



Gradus AD

INTERIM ACTIVITY REPORT

31 MARCH 2019

Management presents an interim management report on the activity for the first quarter of 2019.

INFORMATION ABOUT THE COMPANY

REGISTRATION

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

The company is of unlimited duration.

Management address:

Republic of Bulgaria,

6000 Stara Zagora, Industrialen quarter, Gradus Poultry Slaughterhouse.

OBJECT OF ACTIVITY

The Company has the following subject of activity: Investments in stocks and shares of companies, acquisition and management of shares in Bulgarian and foreign companies; activity as a holding company; acquisition, assessment and sale of patents, concession of licenses for the use of patents of companies, in which the Company has shares; financing of companies, in which the Company has shares, as well as any other activity not prohibited by law, provided that if a permit or a license is required, or registration for the purpose of carrying out any activity, then such activity shall take place following the obtaining of such permit or license, respectively following the completion of such registration.

The results presented in the financial statement of the Company depend directly on the activity of the subsidiaries.

REVIEW OF THE ACTIVITY

Gradus AD as a holding company carries out its subject of activity by managing and representing the following subsidiaries:

As at 30.03.2019 the Group subsidiaries are as follows:

		% shares
Lora-2004 EOOD	effective percentage share	100,00
Zhyuliv EOOD	effective percentage share	100,00
Millenium 2000 EOOD	effective percentage share	100,00
Gradus-1 EOOD	effective percentage share	100,00
Gradus-3 AD	effective percentage share through Gradus-1 EOOD	96,00
Gradus-98 AD	effective percentage share	99,94

The main object of activity of the Gradus Group companies is concentrated in the field of "Poultry-farming", except for companies having as their subject of activity the "production of combined fodders and trade".

Results for the current period

For the period 01.01.2019 – 31.03.2019 the Company realized a net profit to the amount of BGN 111 thousand.

The Company's **income** is as follows:

Revenues from services provided to the amount of BGN 60 thousand (for the period 01.01.2018-31.03.2018 - 0),

Interest income from loans to Group companies – BGN 161 thousand (for the period 01.01.2018-31.03.2018 - 0),

Operating expenses include: general overheads of BGN 110 thousand (for the period 01.01.2018-31.03.2018 – 145 thousand)

Main share capital

As at 31.03.2019, the registered share capital of Gradus AD amounts to BGN 243,609 thousand split into 243,608,710 shares with a nominal value of BGN 1 (one) each.

The shares of Gradus AD are ordinary, registered, dematerialized, voting shares.

The Company's capital is paid in full.

As at 31.03.2019 the Company's shareholders are as follows:

- Luka AngelovAngelov – 40.72% of the capital,
- Ivan Angelov – 40.72% of the capital
- Legal entities – 15.69% of the capital
- Individual shareholders – 1.87% of the capital.

Board of Directors

The Board of Directors consists of three (3) members who are as follows as at 31.03.2019:

Luka Angelov Angelov – Chairman of the Board of Directors of Gradus AD

Ivan Angelov Angelov – Member of the Board of Directors and Executive Director of Gradus AD

Georgi Aleksandrov Babev - Member of the Board of Directors of Gradus AD

Financial instruments and financial risk

The Company's risk management policy is designed to identify and analyse the risks, to which the Company is exposed with the purpose of establishing limits of undertaking a risk. Based on the analysis made of those risks, the Company develops and introduces respective controls, through which to ensure control on those risks. This policy, as well as the implemented risk management controls are subject to periodic inspection for the purpose of reflecting any changes made to the external and internal conditions, under which the Company operates.

Credit risk

There is credit risk upon the occurrence of loss, when a party to a financial instrument cannot fulfil an obligation under a contractual obligation. The Company is not exposed to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will have difficulties in fulfilling its 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 Company.

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 Company's income or the value of its investments may be affected.

Financial risk management

The Company's objectives in view of capital management are to ensure its ability to continue existing as a going concern and to ensure adequate profitability for shareholders.

During the period ending 30.09.2018, there were no changes in the capital management objectives, policies or processes.

Prospective future development of the Company

The Board of Directors of Gradus AD believes that the Company needs some additional capital in order to invest in the growth of the Group's activity set in the Investment Policy of Gradus AD. The Board of Directors has taken a decision that it would be most appropriate as regards its financing to increase the capital via public offering on the "Bulgarian Stock Exchange – Sofia" AD.

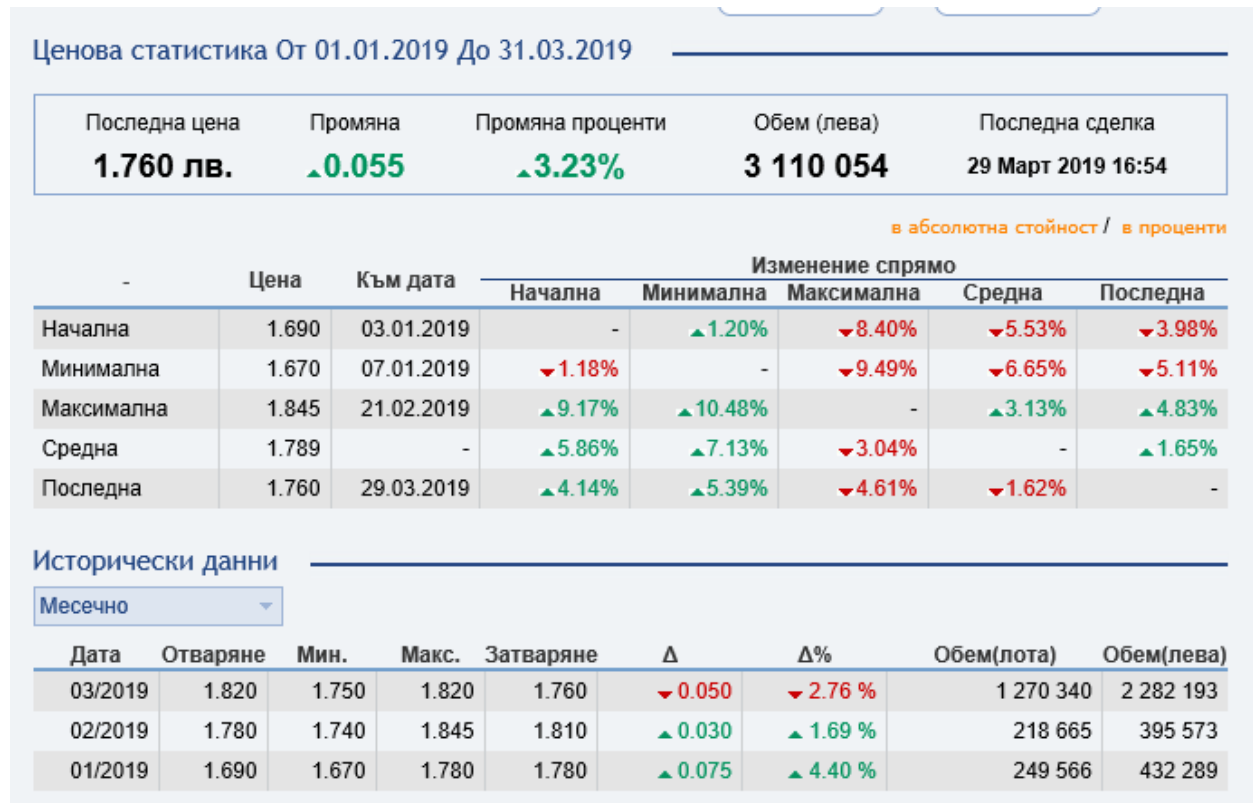
The investment policy, including the planned target allocation of the funds to be obtained as a result of the capital increase, is described in detail in a Prospectus for public offering of shares, subject to the approval of the Financial Supervision Commission.

Information on material related party transactions

We are not aware of material related party transactions concluded in the period 01.01.2019 – 31.03.2019.

The Board of Directors of Gradus AD intends to propose to the General Meeting of Shareholders to be held in 2019 that at least 90% of the company's profit to be distributed in the form of dividends to the shareholders!

Share price



Gradus AD

Ivan Angelov
/Executive Director/