-3 AD in the amount of BGN 4,832 thousand. Their balance sheet value was adjusted to their net realizable value as of 31.12.2023. The depreciation in the amount of BGN 4,832 thousand will reflect in improved results in 2024.
- Impairment of the AZ YAM trademark in the amount of BGN 7,926 thousand.

Due to the lack of competitive advantages in the current macroeconomic and geopolitical environment, a decision has been taken to limit the range of products produced with pork under the brand name "Az Yam!". This necessitates a depreciation of the book value of the trademark. As at 31.12.2023, it was reduced by BGN 7 926 thousand.

REVENUE

Sales revenue reported by the Group for the reporting period amount to BGN 144 293 thousand, including:

Sales revenue	2023 BGN'000	2022 BGN'000	Change %	Relative share 2023 %
Revenue from sale of finished products	138 504	148 214	-7%	96%
Revenue from sale of goods	4 450	641	594%	3%
Revenue from sale of services	1 339	1 089	23%	1%
Total sales revenue	144 293	149 944	-4%	100%

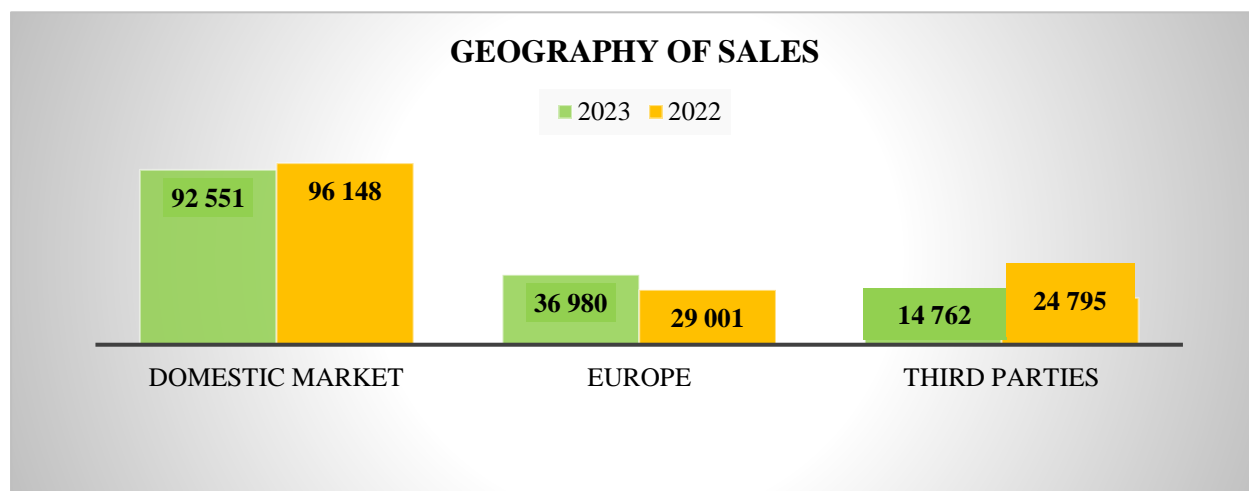
Revenues from product sales for the reporting period decreased by BGN 9 710 thousand or by 6.55% compared to the same period in 2022, reflecting unrealised transactions on third-country markets in the Breeding Eggs segment due to economic failures.

Revenues from sales of goods for the reporting period increased by BGN 3 809 thousand or 594.23% compared to the same period of 2022 reflecting the realized transactions in the segment Grains and components on the domestic market.

Revenues from the sale of services for the period increased by BGN 250 thousand or by 22.96% compared to the same period in 2022.

Geography of sales

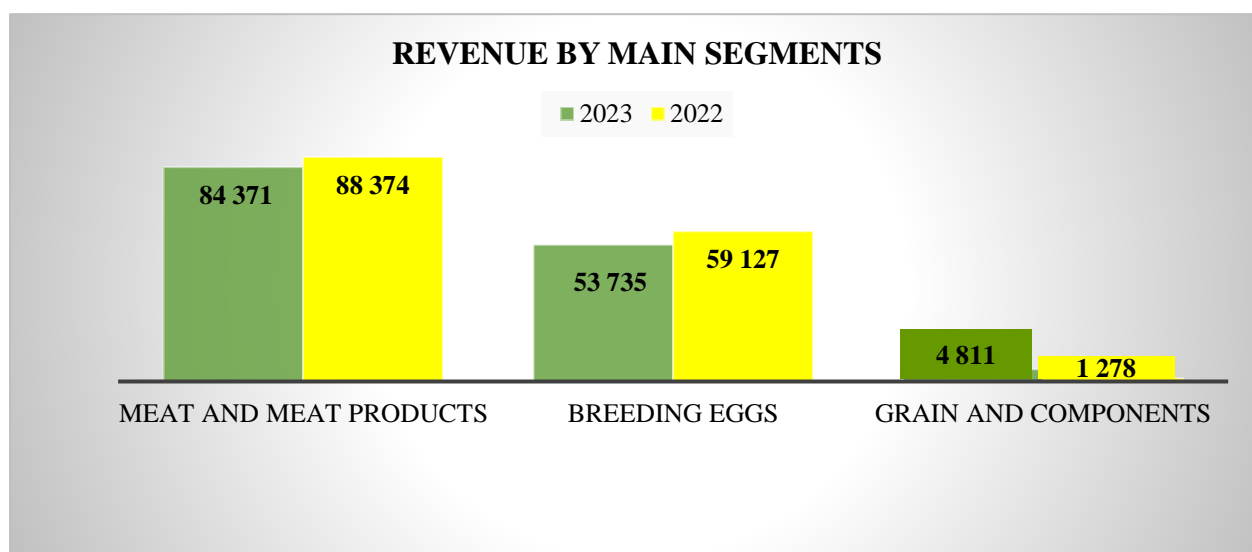
	2023 BGN'000	2022 BGN'000	Change %	Relative share 2023 %
Domestic market	92 551	96 148	-4%	64%
Europe	36 980	29 001	28%	26%
Third countries	14 762	24 795	-40%	10%
Total	144 293	149 944	-4%	100%



Revenue reported by main segments

	2023 BGN'000	2022 BGN'000	Change %	Relative share 2023 %
Meat and meat products	84 371	88 374	-5%	59%
Breeding eggs	53 735	59 127	-9%	37%
Grain and components	4 811	1 278	276%	3%
Others	1 376	1 165	-18%	1%
Total	144 293	149 944	-4%	100%

For the reporting period with the largest share of sales revenue by main segment is the segment "Meat and meat products" with 58.47% of the total revenue BGN 144 293 thousand (For the same period of the previous year, the segment with the largest share of sales "Meat and meat products" with 58.94% of the total revenue BGN 149 944 thousand).



REVENUE BY MAIN SEGMENTS AND BY MARKET

Main segments	Domestic market		Europe		Third countries	
	2023 BGN'000	2022 BGN'000	2023 BGN'000	2022 BGN'000	2023 BGN'000	2022 BGN'000
Meat and meat products	83 182	87 469	1 007	774	182	131
Breeding eggs	3 182	6 236	35 973	28 227	14 580	24 664
<i>breeding eggs</i>	<i>2 819</i>	<i>5 381</i>	<i>13 776</i>	<i>10 093</i>	<i>14 580</i>	<i>24 664</i>
<i>one-day-old chicks</i>	<i>363</i>	<i>855</i>	<i>22 197</i>	<i>18 134</i>	-	-
Grains and components	4 811	1 278	-	-	-	-
Total	91 175	94 983	36 980	29 001	14 762	24 795

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 decrease by 4,53% or BGN 4 003 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 for raw materials and auxiliary materials limit 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 9.12% or by BGN 5 392 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 22,33% or by BGN 8 963 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 the domestic market of breeding eggs recorded a decrease of 47.61% or 2 562 thousand BGN in the same period of 2022.

During the period under review, there was an increase in revenue from sales of breeder eggs on the European market by 36.49% or BGN 3 683 thousand compared to the same period of 2022.

The Group recorded an increase in revenue from sales of breeder eggs to third countries for the period under review by 40.89% or BGN 10 084 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 3 571 thousand or 18,81% in comparison to the same period in 2022.

Realized revenues from sales of day-old chicks on the domestic market decreased by 57,54% or BGN 492 thousand compared to the same reporting period in 2022.

Sales of day-old chicks in Europe saw significant revenue growth with 22,41% or by BGN 4 063 thousand compared to the same reporting period in 2022.

Segment “Grains and components segment”

For the reporting period the Group realized an increase in sales of the grain and components segment by 276,45% or BGN 3 533 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 optimization and restructuring processes to reduce costs and increase revenue continue.

Reported other operating income for the period under review amounted to BGN 11 099 thousand and included:

Other operating income	2023 BGN'000	2022 BGN'000	Change %	Relative share 2023 %
Rental income	582	924	-37%	5%
Income from revaluation of investment properties	413	231	79%	4%
Gain on sale of materials and FTAs	862	956	-10%	8%
Income from financing, including:	8 740	25 101	-65%	78%
<i>for the humane rearing of poultry</i>	<i>7 893</i>	<i>18 581</i>	<i>-58%</i>	<i>71%</i>
<i>for electric energy</i>	<i>287</i>	<i>5 902</i>	<i>-95%</i>	<i>3%</i>
Excess inventory	118	184	-36%	1 %
Written- off liabilities	32	478	-93%	-
Others	402	110	265%	4%
Total	11 149	27 984	-60%	100%

A significant part of the composition of other income from the Group's activities during the reporting period is the income from financing. The Group mainly reports revenues from bird welfare financing and revenues from electricity financing. In 2022, a one-time financing income BGN of 8,022 thousand was reported in connection with received state aid - "Aid to support the liquidity of farmers to overcome the negative economic impact of Russian aggression against Ukraine".

EXPENSES

The Group reports operating expenses amounting to BGN 168 830 thousand.

Operating expenses	2023 BGN'000	2022 BGN'000	Changes %	Relative share 2023 %
Changes in stock of finished products and work in progress	(14 838)	(23 667)	-37%	-9%
Expenses on raw materials and materials	91 312	117 561	-22%	54%
Hired service expenses	7 632	7 367	4%	5%
Personnel expenses	36 467	33 000	11%	22%
Depreciation / amortization expenses	8 567	8 379	2%	4%
Carrying amount of goods sold	4 571	520	779%	3%
Impairment of assets	31 273	32 129	-3%	19%
<i>impairment of intangible assets</i>	<i>7 926</i>	<i>12 012</i>	<i>-34%</i>	<i>5%</i>
<i>impairment of biological assets</i>	<i>18 273</i>	<i>15 566</i>	<i>17%</i>	<i>11%</i>
<i>impairment of materials</i>	<i>4 832</i>	<i>3 784</i>	<i>28%</i>	<i>3%</i>
Other operating expenses including	3 846	3 508	10%	2%
Total	168 830	178 797	-6%	100%

During the period under review, *operating expenses* decreased by BGN 9 967 thousand or by 5.57% compared to reported in the same period of 2022. (detailed information on operating costs can be seen on page 30 of the explanatory notes to the consolidated accounts).

The cost of raw materials decreased by BGN 26 249 thousand or 22.33% compared to the same period in 2022. (p. 30, note 27);

The cost of external services increased by BGN 265 thousand or by 3.6% compared to those reported in the same period of 2022. (p. 30, note 28);

Personnel costs in the reporting period of 2023 increased by BGN 3 467 thousand or by 10.51% compared to those reported in the same period of 2022.

For the reporting period, depreciation costs increased marginally by BGN 188 thousand or by 2.24% compared to those reported in the same period of 2022.

The book value of the goods sold was increased by BGN 4 051 thousand or by 779.04% compared to those reported in the same period of 2022. This is due to the sales of goods located in the "Grains and Components" segment.

The other operating expenses increased by BGN 338 thousand or by 9.64% in the reporting period, compared to the same reporting period of 2022.

FINANCE INCOME AND FINANCE COSTS

Finance income	2023 BGN'000	2022 BGN'000	Change %	Relative share 2023 %
Interest income on loans granted	215	176	22%	100%
Foreign exchange gains	-	86	-	-
Total	215	262	-0.18%	100%

Finance costs	2023 BGN'000	2022 BGN'000	Change %	Relative share 2023 %
Interest expenses on bank loans received	98	57	72%	37%
Bank charges	100	56	79%	38%
Negative differences from changes in net exchange rates.	45	-	100%	17%
Interest expenses on leasing agreements	3	3	-	1%
Foreign exchange losses	17	8	113%	7%
Total	263	124	112%	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 analyses 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 5,08 thousand in the same reporting period of 2022 and BGN 6,9 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)**

	2023	2022
Pre-tax profit	(13 016)	(314)
Income	144 293	149 944
Gross profit margin	-9.02%	-0.21%

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

	2023	2022
EBITDA (Earnings before interest, taxes, depreciation and amortisation)	(4 401)	7 927
Income	144 293	149 944
EBITDA margin	-3.05%	5.29%

- **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.

	31.12.2023	31.12.2022
Total liabilities	40 438	40 622
Total assets	326 443	359 093
Debt to Assets Ratio	0.12	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 efficiency in broiler fattening, 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. Important events for Gradus AD Group that occurred during the reporting period

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 program 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. During the reporting period, Gradus AD bought back 2 790 918 own shares.

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 20.04.2023 Gradus AD informs that pursuant to Art. 114a, para. 9 of the Public Offering of Securities Act in connection with a request received on 19.04.2023 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, Al. 3, item 1, letter "a" of the Public Offering of Securities Act and on the basis of a decision taken for approval of the Board of Directors of Gradus AD from 20.04.2023 to initiate a merger procedure for Gold Farm 91 EOOD (UIC 205933500), Laura-2004 EOOD (UIC 123658624) and Juliv EOOD (UIC 119053781) as transforming companies, in "Millennium 2000" Ltd. (UIC 119591422), as a receiving company.

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 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 31.05.2023 Gradus AD published a presentation on the results of the Q1 2023 group at 15:00 on May 31, 2023 on-line event on the topic "Financial Review of the First Quarter of 2023 and Discussion with Investors.

On 09.06.2023 Gradus AD notified the Board of Directors of "Gradus" AD of the decisions taken on merging its subsidiaries "Gold Farm 91" EOOD, UIC 205933500; "Lora-2004" EOOD, UIC 123658624 and "Juliv" AD, UIC 119053781, into the receiving company – "MILENIUM 2000" EOOD, UIC 119591422. Upon completion of the merger, the receiving company shall become the universal successor of the merging companies and all of the assets of each of the merging companies shall pass to the receiving company by operation of law and each of the merging companies shall be dissolved without liquidation. The merger of the merging companies into the receiving company shall be effected pursuant to Article 263t(2) in conjunction with Article 262f and Article 262g of the Companies Act.

On 14.06.2023 "Gradus" AD informs about the decision of the Board of Directors regarding planned investments in subsidiary "Gradus - 1" EOOD in the amount of BGN 6.8 million including:

1. New cutting line including modules for machine production of items for KFC products, new filleting machines, reconstruction of production premises and improvements of distribution flow line;
2. Upgrading of the live bird intake and meat production assembly line, in line with the requirements for a higher level of biosecurity and increased production capacity efficiency;
3. Upgrading of truck fleet for live poultry transport and finished product transport;

The BOD instructs the managers of "Gradus-1" EOOD to conduct negotiations with potential suppliers and to start the approved investments by 01.09.2023 at the latest.

On 16.06.2023 "Gradus" AD submitted an updated invitation to convene an Ordinary General Meeting of Shareholders and materials for a General Meeting of Shareholders to be held on 30-06-2023 at 11:00 a.m. at Stara Zagora, Park-Hotel Stara Zagora, ul. "Khan Asparuh" № 50, "Tervel" Hall.

The shareholder Mr. Luka Angelov Angelov has submitted to The Commercial register and register of non-profit entities operated by the Bulgarian registry agency at the Ministry of justice a proposal pursuant to Article 118, paragraph 2, item 4 of the Securities Act for making a decision on item 7 of the previously announced agenda in the following sense:

7.1. The General Meeting of Shareholders of "Gradus" AD shall distribute the Company's profit for 2022, in the total gross amount of 10,800,000, as an annual dividend and the balance of the Company's profit for 2022 shall remain undistributed. The gross single annual dividend will be determined in the manner provided under section 115(c)(1) of the Act. 3 of the Securities Act, as the Company is in the process of buying back its own shares.

7.2. (i) Commencement date of dividend payment: 30.08.2023 ; (ii) Dividend payment period: - three months; (iii) Method of dividend payment: through Central Depository JSC and branches of UniCredit Bulbank JSC.

The proposal is announced pursuant to Art. 223a, par. 223a, item 223a, paragraph 1 of the Commercial Companies Code, with entry 20230614142909.

On 22.06.2023 "Gradus" AD updated invitation to convene the Ordinary General Meeting of Shareholders and materials for the General Meeting of Shareholders to be held on 30-06-2023 at 11:00 a.m. at Stara Zagora, Park-Hotel Stara Zagora, ul. "Khan Asparuh" № 50, Tervel Hall, with the following additions to the agenda:

The shareholder Mr. Angel Ivanov Angelov has submitted to The Commercial register and register of non-profit entities operated by the Bulgarian registry agency at the Ministry of justice a proposal pursuant to Article 118, Paragraph 2, Item 4 of the Securities Act for a decision to be taken on Item 7 of the previously announced agenda in the following sense:

7.1. The General Meeting of Shareholders of Gradus S.A. shall distribute the Company's profit for 2022, in the total gross amount of 5,000,000, as an annual dividend, and the balance of the Company's profit for 2022 shall remain undistributed. The gross single annual dividend will be determined in the manner provided under section 115c(1)(b) of the Act. 3 of the Securities Act, as the Company is in the process of buying back its own shares.

7.2. (i) Commencement date of dividend payment: 30.08.2023 ; (ii) Dividend payment period: - three months; (iii) Method of dividend payment: through Central Depository JSC and branches of UniCredit Bulbank AD.

The proposal is announced pursuant to Art. 223a, par. 223a, paragraph 1 of the Commercial Companies Code, with entry 20230620122451.

An additional matter included in the agenda under the terms of Article 223a of the Commercial Companies Code, proposed for voting by the shareholder Mr. Angel Ivanov Angelov:

Amendment of the resolution adopted by the Ordinary Annual General Meeting of Shareholders of "Gradus" AD held on 05.06.2020 regarding the buyback of own shares.

Proposal for a resolution:

- maximum number of treasury shares: 10 percent of the Company's capital, but not more than 3 percent in any calendar year of the total number of voting shares issued by the Company;
- minimum redemption price: BGN 1.35 (one lev and thirty-five cents);
- maximum redemption price: BGN 2.00 (two).

All other terms and conditions approved by the resolution of the Ordinary Annual General Meeting of Shareholders of "Gradus" AD held on 05.06.2020, regarding the buyback of own shares shall remain in force and shall be applied accordingly, including the authorization by the General Meeting of Shareholders of the Board of Directors of the Company to determine all other specific parameters of the buyback within the aforementioned limits, to determine the specific dates for the commencement and termination of the buyback within the timeframe set forth above, the duration of any specific buyback procedure, the specific number of shares to be redeemed and the specific redemption price within the limits set by the. The General Meeting of Shareholders authorizes the Board of Directors of the Company to dispose of the treasury shares acquired by the Company after the buyback in accordance with applicable law.

The matter is included in the agenda and announced in the Commercial register and register of non-profit entities operated by the Bulgarian registry agency at the Ministry of justice with entry 20230614142909. The call has been updated and communicated to the Financial Supervision Commission and the public via the X3 News platform. The item is included in the agenda as No. 11. The materials have been made available by the shareholder in the company to the other shareholders.

On the account of the company in the Commercial register and register of non-profit entities under the procedure of Article 223a, paragraph 1 and paragraph 2 of the Commercial Code, proposals have been received from the shareholder Mr. Luka Angelov Angelov for inclusion of items in the agenda as follows:

Adoption of a resolution on the disposal of the Company's own shares acquired as a result of the buyback of shares from the Company's capital.

Draft resolution:

a) 90% of the shares acquired by the Company as a result of the buyback shall be cancelled by the General Meeting of Shareholders taking an annual decision to reduce the capital of "Gradus" AD by cancelling the shares acquired by the Company as a result of the buyback in the previous calendar year;

b) disposal of treasury shares acquired by the Company as a result of the buyback shall be made by resolution of the General Meeting of Shareholders;

c) to give effect to this resolution, the Board of Directors of the Company shall convene a General Meeting of Shareholders at which a resolution shall be passed to reduce the capital of the Company as a result of the cancellation of treasury shares and/or to dispose of treasury shares acquired by the Company as a result of the buyback.

The matter is included in the agenda and announced in the Commercial register and register of non-profit entities with entry 20230621133424. The call has been updated and communicated to the FSC and the public via the X3 News platform. The item is included in the agenda as No. 12. The materials have been made available by the shareholder in the company to the other shareholders.

On 30.06.2023 "Gradus" AD informed that on 29.06.2023 a notification was received from the Financial Supervision Commission with number RG - 05 - 1662 - 10 regarding the application of a compulsory administrative measure, which obliges "Gradus" AD not to submit to a vote at the Ordinary Annual General Meeting of Shareholders scheduled for 30.06.2023 at 11:00 a.m. in the town of Stara Zagora, Park-Hotel Stara Zagora, ul. "Item 12, concerning a resolution on the disposal of the Company's own shares acquired as a result of the redemption of shares from the Company's capital.

On 30.06.2023 "Gradus" AD filed a notice of cash dividend.

The decision to distribute cash dividend was taken at the Annual General Meeting of Shareholders of the company held on 30-06-2023 in Stara Zagora. At the AGM a dividend for 2022 was voted in the total amount of 5000000 BGN. Dividend amount per share gross - 0.020762586 BGN. Dividend amount per share net (only for shareholders natural persons) - 0.019724456 (only for shareholders natural persons) BGN.

Terms and conditions for payment of dividends, voted at the General Meeting of Shareholders of "Gradus" AD, Stara Zagora. The General Meeting of Shareholders of "Gradus" AD, held on 30.06.2023, resolved to distribute part of the profit for 2022, in the gross amount of BGN 5 000 000, to the shareholders of the Company as dividend.

1.1. Gross amount per share: the gross single annual dividend as at the date of the resolution 30.06.2023 is BGN 0.020762586. *It is to be noted that the final gross dividend per share will be determined in the manner provided under Art. 115c, para. 3 of the Securities Act, as the company is in the process of repurchasing its own shares.

1.2. Net amount per share: the net single annual dividend at the date of the resolution 30.6.2023 is 0.019724456 BGN. *It is to be borne in mind that the final net dividend per share will be determined in the manner provided under Article 115c(1) of the Act. 3 of the Securities Act, as the company is in the process of buyback of its own shares.

1.3. Commencement of dividend payment;

1.4. 3 months;

1.5. In accordance with the Regulations of the Central Depository JSC, the dividend will be paid as follows: for shareholders with client accounts opened with investment intermediaries - through the respective investment intermediary; for shareholders without accounts with investment intermediaries - through the branches of UniCredit Bulbank JSC, subject to the requirements of the Law on Public Offering of Securities and the applicable norms of the current legislation.

1.6. The right to receive dividends shall be vested in the persons entered in the register of the "Central Depository" JSC as shareholders of the Company on the 14th day following the day of the General Meeting at which the financial statements were adopted and the resolution on profit distribution was passed, namely 14.07.2023.

On 30.06.2023 "Gradus" AD notified that by entry in the Commercial register and register of non-profit entities number 20230630144754 dated 30.06.2023 its subsidiary "Milenium 2000" EOOD, UIC 119591422 became the universal successor of the Companies "Gold Farm 91" EOOD UIC 205933500, "Juliv" EOOD UIC 119053781 and "Lora-2004" EOOD UIC 123658624 and all the assets of each of the merging companies passed to the receiving company.

On 03.07.2023 "Gradus" AD submitted the minutes of the General Meeting of Shareholders held on 30.06.2023 at 11:00 (and in coordinated universal time - 8:00) in the town of. Stara Zagora 6009, Park-Hotel Stara Zagora, ul. "Khan Asparuh" 50, Tervel Hall. The General Meeting of Shareholders of "Gradus" AD adopted the following resolutions:

1. The AGM adopts the Report of the Board of Directors on the Company's activities in 2022;

2. The AGM approves the Report of the Registered Auditor on the audit of the Company's annual financial statements for 2022;

3. The AGM adopts the Company's annual financial statements for 2022;

4. The AGM adopts the report of the Investor Relations Director of the Company for the year 2022;

5. The AGM adopts the Audit Committee's Report on its activities in 2022;

6. The AGM 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 determines the gross monthly remuneration of the Chairman of the Audit Committee in the amount of BGN 500 and for each member of the Audit Committee BGN 250;

7. The AGM resolved to distribute the profit for 2022 as follows:

7.1. The General Meeting of Shareholders of "Gradus" AD shall distribute the Company's profit for 2022, in the total gross amount of 5 000 000, as an annual dividend and the balance of the Company's profit for 2022 shall remain undistributed. The gross single annual dividend will be determined in the manner provided under section 115c(1)(b) of the Act. 3 of the Securities Act, as the Company is in the process of repurchasing its own shares.

7.2. (i) Commencement date of dividend payment: 30.08.2023 ; (ii) Dividend payment period: - three months; (iii) Method of dividend payment: through Central Depository JSC and branches of UniCredit Bulbank JSC.

8. The AGM exempts the members of the Board of Directors of the Company from liability for their activities in 2022;

9. The AGM elects a registered auditor, Baker Tilly Clitu & Partners Ltd, reg. no. 129, represented by Galina Lokmadjeva-Nedkova - Manager, to audit and certify the Company's annual financial statements for 2023, in accordance with the Audit Committee's proposal included in the agenda materials.

10. The AGM approves the Report of the Board of Directors on the implementation of the Remuneration Policy for the members of the Board of Directors of the Company for 2022;

11. The AGM does not adopt an amendment to the resolution passed by the Ordinary Annual General Meeting of Shareholders of "Gradus" AD held on 05.06.2020 regarding the buyback of own shares;

On 03.07.2023 "Gradus" AD disclosed additional inside information in relation to matters on the agenda of the AGM held on 30.06.2023.

In connection with the items included in the agenda of the General Meeting of Shareholders of “Gradus” AD held on 30 June 2023 and the report submitted to the Board of Directors of “Gradus” AD on the assignment of the Board of Directors of “Gradus” AD for the analysis and evaluation of proposals received for voting at the forthcoming Ordinary General Meeting of 30 June 2023, “Gradus” AD discloses the following information:

1. Losses in the total amount of BGN 8.5 million in “Gradus-3” AD in 2022 and 2023 as a result of imprudent management decisions in 2022 of the subsidiary In connection with a report by the Management Board on the evaluation of shareholder proposals received and included in the agenda of the Ordinary General Meeting of Shareholders of “Gradus” AD and a review of the results of “Gradus-3” AD as of the first five months of 2023. “Gradus” AD disclosed total losses from unreasonable management in 2022 of subsidiary “Gradus-3” AD in the amount of BGN 8.5 million. These same losses are also irretrievably lost cash resources, hurting the Group's liquidity position and negatively impacting the ability to distribute dividends.

In connection with the results of the review, “Gradus” AD takes the following actions, entered in the Commercial register and register of non-profit entities on:

- 5.12.2022 - election of a second representative of “Gradus-3” AD;
- 23.02.2023 - dismissal of Luka Angelov Angelov - independent representative of “Gradus-3” AD from 04.03.2008 to 05.12.2022, as well as members of the Board of Directors - Luka Angelov Angelov and Nedi Stancheva Angelova.

In order to protect the interests of all shareholders, the Board of Directors of “Gradus” AD has not discharged the 2022 representative of “Gradus-3” AD and will analyse the management policy for the period and make additional disclosures if necessary.

2. Dividend distribution decision. The dividend distribution decision taken by our shareholders is balanced. The announced losses of BGN 8.5 million accumulated from mid-2022 to May 2023 in “Gradus-3” AD disqualify “Gradus” AD from distributing a dividend in the amount proposed by Mr. Luka Angelov - BGN 10.8 million. So far, the company has accumulated about BGN 9 million in the form of bought back shares and voted dividend. The announcement is also part of a planned investment program of Gradus Group in the short term, starting with BGN 6.8 million for the subsidiary “Gradus-1” EOOD. It should be noted that we are currently operating in an uncertain business and economic environment of dynamically rising interest rates and it is essential for management not to deprive the company of liquid resources.

3. Approval of the proposal to increase the amount of the share buyback program of “Gradus” AD from 3% to 10% At the Ordinary Annual General Meeting held on 30 June 2023, the proposal was not supported by the sole shareholder of “Gradus” AD holding more than 1/3 of the Company's capital. This limits the Group's ability to use cash resources efficiently and indirectly deprives higher investor interest in the shares. Under the Articles of Association of “Gradus” AD, such a resolution can be passed with more than 2/3 of the capital.

On July 5, 2023 Gradus AD informs that on 03.07.2023. The first meeting of the newly elected on 30.06.2023 was held. audit committee consisting of: Hristina Atanasova Filipova - independent member, Ivaylo Nikolaev Nikolov - independent member and Radka Dimcheva Peneva - dependent member. The independent member Mrs. Hristina Atanasova Filipova was elected chairman.

On October 5, 2023 Pursuant to Art. 114a, para 9 of the Public Offering of Securities Act in connection with the request received on 27.09.2023 from "Gradus 3" AD, UIC 123152751 ("Gradus 3") for approval of transactions under art. 114, para. 3, item 1 b. "b" v. Art. 114, para. 6 of the Public Offering of Securities Act and on the basis of a decision for approval of the Board of Directors of Gradus AD from 02.10.2023, Gradus AD notifies the conclusion of two framework contracts for the supply of raw sunflower oil and meal from 05.10.2023 for a period of three years between Gradus 3, a subsidiary of Gradus AD within the meaning of § 1, item 10 of the Additional Provisions of POSA, and Biser Oliva AD, UIC 123036597 ("Biser Oliva"), part of the usual commercial activity of Gradus 3 within the meaning of Art. 114, para. 10, item 1 of the Public Offering of Securities Act, but with the participation of stakeholders within the meaning of art. 114, para. 7 of the POSA.

On 30.10.2023 a decision was taken by the management of Millenium-2000 Ltd. to close a separate part of the enterprise – a poultry farm for fattening broilers, located in the town of Smolyan. Haskovo. The decision was taken with a view to optimizing processes and minimizing the risk in terms of biosecurity for the activities of the company and the group. The object remains the property of the group and at subsequent discretion can be used for its intended purpose again.

On November 7, 2023 Gradus AD informs that on November 6, 2023, the Gradus AD is the Gradus AD. with care for nature, the team of Gradus AD, students and teachers planted 21 decorative saplings – Japanese sour cherries, cedars and cypress trees in the yard of Kiril Hristov Primary School, Sofia. Stara Zagora. The environmental action and the donated trees are part of the corporate and social responsibility of the company for improving green spaces in educational institutions in the country.

On December 1, 2023, Gradus AD announces the successful implementation of an investment project in its subsidiary "Gradus-1" EOOD for the acquisition of technological equipment for the needs of the poultry slaughterhouse and meat processing plant. The investment includes labelling machines equipped with automatic weighing systems, specialized transport vehicles, automatic low-temperature storage systems, and new refrigeration compressors. The total investment amounts to 1 873 768.21 BGN, with a portion of it being co-financed through a rural development program.

IV. Information on transactions and/or interested parties, as well as information on newly arisen material receivables and/or liabilities for the relevant reporting period

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 (note 34, p. 35) to the interim consolidated financial statements for the period January – December 2023.

GRADUS GROUP

EXECUTIVE DIRECTOR:

/Georgi Babev/

CHAIRMAN OF THE BOARD OF DIRECTORS:

/Angel Angelov/