

## ***Materials for Regular annual general meeting of shareholders of Gradus AD***

***10<sup>th</sup> of June 2019, 11 am, town of Stara Zagora 6009, Park Hotel Stara  
Zagora, 50, Khan Asparuh Street, Tervel Hall***

### **Agenda**

**1.** Approval of the Activity Report of the Board of Directors of the Company for the year 2018;

**Draft resolution:** The General Meeting of Shareholders approves the Activity Report of the Board of Directors of the Company for the year 2018.;

**2.** Approval of the Registered Auditor's Report for auditing the Annual Financial Statements of the Company for the year 2018;

**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 2018;

**3.** Approval of the Annual Financial Statements of the Company for the year 2018;

**Draft resolution:** The General Meeting of Shareholders approves the Annual Financial Statement of the Company for the year 2018;

**4.** Approval of the report on the activity of the Investor Relations Director of the Company for the year 2018;

**Draft resolution:** The General Meeting of Shareholders approves the report on the activity of the Investor Relations Director of the Company for the year 2018;

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

**Draft resolution:** 1. The General Meeting of Shareholders elects the members of the Audit Committee proposed by the Board of Directors as follows: Radka Dimcheva Peneva - Chairman of the Audit Committee, Petya Radoslavova Panova - Ivanova - Member of the Audit Committee and Georgi Aleksandrov Babev - Member of the Audit Committee. 2. The General Meeting shall set a monthly remuneration for each member of the Audit Committee at the gross amount of BGN 250 /two hundred and fifty Bulgarian levs/.

**6.** Approval of the Remuneration Policy of the Board of Directors of the Company;

**Draft resolution:** The General Meeting approves the Company's remuneration policy prepared and proposed by the Board of Directors;

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

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

**8.** Proposal for distribution of the profit for 2018.

**Draft resolution:** Draft decision: The Board of Directors proposes the profit for 2018 to be distributed as follows: 1. The amount of BGN 24 360 871 (twenty four million three hundred sixty thousand eight hundred and seventy-one Bulgarian levs) for the payment of dividends under the following parameters: 1.1. Gross amount per share: BGN 0.10; 1.2. Commencement of payment of dividends: 11 July 2019; 1.3. Term for payment of dividends: - three months; 1.4. Method of payment of dividends: through Central Depository AD and branches of Unicredit Bulbank AD; 2. The balance of BGN 2 339 901.43 /two million three hundred thirty nine thousand nine hundred one and 0.43 Bulgarian levs/ to be transferred to the undistributed profit of the Company.

**9.** Deciding on the dismissal of the members of the Board of Directors of the Company for their activity in 2018;

**Draft resolution:** The General Meeting of Shareholders releases from responsibility the members of the Board of Directors of the Company for their activity in 2018;

**10.** Amending and supplementing the Articles of Association of the Company

**Draft resolution:** The Board of Directors proposes the following amendments and supplements to the Articles of Association of the Company:

1. In Article 32 of the Articles of Association "Competence of the Board of Directors" a new item 18 is added to be read as:

„18. Approves the annual consolidated financial statements of the Company.”

2. The previous item 18 of Article 32 of the Articles of Association becomes item 19.

## Content

1. *Annual Financial Statements of the Company for the year 2018;*
2. *Registered Auditor's Report for auditing the Annual Financial Statements of the Company for the year 2018;*
3. *Activity Report of the Board of Directors of the Company for the year 2018;*
4. *Report on the Implementation of the Remuneration Policy;*
5. *Remuneration Policy of the Board of Directors of the Company;*
6. *Report on the activity of the Investor Relations Director of the Company for the year 2018;*
7. *CV of Georgi Aleksandrov Babev;*
8. *Diploma for higher education of Georgi Aleksandrov Babev;*
9. *Diploma for higher education of Georgi Aleksandrov Babev – University of Portsmouth;*
10. *CV of Radka Dimcheva Peneva;*
11. *Diploma for higher education of Radka Dimcheva Peneva;*
12. *Declaration under art. 107, para 4 and 5 from the Law for independent financial audit for Radka Dimcheva Peneva;*
13. *CV of Petya Radoslavova Panova- Ivanova;*
14. *Diploma for higher education of Petya Radoslavova Panova- Ivanova;*
15. *Declaration under art. 107, para 4 and 5 from the Law for independent financial audit for Petya Radoslavova Panova- Ivanova.*



**GRADUS AD**

**SEPARATE ANNUAL FINANCIAL STATEMENTS  
31 DECEMBER 2018**

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**GRADUS AD**  
**SEPARATE STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	31.12.2018 BGN'000	31.12.2017 BGN'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	4	3	-
Investments in subsidiaries	5	264 960	264 960
Deferred tax assets	6	53	-
<b>Total non-current assets</b>		<b>265 016</b>	<b>264 960</b>
<b>Current assets</b>			
Receivables on loans to related parties	21	55 389	-
Dividends receivable	21	9 081	-
Cash and cash equivalents	7	3 145	240
<b>Total current assets</b>		<b>67 615</b>	<b>240</b>
<b>TOTAL ASSETS</b>		<b>332 631</b>	<b>265 200</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	8	243 609	221 000
Issue premium	8	62 287	44 200
Retained earnings/ (loss)	8	26 700	(1)
<b>Total equity</b>		<b>332 596</b>	<b>265 199</b>
<b>Current liabilities</b>			
Trade payables	9	-	1
Tax liabilities	10	4	-
Payables to personnel and social security	11	31	-
<b>Total current liabilities</b>		<b>35</b>	<b>1</b>
<b>TOTAL LIABILITIES</b>		<b>35</b>	<b>1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>332 631</b>	<b>265 200</b>

Date: 29 March 2019

Prepared by:

/Antoaneta Boeva/

Executive Director:

/Ivan Angelov/

Chairman of the Board of Directors:

/Luka Angelov/

The notes on pages 7 to 30 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors of Gradus AD on 29 March 2019.

**GRADUS AD**  
**SEPARATE STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

		<b>2018</b>	<b>28.11.2017-</b>
		<b>BGN'000</b>	<b>31.12.2017</b>
			<b>BGN'000</b>
Dividend income	12	27 175	-
Costs of materials		(1)	-
Costs of hired services	13	(404)	(1)
Depreciation / amortisation expenses		(1)	-
Personnel expenses	14	(386)	-
Impairment of assets	21	(11)	-
Other operating expenses	15	(22)	-
<b>Operating profit / (loss)</b>		<b>26 350</b>	<b>(1)</b>
Finance income	16	309	-
Finance costs	17	(11)	-
<b>Finance income, net</b>		<b>298</b>	<b>-</b>
<b>Profit / (Loss) before taxes</b>		<b>26 648</b>	<b>(1)</b>
Taxes	18	53	-
<b>Net profit /(loss) for the period</b>		<b>26 701</b>	<b>(1)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>26 701</b>	<b>(1)</b>

Date: 29 March 2019

Prepared by:

/Antoaneta Boeva/

Executive Director:

/Ivan Angelov/

Chairman of the Board of Directors:

/Luka Angelov/

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**GRADUS AD**  
**SEPARATE STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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	Share capital	Revaluation reserve	Retained earnings / uncovered loss	Total equity
	BGN'000	BGN'000	BGN'000	BGN'000
<b>Balance on 28.11.2017</b>	-	-	-	-
Issue of shares	221 000	44 200	-	<b>265 200</b>
Loss for the period	-	-	(1)	(1)
<b>Balance on 31.12.2017</b>	<b>221 000</b>	<b>44 200</b>	<b>(1)</b>	<b>265 199</b>
Net profit for the period	-	-	26 701	<b>26 701</b>
Issue of shares	22 609	18 087	-	<b>40 696</b>
<b>Balance on 31.12.2018</b>	<b>243 609</b>	<b>62 287</b>	<b>26 700</b>	<b>332 596</b>

Date: 29 March 2019

Prepared by:

/Antoaneta Boeva/

Executive Director:

/Ivan Angelov/

Chairman of the Board of Directors:

/Luka Angelov/

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**GRADUS AD**  
**SEPARATE STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>2018</b>	<b>28.11.2017- 31.12.2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Cash flows used in operating activity</b>		
Payments to suppliers	(379)	-
Payments to personnel	(352)	-
Taxes paid, other than income tax, net	32	-
Other payments for operating activity	(20)	-
<b>Net cash flows used in operating activity</b>	<b>(719)</b>	<b>-</b>
<b>Cash flows used in investing activity</b>		
Purchases of intangible assets	(4)	-
Loans to related parties	(56 900)	-
Loans repaid by related parties	1 500	-
Interest proceeds from loans to related parties	309	-
Dividend proceeds	18 094	-
<b>Net cash flows used in investing activity</b>	<b>(37 001)</b>	<b>-</b>
<b>Cash flows from financing activity</b>		
Owners' monetary contributions	-	240
Proceeds from issue of capital	40 696	-
Other payments for financing activity	(71)	-
<b>Net cash flows from financing activity</b>	<b>40 625</b>	<b>240</b>
<b>Net increase in cash and cash equivalents</b>	<b>2 905</b>	<b>240</b>
Cash and cash equivalents at the beginning of the period	240	-
<b>Cash and cash equivalents at the end of the period</b>	<b>3 145</b>	<b>240</b>

Date: 29 March 2019

Prepared by:

/Antoaneta Boeva/

Executive Director:

/Ivan Angelov/

Chairman of the Board of Directors:

/Luka Angelov/

The notes on pages 7 to 30 are an integral part of these financial statements.

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**GRADUS AD**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**1. Status and subject of activity**

Gradus AD, Stara Zagora, was established on 28 November 2017.

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

BULSTAT: 204882907

**Gradus AD is a public company** registered on 30 July 2018 by the Financial Supervision Commission.

**The shares of the company** are listed on the Bulgarian Stock Exchange.

**The capital of the company** consists of 243,608,710 (two hundred forty-three million, six hundred and eight thousand, seven hundred and ten) non-preferential registered voting shares with nominal amount of BGN 1 each.

**Object of activity of the Company:** 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.

**Ownership and management**

Shareholders of the Company as at 31 December 2018:

- Luka Angelov Angelov – 40.72% of the capital,
- Ivan Angelov Angelov – 40.72% of the capital
- Legal entities – 15.65% of the capital
- Individual shareholders – 2.91% of the capital.

**Management bodies of the Company**

- General Meeting of Shareholders
- Board of Directors

**Board of Directors**

The Board of Directors at 31 December 2018 consists of three (3) members, as follows:

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

**Audit Committee:**

The Audit Committee assists the Board of Directors in its activities.

Members of the Audit Committee are:

- Radka Dincheva Peneva – Chair of the Audit Committee;
- Petya Radoslavova Panova – Member of the Audit Committee;
- Georgi Aleksandrov Babev – Member of the Audit Committee.

The average number of staff of Gradus AD at 2018 year-end is 2 employees hired under employment agreements.

## **2. Basis of preparation of the separate financial statements**

These separate financial statements have been prepared on a going concern and historical cost bases.

These financial statements are the separate financial statements of GRADUS AD.

The company will prepare consolidated financial statements in accordance with IFRS adopted by the European Union until 30 April 2019.

## **Functional currency and currency of presentation**

Pursuant to the requirements of the Bulgarian legislation, the Company keeps its accounting books and records and prepares its financial statements in the national currency of the Republic of Bulgaria – the Bulgarian lev. Since 1 January 1999 the exchange rate of the Bulgarian lev has been pegged to the exchange rate of the Euro in a ratio of EUR 1 = BGN 1.95583.

These separate financial statements have been prepared in thousands of Bulgarian leva (BGN'000), unless expressly stated otherwise.

These separate financial statements of Gradus AD shall be included into the Company's consolidated financial statements as at 31 December 2018 in compliance with International Financial Reporting Standards (IFRS) for 2018.

## **3. Significant accounting policies**

### **(a) Foreign currency transactions**

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the closing exchange rate prevailing on the date of preparation of the statement of financial position. Foreign exchange gain or loss originating from monetary items is the difference between the amortised cost in the functional currency at the beginning of the period adjusted by the effective interest and the payments over the period and the amortised cost in foreign currency translated at the exchange rate at end of the period.

Non-monetary assets and liabilities that are measured in terms of fair value in a foreign currency are translated using the exchange rate at the date of measurement of the fair value. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Any foreign exchange differences, which occur upon translation into the functional currency, are reported as profits and losses, except for differences arising on the translation into the functional currency of available-for-sale equity instruments or eligible cash flow hedges that are recognised in other comprehensive income (if any).

### **(b) Intangible assets**

Intangible assets are carried at cost less accumulated amortisation and any impairment losses.

The carrying amount of intangible assets is tested for impairment when events or changes in circumstances indicate that the carrying amount could exceed their recoverable amount. Intangible assets are derecognised from the statement of financial position when they are permanently retired and no future economic benefit is expected from their disposal, or when they are sold.

Gains or losses on disposal of individual assets in the intangible assets group are determined by comparing the remuneration the company expect to have the right to (disposal proceeds) and the asset's carrying amount at the date on which the recipient obtains control of the asset. They are stated net to *other operating income / (losses)*, net on the face of the statement of comprehensive income.

### **Subsequent expenses**

Subsequent costs are capitalised only when they increase the future economic benefit from the specific asset to which they relate. Any other costs, including costs of internally generated goodwill and trademarks, are recognised as an expense when incurred.

**GRADUS AD**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**3. Significant accounting policies (continued)**

**(b) Intangible assets (continued)**

***Amortisation***

Intangible assets are amortised on a straight-line basis in profits and losses over the estimated useful economic life from the date on which they are ready for use.

	<b>Annual amortisation rate, %</b>
• software	33.3

The methods of amortisation, useful lives and assets residual values are reviewed at each date of preparation of financial statements.

**(c) Investments**

The long-term investments representing shares in subsidiaries are presented in the financial statements at acquisition price (cost), which is:

- the fair value of the consideration paid for the acquisition of shares and / or
- the value of the paid-up monetary shareholding and / or
- the value of the shares contributed in-kind against the shares issued, which value is determined by appraisers appointed by the court, incl. the direct costs of acquiring the investment, less any impairment losses.

These investments are not traded on stock exchanges. This circumstance does not make it possible to provide market price quotations in an active market that adequately reflect the fair value of those shares.

Investments held by the Company are subject to impairment testing. When there are conditions and indications of impairment, it is calculated as the difference between the investment's carrying amount and its recoverable amount and is recognised in the statement of comprehensive income (in profit or loss for the year). In case of subsequent reversal of impairment, it is recognised in the statement of comprehensive income.

Investments are derecognised when the entity transfers the rights originating from the asset to other persons when the legal grounds for that arise and thus control on the economic benefits from the respective specific type of investment is lost.

**(d) Trade and other receivables**

Trade receivables are an unconditional right of an entity to receive remuneration under contracts with customers and other contractors.

**Initial recognition**

Initially, trade receivables are presented and measured at fair value based on the transaction price, which value is usually equal to the invoice amount, unless they contain a significant financing component that is not charged additionally. If this is the case, they are recognised at their present value calculated at a discount rate equal to the interest rate that is considered inherent to the debtor.

**Subsequent measurement**

The Company holds trade receivables solely for the purpose of collecting contractual cash flows and measures them subsequently at amortised cost less the accumulated impairment for expected credit losses.

**Impairment**

*Accounting policy applicable from 1 January 2018*

The Company applies the lifetime expected credit losses model for its trade receivables using the simplified approach required by IFRS 9. The expected credit loss from receivables is stated as Impairment of assets in the statement of comprehensive income.

**GRADUS AD**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**3. Significant accounting policies (continued)**

**(d) Trade and other receivables (continued)**

*Accounting policy applicable until 31 December 2017*

The impairment of trade receivables is valued using the model of 'suffered losses. Losses on doubtful and bad debts are estimated, when the collection of the entire sum or part thereof is highly uncertain. Bad debts are written off when the legal grounds for this occur.

**(e) Cash and cash equivalents**

Cash comprises cash on hand and cash in current accounts, and cash equivalents comprises deposits with banks with an original maturity of three months or less, and deposits with longer maturity that are freely disposable by the company in accordance with the arrangement with bankers during the term of the deposit.

**Subsequent measurement**

Cash and cash equivalents in banks are measured subsequently at amortised cost, less any accumulated impairment for expected credit losses.

**For the purposes of the preparation of the cash-flow statement:**

- cash equivalents from customers and cash payments to suppliers are presented gross, VAT inclusive (20%);
- interest received on current accounts are presented as operating activity;
- VAT paid under purchases of long-term assets is specified on the "payments to suppliers" line to the cash-flows from operating activity, as long as it is included into and recovered together with the operating flows of the company for the respective period (month);
- proceeds from and payments on overdrafts are reported net by the company.

**(f) Financial instruments**

*Accounting policy applicable until 31 December 2017:*

A financial instrument is each contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

**Financial assets**

**Initial recognition, classification and measurement**

On initial recognition, financial assets are classified in three groups according to which they are subsequently measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss.

The Company initially measures financial assets at fair value and, in the case of financial assets which are not carried at fair value through profit or loss, plus the direct transaction costs. Trade receivables that do not contain a significant financing component are an exception - they are measured on the basis of the transaction price determined in accordance with IFRS 15.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade (transaction) date, i.e., the date that the Company commits to purchase or sell the asset.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

### **3. Significant accounting policies (continued)**

#### **(e) Financial instruments (continued)**

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

#### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss (debt and equity instruments).

#### **Classification groups**

##### **Financial assets at amortised cost (debt instruments)**

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held and used within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest method. They are subject to impairment. Gains and losses are recognised in the statement of comprehensive income.

The Company's financial assets at amortised cost include cash and cash equivalents, trade receivables and loans to related parties.

##### **Financial assets at fair value through other comprehensive income (debt or equity instruments)**

The Company has no such assets.

##### **Financial assets at fair value through profit or loss**

The Company has no such assets.

#### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

### **3. Significant accounting policies (continued)**

#### **(e) Financial instruments (continued)**

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### **Expected credit loss on financial assets**

The Company recognises an allowance (impairment provision) for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For the purposes of calculation of expected credit losses on loans to related and third parties, and cash and cash equivalents with banks, the Company has adopted the general approach to impairment as set by IFRS 9. According to this approach, the Company applies a three-stage impairment model based on changes compared to the initial recognition of the financial instrument's credit quality.

Expected credit losses are recognised in two stages.

a. A financial asset that has not been credit impaired at its initial origination/acquisition is classified in phase 1. Since its initial recognition, its credit risk and qualities are subject to continuous monitoring and analyses. The expected credit losses on financial assets classified in Phase 1 are determined on the basis of expected credit losses resulting from possible default events which could occur within the next 12 months of the life of the asset concerned (12-month expected credit losses for the instrument).

b. In cases where, after initial recognition of a financial asset, its credit risk increases significantly and as a result its qualities deteriorate, it is classified in phase 2.

Expected credit losses on financial assets classified in phase 2 are determined over the remaining life (term) of the relevant asset (lifetime expected credit losses for the instrument).

The company's management has developed a policy and a set of criteria for analysis, identification and evaluation of a "significant increase in credit risk".

In cases where the credit risk of a financial asset increases to a level indicating that an event of default has occurred, the financial asset is considered to be impaired and it is classified in phase 3. At this stage, losses incurred by the relevant asset for its entire remaining lifetime (term) are established and calculated.

The Company adjusts expected credit losses based on historical data using forecast macroeconomic indicators that are found to be correlated and are expected to affect the amount of the expected credit losses in the future.

In calculating expected credit losses on trade receivables, assets under contracts with customers and lease receivables, the Company applies a simplified approach to calculate expected credit losses and does not follow subsequent changes in their credit risk. According to this approach, the Company recognises an allowance (impairment provision) based on the expected credit loss over the entire period of the receivables at each reporting date.

#### **Financial liabilities**

##### **Initial recognition, classification and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, trade and other payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

### **3. Significant accounting policies (continued)**

#### **(e) Financial instruments (continued)**

##### **Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification.

##### **Classification groups**

##### **Financial liabilities at fair value through profit or loss**

The Company has no such liabilities.

##### **Loans and other borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured by the Company at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the relevant financial liability is derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition, and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of comprehensive income (in the profit or loss for the year).

##### **Derecognition**

Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

This requirement derives from the idea of the real business nature of the company's relationship with a counterparty that, in the simultaneous existence of these two requirements, the expected actual cash flow and benefits from these estimates to the enterprise is the net flow, i.e. the net amount reflects the actual right or liability of the Company originating from these financial instruments – in any case, its right to receive or pay only the net amount. If both conditions are not met simultaneously, it is assumed that the rights and obligations of the Company in respect of these counter-balances (financial instruments) are not covered only and solely by the receipt or payment of the net amount.

The netting policy is also linked to the assessment, presentation and management of the actual credit and liquidity risks associated with these counter-balances.

Criteria applicable to establishing *the existence of a current and legally enforceable netting right* are as follows:

- the right should not depend on a future event, i.e. it shall be enforceable not only if a particular future event occurs;
- it should be possible to exercise the right and to defend it by employing legal means in the course of (taken cumulatively):
  - the ordinary activity,
  - in case of default/delay, and
  - in case of bankruptcy and insolvency.

The applicability of criteria shall be assessed against the requirements of Bulgarian legislation and the established arrangements between the parties. The condition for *the existence of a current and legally enforceable netting right* is always and mandatorily assessed together with a second condition: *for the existence of obligatory intention to settle these balances on a net basis*.



**3. Significant accounting policies (continued)**

**(e) Financial instruments (continued)**

*Accounting policy applicable until 31 December 2017:*

**Financial assets**

The Company classifies its financial assets in the category of loans and receivables, including cash and cash equivalents. The classification depends on the substance and objectives (purpose) of the Company's financial assets at the date of their initial recognition.

Financial assets are derecognised from the Company's statement of financial position when the rights to receive the cash flows from these assets have expired or have been transferred, and the Company has transferred significantly all risks and rewards from the ownership over the asset to another entity (person).

At each reporting date the Company assesses whether objective evidence exists that a financial asset not carried at fair value through profit or loss should be impaired. A financial asset is impaired only if there are objective evidence for impairment as a result of one or more events occurring after the initial recognition of the asset and this loss event has had an impact on the estimated future cash flows from this asset and can be assessed reliably.

Objective evidence of impairment of a financial asset may include default or delinquency of the debtor, restructuring of the debt to the Company under conditions which the Company would not have considered otherwise, indications that a debtor will enter into insolvency proceedings, adverse changes in the payment status of a debtor, business conditions that result in defaults or the disappearance of an active market for a particular security.

The Company assesses whether evidence of impairment of loans and receivables exists for a specific asset or collectively. All receivables that are individually significant are checked for specific impairment. All individually significant loans and receivables, for which there is no specific impairment, are then assessed collectively for impairment, which has occurred but have not yet been identified. Loans and receivables that are not individually significant are included in a collective assessment of impairment, grouped by similar risk characteristics.

When assessing collectively for impairment, the Company uses historical trends of the probability of default, recovery time and the amount of losses incurred, adjusted by the management's judgement as to whether the current economic and credit conditions are such that actual losses are likely to be greater or lower than those assumed on the basis of historical trends.

The amount of the impairment loss on a financial asset carried at amortised cost is measured as the difference between the book value and the present value of estimated future cash flows discounted at the original effective interest rate. The impairment loss is recognised in profit or loss and reported in an allowance account reducing the amount of loans and receivables. When an event, which has occurred after an impairment has been recognised, reduces the impairment loss, this reduction is reversed through profit or loss.

**(g) Trade and other payables**

Trade and other current liabilities in the statement of financial position are stated at cost of acquisition, which is deemed to be the fair value of the transaction and will be paid in future against the goods and services received. In cases of deferred payments beyond the usual credit term on which no additional payment of interest is envisaged or interest is quite different from the usual market interest rate, the liabilities are initially assessed at their fair value at the discount rate inherent to the company, and subsequently, at amortisable cost.

**(h) Interest-bearing loans and other financial resources provided**

Loans and other financial resources are presented initially at an acquisition price which is considered fair value of consideration given in a transaction, net of direct costs associated with these loans and resources. Subsequent to initial recognition, interest-bearing loans and borrowings, and other resources given, are measured subsequently and presented in the statement of financial position at amortised cost determined by applying the effective interest rate method. The amortised cost has been calculated by taking into account of all types of charges, commissions and other amounts relating to these loans.

### **3. Significant accounting policies (continued)**

#### **(h) Interest-bearing loans and other financial resources provided (continued)**

Gains and losses are recognized in the statement of comprehensive income as finance income or finance costs during the amortisation period.

Interest income is presented depending on the phase in which the relevant loan or other receivable on financial resource granted, as the case may be, has been classified using the effective interest rate method.

#### **(i) Income**

The company's usual income consists of dividends.

Dividend income is recognized in the current profit or loss on the date the Company acquires the right to receive the payment as a result of a decision taken for the allocation of the accumulated profits of the subsidiaries.

#### **Measurement of a contract with a customer**

There is a contract with a customer if:

- the contract has been approved by the parties;
- each party's rights can be identified;
- the payment terms can be identified;

If a contract does not yet meet any of the above criteria, the entity will continue to re-assess the contract in every reporting period. The consideration received under such a contract is recognized as a liability (a contract liability) in the statement of financial position until all criteria for recognition of a contract with a customer are satisfied and the Company performs its obligations. In the initial assessment of its contracts with customers, the company makes further analysis and judgement whether two or more contracts must be considered as combination and be accounted for as one. The Company recognises income for each individual performance obligation at the level of an individual contract with a customer by analysing the type, duration and terms and conditions of each specific contract.

#### **Measurement of revenue from contracts with customers**

Revenues is measured on the basis of the transaction price determined for each contract. The transaction price is the amount of consideration to which the company expects to be entitled, excluding amounts collected on behalf of third parties. When determining the transaction price, the company takes into account the terms and conditions of the contract and customary business practices, including the impact of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the customer.

#### **(j) Finance income and finance costs**

Finance income is reported in the statement of comprehensive income (in the profit or loss for the year), when occurs, and comprises of: interest income on loans granted and term bank deposits, interest income on receivables, and net foreign exchange gains.

Finance income is presented separately from finance costs on the face of the statement of comprehensive income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets in phases 1 and 2. Interest income on financial assets in phase 3 is calculated by applying the effective interest rate to their amortised cost (i.e. the gross carrying amount adjusted by expected credit losses).

Foreign currency gains and losses are reported net as either finance income or finance costs depending on whether the foreign currency differences represent a net gain or a net loss.

### **3. Significant accounting policies (continued)**

#### **(k) Provisions**

Provisions are recognised when the Company has a present legal or constructive liability as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the liability. Provisions are determined by discounting the estimated future cash flows with a pre-tax interest rate that reflects the time value of money and the risks specific to the liability. Interest accrued on the discounted value is recognised as finance costs.

#### **(l) Income tax**

Income tax for the reporting period consists of current and deferred taxes. Income tax is recognised in profit and loss, except to the extent that it relates to business combinations or items recognised directly in equity or in other comprehensive income.

Current income tax is the expected tax payable on the taxable profit or loss for the year, using the tax rates that are enacted or substantially enacted by the reporting date, and any adjustments to tax payable in respect of previous years. Current income tax includes also any tax effects of dividends.

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is recognised for all temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither the accounting nor taxable profit nor loss.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxation authority.

Deferred income tax assets are recognised for all unused tax losses, credits and deductible temporary differences to the extent that it is probable that taxable profit will be available against which they can be utilised. Deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that future benefits will be realised.

In assessing its current and deferred taxes the Company takes into account the effect of uncertain tax items and whether additional taxes or interest might be due. The Company is of the opinion that the tax liability accruals are adequate for all open tax years based on an assessment of lots of factors, including interpretation of tax laws and previous experience. The assessment is based on estimates and assumptions and may include judgements for future events. New information may appear as well, according to which the Company may change its judgements on the adequacy of the existing tax liabilities; any such changes in the tax liabilities would affect the tax expense for the period in which such assessment is made.

#### **(m) Effects of the first-time adoption of IFRS 9 and IFRS 15**

The company presents comparative information in these financial statements for one previous period. Where necessary, comparative data are reclassified (and restated) in order to achieve comparability to changes in presentation in the current year.

An exception to this rule is the presentation of the effects of the first-time adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The Company has chosen to apply the modified retrospective approach to the first-time adoption of IFRS 15 Revenue from Contracts with Customers. In the first-time adoption of IFRS 9 Financial Instruments, the Company has applied the exemptions (relief). All adjustments due to the first-time adoption of these two standards have been reported in the equity (to retained earnings) at 1 January 2018. Pursuant to the above-mentioned approaches, the 2017 comparative data has not been restated. It is presented and disclosed in accordance with the requirements of IAS 39 Financial Instruments: Recognition and Measurement (repealed), IFRS 7 Financial Instruments: Disclosure, IAS 18 Revenue (repealed), and IAS 11 Construction Contracts (repealed), and the interpretations related thereto.

### **3. Significant accounting policies (continued)**

#### **(m) Effects of the first-time adoption of IFRS 9 and IFRS 15 (continued)**

IFRS 9 Financial instruments replaces the provisions of IAS 39 Financial instruments: Recognition and Measurement in connection with the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedging accounting. New classification criteria and groups of financial assets have been introduced, and respectively, new rules for their subsequent measurement and the recognition of interest income. Upon the first-time adoption of IFRS 9 Financial instruments, the Company applied for the first time the exemptions (relief) by imposing the requirements of the standard on the financial instrument contracts opened on 01 January 2018.

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Revenue, which covers contracts for goods and services, as well as IAS 11 Construction Contracts, which covers construction contracts and related SIC and IFRIC. The adoption of the new IFRS 15 Revenue from Contracts with Customers significantly increases the use of estimates upon revenue recognition and provides guidance on the reporting of contract costs. The Company has applied the requirements of IFRS 15 to all contracts not yet completed as of 01 January 2018, using the practical relief for modified customer contracts.

On 1 January 2018 management analysed the Company's financial instruments and had not identified any instruments that should be reclassified.

The cumulative effect of the first-time adoption of IFRS 9 and IFRS 15 is immaterial and therefore, it has not been reported in these financial statements.

#### **(n) Key estimates and assumptions**

*Estimates since 01 January 2018*

#### **Calculation of expected credit losses on loans granted, trade receivables and assets under contracts with customers**

The measurement of the expected credit loss for financial assets carried at amortised cost (loans granted, receivables and assets under contracts with customers) is an area, which requires the use of significant assumptions about future economic conditions and credit behaviour of customers and debtors (for example, the likelihood of counterparties not fulfilling their obligations and the resulting losses).

Aiming at achieving compliance with these requirements, the company's management makes a number of important judgments, such as:

- (a) defines criteria for identifying and evaluating a significant increase in credit risk;
- (b) selecting appropriate models and assumptions for measuring expected credit losses;
- (c) formation of groups of similar financial assets (portfolios) for the purpose of measuring expected credit losses,
- (d) establishing and evaluating the correlation between historical default rates and behaviour of certain macroeconomic indicators to reflect the effects of forecasts in future when calculating expected credit losses.

#### **Estimates when recognising revenue from contracts with customers**

When recognising revenue and preparing the annual financial statements, management makes different judgements, estimates and assumptions, which influence the reported income, expenses, assets and liabilities under contracts, and their corresponding disclosures. Despite the uncertainty regarding these assumptions and estimates, the Company does not expect substantial adjustments to the carrying amount of the assets and liabilities in the future, and respectively, the reported costs and revenue.

*Estimated for 2017 and 2018*

**Useful life of fixed assets** - The Company examines the estimated useful lives of the depreciable fixed assets at the end of each reporting period.

**3. Significant accounting policies (continued)**

**(H) Key estimates and assumptions (continued)**

**Recognition of tax assets** - When recognising deferred tax assets, it is assessed the probability that individual deductible temporary differences will reverse in the future and the ability of the Company to generate sufficient tax profits to offset them against those profits.

**Impairment of investments** – Investments in subsidiaries are measured at cost. At the end of each reporting period, management assesses whether there are any indications of impairment of its investments in shares and subsidiaries. Management found no indications of impairment of its investments in subsidiaries as at 31 December 2018.

**(o) New standards and interpretations**

In the current year, the Company adopted all new and revised IFRS, which are relevant to its activity and are effective for the reporting period commencing on 1 January 2018. The effects of the application of these new standards are as follows:

***Standards issued by IASB/IFRIC and endorsed by the EU, but not yet effective and not adopted earlier***

Standards issued by the IASB / IFRIC that have not yet entered into force at the date of issue of the financial statements and have not been adopted earlier are listed below. The company intends to adopt these standards when they become effective.

**IFRSIC 23 Uncertainty over Income Tax Treatments** (effective for annual periods beginning on or after 1 January 2019) - Management does not expect that the adoption of this interpretation will have a significant effect on the financial statements of the Company.

**Amendment to IFRS 9 Financial Instruments** - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019) - Management does not expect that the adoption of this amendment will have a significant effect on the financial statements of the Company.

**IFRS 16 Leases** (effective for annual periods beginning on or after 1 January 2019). The Company adopts IFRS 16 on 1 January 2019 and intends to apply the modified method of implementation. IFRS 16 requires lessees to report all leases under a unified model requiring their recognition in the balance sheet, an approach similar to that applied to finance lease reporting under IAS 17. The Company has reviewed and analysed all lease agreements in the light of the requirements of the new IFRS 16. The standard will mainly affect the company's operating leases as a lessee. The effects of application of IFRS 16 are expected to be immaterial.

**Amendment to IAS 19 Employee Benefits** – Amendment, shortening or settlement of the plan (effective for annual periods beginning on or after 1 January 2019) - Management does not expect that the adoption of this amendment will have a significant effect on the financial statements of the Company.

**Amendments to different standards Improvements to IFRS (2015-2017 cycle)**, resulting from the Annual Project for Improvements to IFRS (IFRS 3, IFRS 11, IAS 12, and IAS 23), mainly for the purpose of elimination of any discrepancies and interpretation of formulations (effective for annual periods beginning on or after 1 January 2019) - Management does not expect that the adoption of these amendments will have a significant effect on the financial statements of the Company.

**3. Significant accounting policies (continued)**

**(o) New standards and interpretations (continued)**

**Standards and interpretations issued by IASB, but not yet endorsed by EU**

Currently, the IFRS adopted by the EU do not differ significantly from those adopted by the IASC, except for the following new standards, amendments to existing standards and new interpretations, which have not been adopted by the EU yet as at the date of approval of these financial statements (the dates of entry into force specified below refer to the complete IFRS):

**IFRS 17 Insurance Agreements** (effective for annual periods beginning on or after 1 January 2021) - Management does not expect that the adoption of this standard will have a significant effect on the financial statements of the Company.

**Revision of the Conceptual Framework for Financial Reporting** (effective for annual periods beginning on or after 01 January 2020) - Management does not expect that the adoption of these amendments will have a significant effect on the financial statements of the Company.

**Amendments to IFRS 3 Business Combinations** (effective for annual periods beginning on or after 01 January 2020) - Management does not expect that the adoption of these amendments will have a significant effect on the financial statements of the Company.

**Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors** (effective for annual periods beginning on or after 01 January 2020) - Management does not expect that the adoption of these amendments will have a significant effect on the financial statements of the Company.

The Company expects the adoption of these standards, amendments and interpretation will not have a significant effect on the Company's financial statements during their initial implementation.

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**4. Intangible assets**

Intangible assets consist of software.

*In BGN'000*

	<b>Software</b>	<b>Total</b>
<b>Book value</b>		
Balance on 01 January 2018	-	-
Additions	4	4
Balance on 31 December 2018	4	4
<b>Amortisation</b>		
Balance on 01 January 2018	-	-
Amortisation for the period	(1)	(1)
Balance on 31 December 2018	(1)	(1)
<b>Net book value</b>		
Net book value on 01 January 2018	-	-
Net book value on 31 December 2018	3	3

**5. Investments in subsidiaries**

As at 31 December 2018, the Company held shares in the following companies:

<b>Company</b>	<b>Country</b>	<b>Share – BGN</b>	<b>Equity share - %</b>
Lora-2004 EOOD	Bulgaria	11 100	100
Zhyuliv EOOD	Bulgaria	16 200	100
Millennium 2000 EOOD	Bulgaria	35 700	100
Gradus-1 EOOD	Bulgaria	149 760	100
Gradus-98 AD	Bulgaria	52 200	99,94
<b>Total:</b>		<b>264 960</b>	

Gradus-1 EOOD holds 96% of the capital of Gradus-3 AS, which is also the effective shareholding of Gradus AD in Gradus-3 AD.

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**6. Deferred tax assets**

The recognised deferred tax assets relate to the following:

<i>In BGN'000</i>	Assets		Liabilities		Net	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Tax loss	50	-	-	-	50	-
Income of individuals	2	-	-	-	2	-
Provision for expected credit losses	1	-	-	-	1	-
<b>Net tax assets</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>-</b>

**Movements in temporary differences during the period 01.01.2018 – 31.12.2018**

*In BGN'000*

	Balance Sheet 31.12.2017	Profit and loss	Balance Sheet 31.12.2018
Tax loss	-	50	50
Income of individuals	-	2	2
Provision for expected credit losses	-	1	1
<b>Total:</b>	<b>-</b>	<b>53</b>	<b>53</b>

**7. Cash and cash equivalents**

*In BGN'000*

	31 December 2018	31 December 2017
Cash on hand	1	1
Cash in current accounts	3 144	239
<b>Total cash and cash equivalents</b>	<b>3 145</b>	<b>240</b>

The Company assesses the expected credit losses on cash and cash equivalents as immaterial. The company has not accrued expected credit losses on cash and cash equivalents.



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**8. Equity**

**Share capital**

The share capital consists of:

	Number of voting shares	Number of non-voting shares	Value in BGN'000
At 31 December 2017	221 000 000	-	221 000
At 31 December 2018	243 608 710	-	243 609

The total number of shares at 31 December 2018 is 243,608,710 with nominal value of BGN 1 each. The share capital is paid fully.

The shareholders of Gradus AD as at 31 December 2018 are as follows:

Company	Number of voting shares	Number of non-voting shares	Shareholding %
Ivan Angelov Angelov	99 195 645	-	40,72
Luka Angelov Angelov	99 195 645	-	40,72
Legal entities	38 134 878	-	15,65
Individual shareholders	7 082 542	-	2,91
<b>Total:</b>	<b>243 608 710</b>	<b>-</b>	<b>100,00</b>

**Equity**

*In BGN'000*

	31 December 2018	31 December 2017
Share capital	243 609	221 000
Issue premium	62 287	44 200
Retained earnings / loss	26 700	(1)
<b>Total equity</b>	<b>332 596</b>	<b>265 199</b>

The share capital is presented at the nominal value of the shares issued and paid. Receipts above their nominal value are reported as issue premium.

**9. Trade payables**

*In BGN'000*

	31 December 2018	31 December 2017
Payables to suppliers	-	1
	<b>-</b>	<b>1</b>

**10. Tax liabilities**

*In BGN'000*

	31 December 2018	31 December 2017
Tax on expenses	1	-
Personal income tax liabilities	3	-
	<b>4</b>	<b>-</b>

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**11. Payables to personnel and for social security**

*In BGN'000*

	<b>31 December 2018</b>	<b>31 December 2017</b>
Payables to personnel	29	-
Social security payable	2	-
<b>Total</b>	<b>31</b>	<b>-</b>

**12. Dividend income**

*In BGN'000*

	<b>31 December 2018</b>	<b>28.11.2017- 31.12.2017</b>
Gradus-1 EOOD	2 500	
Millennium 2000 EOOD	11 331	-
Lora-2004 EOOD	350	-
Gradus-98 AD	9 494	-
Zhyuliv EOOD	3 500	-
<b>Total</b>	<b>27 175</b>	<b>-</b>

See note 20 Related party transactions.

**13. Costs of hired services**

*In BGN'000*

	<b>31 December 2018</b>	<b>28.11.2017- 31.12.2017</b>
Commission fees	225	-
Consulting services	70	-
Audit costs	41	1
Marketing and advertising costs	33	-
Translation / interpretation services	12	-
Bank current account maintenance charges	9	-
Subscription fees	4	-
Rent	1	-
Other expenses	9	-
<b>Total</b>	<b>404</b>	<b>1</b>

**14. Personnel expenses**

*In BGN'000*

	<b>31 December 2018</b>	<b>28.11.2017- 31.12.2017</b>
Current remuneration	372	-
Social security contributions	14	-
<b>Total</b>	<b>386</b>	<b>-</b>

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**15. Other operating expenses**

*In BGN'000*

	<b>31 December 2018</b>	<b>28.11.2017- 31.12.2017</b>
Entertainment costs	11	-
Business trips expenses	10	-
Tax on expenses	1	-
<b>Total</b>	<b>22</b>	<b>-</b>

**16. Finance income**

*In BGN'000*

	<b>31 December 2018</b>	<b>28.11.2017- 31.12.2017</b>
Interest income on loans granted	309	-
<b>Total</b>	<b>309</b>	<b>-</b>

**17. Finance costs**

*In BGN'000*

	<b>31 December 2018</b>	<b>28.11.2017- 31.12.2017</b>
Bank charges	11	-
<b>Total</b>	<b>11</b>	<b>-</b>

**18. Tax expenses**

	<b>2018</b>	<b>2017</b>
Tax profit for the year as per the tax return	-	-
Current income tax expense for the year – 10% (2017: 10%)	-	-
Differed income taxes relating to:		
Occurrence and reversal of temporary differences	53	-
<b>Total income tax benefit recognized in the statement of comprehensive income</b>	<b>53</b>	<b>-</b>
Reconciliation of income tax expense determined vs. accounting result	<b>2018</b>	<b>2017</b>
Accounting profit / (loss) for the year	26 648	(1)
Income taxes - 10% (2017: 10%)	(2 665)	-
Non-deductible income	2 718	-
<b>Total income tax benefit recognized in the statement of comprehensive income</b>	<b>53</b>	<b>-</b>

## **19. Financial instruments**

### **Categories of financial instruments:**

<b>Financial assets at amortised cost</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
<i>In BGN'000</i>		
Related party receivables	9 081	-
Receivables on loans to related parties	55 389	-
Cash and cash equivalents	3 145	240
<b>Total:</b>	<b>67 615</b>	<b>240</b>

In the course of its ordinary activity the Company is exposed to various financial risks, the most significant of which are the following: market risk (including currency risk, risk of changes in fair value and price risk), credit risk, liquidity risk and risk of interest-bearing cash flows.

The overall risk management is focused on difficulties in forecasting financial markets aimed at minimising the potential negative effects that might impact the financial results and performance of the Company.

Financial risks are identified, measured and monitored currently, using different control mechanisms, in order to determine adequate prices of company's goods and to assess adequately the forms of maintenance of free liquidity without permitting unjustified concentration of a particular risk.

Risks faced by the Company are managed on an ongoing basis in accordance with a policy elaborated by the General Manager. The General Manager has set the main principles of the overall financial risk management on the basis of which the specific procedures for management of specific risks, such as currency risk, price risk, interest rate risk, credit risk, and liquidity risk, have been developed.

### **Credit risk**

The main financial assets of the company comprise cash on hand and cash in bank accounts, and receivables on loans granted.

Credit risk is the risk that the company's counterparties might not be able to repay fully and within the usual time limits the amounts they owe on credit receivables.

### **Loans granted and financial guarantees**

The Company measures the credit risk of loans to related parties by using the probability of default (PD), exposure at default (EAD) and loss given default (LGD). To determine the credit risk, the company's management uses internal estimates that reflect the probability of default for individual counterparties. The activity, financial performance of the borrower and the value of the collateral received is included in the risk assessment.

The Company considers that a financial instrument has undergone a significant increase in credit risk (migration from phase 1 to phase 2) when one or more of the following quantitative or qualitative criteria are met:

- the borrower is past due by more than 60 days;
- significant adverse changes in business, financial and economic conditions in which the borrower operates;
- actual or expected significant adverse changes in the operating results of the borrower;

The criteria used to determine whether there is a significant increase in credit risk are monitored and reviewed periodically.

## **19. Financial instruments (continued)**

The company considers a financial instrument as being in default and exposed to a credit loss (migration from phase 1 or phase 2 to phase 3) when one or more of the following quantitative or qualitative criteria are met:

- the borrower is past due by more than 90 days;
- the borrower experiences significant financial difficulties;
- the borrower is in an insolvency / liquidation procedure.

Calculation of expected credit losses

Expected credit losses are calculated by discounting the resulting value of the product of: the probability of default (PD), exposure at default (EAD) and loss given default (LGD), determined as follows:

- PD the probability of that the borrower would fail to perform its financial obligation either in the next 12 months or for the entire lifetime of the financial asset;
- EAD is the amount due by the company at the time of default;
- LGD is the expectation of the company for the amount of the loss in case of exposure at default. The LGD amount has been reduced by the insured portion of the financial asset.

The discount rate used to calculate the expected credit loss (ECL) is the instrument's original effective interest rate.

When determining the 12-month and lifetime PD, EAD and LGD for the instrument, forecast information has been employed as well. The company's management has conducted an historical analysis and has identified the main economic variables affecting credit risk and expected credit losses.

The expected credit losses on certain loans classified in Phase 1 are determined on the basis of expected credit losses resulting from possible default events which could occur within the next 12 months of the lifetime of the relevant asset (12-month expected credit losses for the instrument).

Analysis of expected losses by loans granted:

In BGN'000	<b>Loan granted at 31.12.2018r</b>	<b>Interest rate</b>	<b>Probability of non- performance in %</b>	<b>Loss in the event of non- performance</b>	<b>Expected credit losses</b>	<b>Discounted amount of the credit loss</b>
Gradus-1 EOOD	19 400	1.3%	0.02%	19 400	(4)	(4)
Gradus-3 AD	20 000	1.3%	0.02%	20 000	(4)	(4)
Millennium 2000 EOOD	5 000	1.3%	0.02%	5 000	(1)	(1)
Lora-2004 EOOD	11 000	1.3%	0.02%	11 000	(2)	(2)
<b>Total</b>	<b>55 400</b>			<b>55 400</b>	<b>(11)</b>	<b>(11)</b>

### **Currency risk**

At the moment, this risk is immaterial for the Company has no transactions in currencies other than the Bulgarian lev.

### **Liquidity risk**

Liquidity risk is reflected in the adverse situation of the Company not being able to meet unconditionally all of its liabilities as they fall due. The Company applies conservative liquidity management policy through which it constantly maintains optimal cash levels. The company does not experience a shortage of cash.

**GRADUS AD**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**19. Financial instruments (continued)**

**Interest rate risk**

The company did not hold interest-bearing financial liabilities at 31 December 2018 and 31 December 2017.

**Fair values**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The policy of the company is to disclose in its financial statements the fair value of financial assets and liabilities, primarily for which there are quoted market prices. The fair value of financial instruments not traded on active markets is determined using valuation techniques based on various valuation methods and management's assumptions made on the basis of market conditions prevailing at the balance sheet date. The concept of fair value implies the realization of financial instruments through sale. In most cases, especially in respect of trade receivables and payables, loans and deposits, the Company expects to realize these financial assets through their full repayment or, respectively, repayment over time. That is why they are stated at their amortised cost. The Company's financial assets and liabilities are mainly short-term in nature (trade receivables and payables, short-term loans) and therefore, it is assumed that their carrying amount approximates their fair value. The Company's management considers that, under the existing circumstances, the estimates of financial assets and liabilities included on the balance sheet are the most reliable, adequate and trustworthy as possible for the purposes of financial reporting.

The fair value of financial instruments is determined in accordance with the valuation methodology corresponding to Level 3 in the fair value hierarchy.

**Fair values compared to carrying amounts**

The fair values of financial assets and liabilities, together with their carrying amounts included on the statement of financial position are as follows:

<i>In BGN'000</i>	<b>31.12.2018</b>		<b>31.12.2017</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
Related party receivables	9 081	9 081	-	-
Receivables on loans to related parties	55 389	55 389	-	-
Cash and cash equivalents	3 145	3 145	240	240
<b>Total assets at amortised cost</b>	<b>67 615</b>	<b>67 615</b>	<b>240</b>	<b>240</b>

**GRADUS AD**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
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**20. Segment reporting**

The Company identified one operating segment – management of companies as at 31 December 2018.

*Segment revenue, expenses and results comprise:*

	Management of companies 2018	Management of companies 2017	Total 2018	Total 2017
Segment revenue	27 175	-	27 175	-
Segment expenses	<u>(803)</u>	<u>(1)</u>	<u>(803)</u>	<u>(1)</u>
<b>Segment result:</b>	<b>26 372</b>	<b>(1)</b>	<b>26 372</b>	<b>(1)</b>
Undistributed operating expenses			(22)	-
<b>Operating profit / (loss)</b>			<b>26 350</b>	<b>(1)</b>
Finance income, net			298	-
<b>Profit before income taxes</b>			<b>26 648</b>	<b>(1)</b>
Income tax expense			53	-
<b>Net profit for the year</b>			<b>26 701</b>	<b>(1)</b>

*Segment assets comprise:*

	Management of companies 2018	Management of companies 2017	Total 2018	Total 2017
Investments in subsidiaries	264 960	264 960	264 960	264 960
Receivables on loans to related parties	55 389	-	55 389	-
Dividends receivable	9 081	-	9 081	-
Cash and cash equivalents	<u>3 145</u>	<u>240</u>	<u>3 145</u>	<u>240</u>
<b>Segment assets</b>	<b>332 575</b>	<b>265 200</b>	<b>332 575</b>	<b>265 200</b>
Undistributed assets			56	-
<b>Total assets</b>			<b>332 631</b>	<b>265 200</b>

*Segment liabilities comprise:*

	Management of companies 2018	Management of companies 2017	Total 2018	Total 2017
Payable to personnel and for social security	<u>31</u>	<u>-</u>	<u>31</u>	<u>-</u>
<b>Segment liabilities</b>	<b>31</b>	<b>-</b>	<b>31</b>	<b>-</b>
Undistributed liabilities			4	1
<b>Total liabilities</b>			<b>35</b>	<b>1</b>

**GRADUS AD**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
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**21. Related party transactions**

***Identification of related parties***

For the purposes of preparing these financial statements, the owners, the companies under their control, the senior management (key management staff) and close family members, including companies controlled by them, are treated as related parties.

<b>Related parties:</b>	<b>Relation</b>
Luka Angelov Angelov	Equity owner
Ivan Angelov Angelov	Equity owner
Gradus-1 EOOD	Company under common control
Gradus-3 AD	Company under common control
Millennium 2000 EOOD	Company under common control
Gradus-98 AD	Company under common control
Zhyuliv EOOD	Company under common control
Lora-2004 EOOD	Company under common control
Energy-2 OOD (former Gradus-2 OOD)	Relationship through a person exercising significant influence
Agro Invest-7 OOD (former Gradus-7 OOD)	Relationship through a person exercising significant influence
Mirena OOD	Relationship through a person exercising significant influence
Gold Agro-2005 OOD	Relationship through a person exercising significant influence
Ayazmo AD	Relationship through a person exercising significant influence
Marieta EOOD	Relationship through a person exercising significant influence
Trade Home EOOD	Relationship through a person exercising significant influence
Wolf OOD	Relationship through a person exercising significant influence
Biser Oliva AD	Relationship through a person exercising significant influence
SP Gradus-Ivan Angelov-55	Relationship through a person exercising significant influence
Equity Invest-1 AD	Relationship through a person exercising significant influence
Equity Invest-2 OOD	Relationship through a person exercising significant influence
M.O. Stara Zagora OOD	Relationship through a person exercising significant influence
Biser Distribution OOD	Relationship through a person exercising significant influence
Zagora Oil OOD	Relationship through a person exercising significant influence
Auto Spa Center	Relationship through a person exercising significant influence
Zagora Oil OOD	Relationship through a person exercising significant influence

**Transactions with key management personnel**

The remuneration of the Directors and Board members amounts to BGN 339 thousand (2017: BGN 0).

**Loans to related parties:**

In BGN'000	<b>Interest rate</b>	<b>Maturity</b>	<b>Collateral</b>	<b>Loan granted at 31.12.2018</b>	<b>Loan granted at 31.12.2017</b>
Gradus-1 EOOD	1.3%	07-08.2019	No	19 396	-
Gradus-3 AD	1.3%	07-09.2019	No	19 996	-
Millennium 2000 EOOD	1.3%	07.2019	No	4 999	-
Lora-2004 EOOD	1.3%	07.2019	No	10 998	-
<b>Total:</b>				<b>55 389</b>	<b>-</b>



**GRADUS AD**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**21. Related party transactions (continued)**

Transactions between Gradus AD and its related companies as at 31 December 2018:

<i>In BGN'000</i>	Type of transaction	Transaction value for 2018	Total receivables 31 December 2018
<b>Related parties of Gradus AD</b>			
Gradus-1 EOOD	Loans granted	19 400	19 400
Gradus-1 EOOD	Interest accrued	104	-
Gradus-3 AD	Loans granted	21 500	20 000
Gradus-3 AD	Interest accrued	111	-
Millennium 2000 EOOD	Loans granted	5 000	5 000
Millennium 2000 EOOD	Interest accrued	29	-
Lora-2004 EOOD	Loans granted	11 000	11 000
Lora-2004 EOOD	Interest accrued	65	-
Provision for expected credit losses			(11)
<b>Total receivables on loans granted</b>			<b>55 389</b>
Gradus-1 EOOD	Dividends	2 500	1 000
Millennium 2000 EOOD	Dividends	11 331	5 731
Lora-2004 EOOD	Dividends	350	350
Gradus-98 AD	Dividends	9 494	2 000
Zhyuliv EOOD	Dividends	3 500	-
<b>Total dividends receivable</b>			<b>9 081</b>
<b>Total related party receivables</b>			<b>64 470</b>

**22. Events after the reporting date**

There were no significant events occurring after 31 December 2018 that require additional adjustments and / or disclosures in the financial statements for the year ended 31 December 2018.

## **DECLARATION**

**in accordance to Article 100H, Para 4, Item 4 of the Public Offering of Securities Act**

The undersigned,

Ivan Angelov Angelov – Executive Director of Gradus AD

Luka Angelov Angelov – Chairman of the Board of Directors

and

Antoaneta Nikiforova Boeva – Chief Accountant of Gradus AD

**DECLARE HEREBY, that to the best of our knowledge:**

(a) The financial statements prepared in accordance with the applicable accounting standards give a true and fair view of the assets and liabilities, financial performance, and of the profit or loss of Gradus AD;

(b) The management report contains a true and fair view of the development and operating performance of Gradus AD, as well as of the status of the issuer and the consolidated companies, together with a description of the main risks and uncertainties faced by the company.

29 March 2019

A. Boeva  
/Chief Accountant/

I. Angelov  
/Executive Director/

L. Angelov  
/Chairman of the Board of Directors/

## DECLARATION OF CORPORATE GOVERNANCE PURSUANT TO ARTICLE 100m, PARAGRAPH 8 OF POSA

### 1. Information whether the issuer complies as appropriate:

- Corporate Governance Code approved by the Deputy Chairperson of the Financial Supervision Commission, or
- Another Corporate Governance Code;
- Information regarding the corporate governance practices, which are applied by Gradus AD in addition to the code under Letter "a" or Letter "b";

Gradus AD complies with the National Corporate Governance Code /NCMC/ elaborated in October 2007 and approved by the National Corporate Governance Committee, as subsequently amended in February 2012 and April 2016. It was approved by the Deputy Chairperson of the Financial Supervision Commission.

The basis for corporate governance is the interaction between the Board of Directors of the company, the management bodies of subsidiaries, shareholders, potential investors and trading partners.

Good corporate governance means loyal and responsible corporate management bodies, transparency and independence, as well as the responsibility of the company to society.

The code should be applied on the basis of the “*comply or explain*” principle. This means that the company complies with the Code and, in the event of a deviation, the management should clarify the reasons thereof.

According to the Company, the adoption and implementation of a “Program for Implementation of Internationally Recognised Good Corporate Governance Standards” will facilitate investment decisions by shareholders and enhance the confidence of potential investors, given the Company's willingness to improve and optimise the information disclosure processes.

Considering the Program, the main goals of the company are:

- introduction and implementation by the company of good corporate governance principles;
- facilitating and supporting communication, and raising the level of awareness of the company's shareholders, regulatory authorities, financial media and analysts;
- improving the information disclosure processes of the company, including the quality and relevance of information;
- enhancing the confidence of shareholders, investors and any other interested parties in the management of the company and its development;

**2. Explanation by the issuer as to which parts of the corporate governance code under Item 1, Letter "a" or Letter "b" the issuer does not comply with and as to what the ground for this non-compliance are, and when the issuer has opted not to refer to any of the rules of the corporate governance code - the grounds for that:**

While performing its activity, the company complies with all sections of the National Corporate Governance Code.

**3. Description of the main characteristics of the internal control system and of the risk management system of the issuer in connection with the financial reporting process:**

The internal financial reporting and accounting control system of Gradus AD is developed on the basis of good reporting and control practices in the country and in compliance with the legislative framework. For the purpose of maximum improvement, it is subject to continuous monitoring by the management and represents a set of rules, procedures and control actions, which are developed according to the specific features of the Company, its activity and reporting system. It is directed towards:

- ongoing monitoring and distribution of reporting activities against their objectives;
- adequate and timely localisation of identified business risks affecting financial, management and operational reporting.

Using the system, the management is able to assure itself that:

- the Company applies the requirements of the accounting and reporting legislation, and in particular, the requirements of the Accounting Act and International Financial Reporting Standards;
- the Company observes the instructions and recommendations of senior management with regard to reporting and documentation;
- the necessary efficiency and efficiency in the financial and accounting process exist, including consolidation and documentary justification;
- there is a high degree of security for the protection and maintenance of the assets of the company, including prevention of fraud and errors;
- there is reliable, qualitative and timely financial and operational information to be provided to internal and external users.

The main components of the internal financial reporting control system are:

- 1) adoption and observance of ethical principles and rules of conduct adopted by the Ethics Code of Conduct of the employees of Gradus AD and with regard to financial reporting;
- 2) development of and setting an optimal structure of units involved in financial reporting processes with clearly defined responsibilities and powers;
- 3) implementation and maintenance of control procedures and rules for each stage of accounting and financial reporting processes;
- 4) development of policies for selecting, training and developing staff employed in accounting and financial reporting processes;
- 5) development of procedures for identifying, monitoring and managing risks relating to accounting, financial reporting and reporting, including development of adequate measures and actions to minimise those risks;

6) development of and maintaining the information system organisation, including access controls, commissioning, data processing, system changes, allocation of responsibilities of persons employed to operate it, and preserving of data integrity in the system.

**4. Information under Article 10, Paragraph 1, Letters "c", "d", "f", "h" and "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 regarding take-over offers:**

**4.1. Significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC**

No proposals for takeover and/or merger with another company were made to the Company as of 31 December 2018.

**4.2. Holders of any securities with special control rights and a description of those rights**

There are no shareholders enjoying special control rights in the Company. Pursuant to the Articles of Association of Gradus AD, all shares issued by the Company are of one class, ordinary, registered, dematerialised. All shares give the right to one vote at the General Meeting of Shareholders, right to dividend and right to liquidation share proportionate to the share's nominal value.

**4.3. Restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities**

There are no restrictions on the voting rights attached to shares.

**4.4. Rules governing the appointment and replacement of board members and the amendment of the articles of association**

According to the applicable legal framework and Articles of Association of Gradus AD, the election and discharge of the members of the Board of Directors, as well as the determination of their remuneration and the guarantee of their management, are part of the competence of the General Meeting of Shareholders of the Company.

The Board of Directors of the Company is elected and exercises its powers in accordance with the decisions of the General Meeting, the Articles of Association of the Company, and the applicable law. The term of office of the members of the Board of Directors is five (five) years, without limitation of re-election. Upon termination of the term of office of a member of the Board of Directors, regardless of the grounds therefor, he/she shall continue to perform his/her functions and duties as a member of the Board of Directors until the election of a new member by the General Meeting.

**4.5. Powers of board members, and in particular, the power to issue or buy back shares**

According to the Articles of Association of Gradus AD, the Company's Board of Directors decides on all matters relating to the activities of the Company, with the exception of those which are of exclusive competence of the General Meeting.

The Company is managed and represented by the Board of Directors in accordance with the law and the Company's Articles of Association. The Board of Directors of the Company takes decisions on the following:

- ✓ organizes the implementation of the decisions taken at the General Meeting and controls this implementation;
- ✓ elects the Executive Director / representative(s), defines the limits of his / her / their competence and controls his / her / their activity;
- ✓ decides on long-term cooperation essential to the Company or terminates such cooperation;
- ✓ takes decisions on the establishing and / or closing a branch;
- ✓ takes decisions to increase the Company's capital, in cases where it is expressly authorized to do so by the General Meeting;
- ✓ approves disposition (including, but not limited to, transfer, encumbrance, burden, etc.) to the Company's business or parts thereof;
- ✓ approves the conclusion of transactions with shareholders, members of the Board of Directors or employees of the Company (or members of their families);
- ✓ approves borrowing or otherwise forming a Company's financial debt to a third party at a value above BGN 50,000 as a result of a single transaction or a series of transactions;
- ✓ decides on the participation and / or termination of the Company's participation in other companies in the Republic of Bulgaria and abroad;
- ✓ decides to exercise rights as a shareholder / partner in subsidiaries;
- ✓ decides to grant a loan or other form of financing the companies in which the Company owns and / or exercises control;
- ✓ decides to dispose of intellectual property of the Company as well as to grant intellectual property rights on assets of the Company;
- ✓ prepares, accepts and signs a prospectus for public offering of securities issued by the Company;
- ✓ elects and releases investment intermediaries to take and/or administer a securities issue issued by the Company, which will be subject to public offering;
- ✓ approves the conclusion of transactions other than those specified in Art.114, para.1 of the Public Offering of Securities Act (POSA) with the participation of interested persons within the meaning of Art.114, para.7 of POSA;
- ✓ approves the conclusion of transactions under Art.114, para.3 of the POSA by the subsidiaries of the Company,
- ✓ resolves on all matters that are not within the exclusive competence of a General Meeting.

## **5. Composition and functioning of the administrative, managerial and supervisory bodies and their committees**

### **Members of the Board of Directors at the date of preparation of this report are:**

- Luka Angelov Angelov – Chairman of the Board of Directors
- Ivan Angelov Angelov – Member of the Board of Directors and Executive Director
- Georgi Aleksandrov Babev - Member of the Board of Directors

The company is represented by the Chairman of the Board of Directors, Luka Angelov, and by Ivan Angelov, Member of the Board of Directors and Executive Director, jointly.

The company has a one-tier management system.

### **Management bodies of Gradus AD:**

- General Meeting of Shareholders

- Board of Directors

### **General Meeting, Participation in a General Meeting**

- The General Meeting comprises all shareholders with voting rights.
- The shareholders with voting rights are able to exercise their vote at a General Meeting of the company by a proxy;
- The members of the Board of Directors who are not shareholders participate in the General Meetings without a right to vote.

### **Competence of the General Meeting:**

- Amends and supplements the Articles of Association of the Company;
- Increases and decreases the capital of the Company;
- Transforms and terminates the Company;
- Elects and dismisses the members of the Board of Directors;
- Determines the remuneration of the members of the Board of Directors, to whom corporate governance functions will not be entrusted, including their right to receive a portion of the Company's profit, as well as the right to acquire shares and bonds of the Company;
- Appoints and dismisses registered auditors, when the audit is mandatory in the cases provided for in a law or when a decision has been taken that an independent financial audit shall be carried out;
- Approves the annual financial statements after they have been certified by the appointed registered auditor in the cases where an independent financial audit has been carried out; takes a decision for profit distribution, for making contributions to the Reserve Fund and for payment of dividends;
- Resolves on the issuance of bonds;
- Appoints liquidators in the event of termination of the Company, except for the case of termination by bankruptcy;
- Releases from liability the members of the Board of Directors;
- Resolves on redemption of treasury shares of the Company;
- Elects an Audit Committee; determines the number and mandate of its members and approves its Rules of Procedure in compliance with the provisions of the Independent Financial Audit Act;
- Empowers the persons managing and representing the Company to conclude deals under Article 114, paragraph 1 of POSA;
- Resolves on all other matters within its competence according to the law and/or the Articles of Association.

### **Board of Directors:**

- The Board of Directors manages and represents the company;
- The Board of Directors exercises its powers in compliance with the decisions of the General Meeting, these Articles of Association and the applicable law.



### **Competence of the Board of Directors:**

- Organises the implementation of the decisions taken at the General Meeting and control this implementation;
- Elects the Executive Director(s)/representative(s), determines the limits of his/their competence and controls his/their activity;
- Takes decisions on long-term cooperation essential to the Company on the termination of such cooperation;
- Takes decisions on the establishment and/or closure of a branch;
- Takes decisions to increase the capital of the Company, in cases where it is expressly authorized to do so by a General Meeting;
- Approves the disposal (including, but not limited to, transfer, closure, burdening, etc.) of the Company's business or parts thereof;
- Approves the conclusion of transactions with Shareholders, members of the Board of Directors or employees of the Company (or members of their families);
- Approves the taking of a loan or otherwise forming a Company's financial debt to a third party at a value exceeding BGN 50,000 as a result of a single transaction or a series of transactions;
- Takes decisions on the participation and/or termination of the Company's participation in other companies in the Republic of Bulgaria and abroad;
- Takes decisions on the exercise of rights of the Company as a shareholder/partner in subsidiaries;
- Takes decisions on granting a loan or other form of financing to companies in which the Company has equity participation and /or on which it exercises controls;
- Takes decisions on disposal of Intellectual Property Rights of the Company, as well as on granting rights to objects of Intellectual Property of Company;
- Prepares, accepts and signs a prospectus for public offering of securities issued by the Company;
- Selects and releases investment intermediaries which to take over and/or administer the issue of securities issued by the Company, which will be subject to public offering;
- After obtaining a public status from the Company, it shall approve the conclusion of transactions other than those specified in Art.114, para.1 of the Public Offering of Securities Act with the participation of interested persons within the meaning of Art.114, para.7 of POSA,
- After obtaining a public status from the Company, it shall approve the conclusion of transactions under Art.114, para.3 of POSA by the subsidiaries of the Company;
- Resolves all matters which are not within the exclusive competence of the General Meeting.

### **Remuneration**

The amount and structure of remuneration of the members of the Board of Directors are regulated by the Articles of Association of Gradus AD, approved by the General Meeting of the company, their management contracts, and the Remuneration Policy of the Board of Directors, adopted by minutes dated 01 August 2018. The latter shall be approved by the GMS of the company.

### **Conflict of interest**

The company has implemented a related party transactions policy, approved by minutes of the Board of Directors dated 01 August 2018.

### **Supervisory bodies**

The company has a one-tier management system and thus, an Audit Committee has been established in accordance with Article 107 of the Independent Financial Audit Act.

The Audit Committee consists of 3 (three) members elected by the Board of Directors for a 4 (four)-year mandate. Two of the members of the Audit Committee, including its Chairperson, should be independent.

Members of the Audit Committee are:

- Radka Dincheva Peneva – Chair of the Audit Committee;
- Petya Radoslavova Panova – Member of the Audit Committee;
- Georgi Aleksandrov Babev – Member of the Audit Committee.

**The Audit Committee of Gradus AD is a specialised body entrusted with the following powers:**

- Informs the Board of Directors of the results of the statutory audit and clarifies how the statutory audit has contributed to the credibility of financial reporting, and the role of the Audit Committee in this process;
- monitors the financial reporting and audit processes, internal control and risk management of the company, and provides recommendations and proposals to ensure their efficiency;
- monitors the statutory audit of the company's annual financial statements;
- inspects and monitors the independence of the registered auditors of the Company;
- is responsible for the registered auditor selection procedure and recommends the appointment of a registered auditor;
- perform other functions provided for by law.

**6. Description of the diversity policy applied as regards the administrative, managerial and supervisory bodies of the issuer in connection with aspects such as age, gender or education and professional experience, the objectives of such diversity policy, its method of application and the results thereof during the reporting period; when no such policy is applied, the declaration shall contain an explanation regarding the reasons for that:**

Gradus AD makes every effort to ensure equal opportunities for recruitment and respect in form and substance of the whole range of laws relating to fair practices in the working environment and the prevention of discrimination.

Discrimination and harassment, whether based on race, gender, feeling or expression of sex, colour of the skin, belief, religion, national origin, nationality, citizenship, age, disability, family status (including partnerships without marriage and civil alliances, defined and recognised by the current legislation), sexual orientation, culture, pedigree, veteran status, socio-economic situation or other law-protected personal characteristics are unacceptable and totally incompatible with the traditions of the Company, for ensuring a reputable, professional and decent job. Repressive measures to persons raising complaints about discrimination or harassment are also prohibited.

The main goals of the Company in implementing diversity policies include:

- attracting, hiring and retaining at work of people possessing a wide range of talents. The diverse abilities and talent of managers and employees open up new opportunities for innovative and creative solutions, increase creativity and innovation. This in turn would also lead to a more effective adaptation to the impact of globalisation and technological change. A more diverse workforce can improve the ability of the Company to achieve its objectives. This approach can raise the spirit of employees, give access to new market segments and increase productivity;
- promoting a working atmosphere that respects ethical diversity and in which differences between people are valued and respected;
- solving one of the most important problems for the employer – that of labour shortages, as well as problems relating to the recruitment and retention of highly skilled workers;
- improving the reputation and overall representation of the company vis-à-vis external stakeholders and society;
- creating opportunities for disadvantaged groups and building the unity of society.

Gradus AD aims to achieve the goals set by promoting and implementing in practice the types of diversity that are of importance to the Company. By adopting good practices applied by other companies and institutions, the Company's management aims at making diversity management a functioning part of the Company. Gradus AD devotes its efforts to inform its employees, consumers, customers and investors of the importance of diversity for them and their work, aiming to build trust willingness to render support.

29 March 2018

Executive Director

Ivan Angelov

Chairman of Board of Directors:

Luka Angelov

## INDEPENDENT AUDITOR'S REPORT

**TO  
THE SHAREHOLDERS  
OF GRADUS AD**

### REPORT ON THE RESULTS FROM THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

#### Opinion

We have audited the separate financial statements of **GRADUS AD** (the Company), which comprise the separate statement of financial position as of 31 December 2018, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements comprising also a summary of significant accounting policies.

In our opinion, the enclosed separate financial statements give a true and fair view of the financial position of the Company as of 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted for use by the European Union (EU).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in our report, *Auditor's Responsibilities for the Audit of the separate financial statements* section. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code) and have otherwise fulfilled our ethical responsibilities in accordance with the requirements of the Independent Financial Audit Act (IFAA) applicable to our audit of the separate financial statements in Bulgaria, and we complied also with our other ethical responsibilities in accordance with the requirements of IFAA and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Draw of attention paragraph**

We draw attention to Note 2 to the separate financial statements, where it has been disclosed that at the date of these separate financial statements the consolidated financial statements of the Company as at 31 December 2018 and for the year then ended have not yet been issued. Management intends to issue the consolidated financial statements of the Company for 2018 not later than 30 April 2019. Our opinion is not modified in this regard.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

<b>Key audit matter</b>	<b>Description of how our audit addressed the key audit matter</b>
<p><b>Assessment of investments</b></p> <p>The Company holds investments in subsidiaries amounting to BGN 264,960 thousand, included in Note 5 to the separate financial statements.</p> <p>The review of the indicators and management's tests of the need of impairment of the investments in these subsidiaries is a complicated process that requires management to apply significant assumptions, various judgments and estimates in respect of the future return on investments; for the purpose of measuring the recoverable amount, the discounted cash flow method is employed. The latter are determined individually for each subsidiary and it is treated as a separate cash generation unit (CGU) by taking into account factors, such as: specifics of the activity and location, business environment, past experience with that entity, expected growth in sales volumes during the next reporting periods, appropriate discount rate, other risks, etc. Therefore, in general these management's estimates are subject to uncertainty.</p> <p>The calculations have been made by management with the assistance of independent licensed valuers – experts external to the Company.</p> <p>In view of the fact that:</p>	<p><b>In this area, our audit procedures included:</b></p> <ul style="list-style-type: none"> <li>• Review and assessment of the analyses of investments in each one of the subsidiaries, conducted by the Company, and its potential of generating a return by applying the discounted cash flow method;</li> <li>• Analyses and assessment of the appropriateness of the budgets and forecasts prepared by the Company as at 31 December 2018;</li> <li>• Analyses and assessment of the adequacy of key judgements and assumptions used by the Company's management, including of the discount rate by applying the discounted cash flow method;</li> <li>• Review and assessment of the completeness, appropriateness and adequacy of the disclosures made in the separate financial statements of the Company regarding the assessment of the investments in subsidiaries.</li> </ul>

a) the process of determination and testing possible impairment losses of investments in subsidiaries presume numerous judgements, a higher level of subjectivity and uncertainty in forecast assumptions, including forecast revenue, forecast cash flows and growth rate, and  
b) the substance of the reporting item as described above,  
we have determined this matter as a key audit matter.

### **Information other than the separate financial statements and auditor's report thereon**

Management is responsible for the other information. That other information comprises the management report and Corporate Governance Statement prepared by management in accordance with Chapter Seven of the Accountancy Act, but does not include the separate financial statements and the auditor's report thereon.

Our opinion on the separate financial statements does not cover this other information and we do not express any form of assurance conclusion regarding this other information, unless expressly stated otherwise in our report and to the extent stated.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and consider whether the information is materially inconsistent with our knowledge obtained in the audit or the other information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the separate financial statements**

Management is responsible for the preparation and fair presentation of these separate financial statements prepared in accordance with IFRS, as approved by the EU, and for such internal control system as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for the assessment of the Company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting, unless management intends to liquidate the company, to cease its operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the separate financial statements**

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Independent Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves true and fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Among the matters we communicate with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and therefore, are key audit matters. We describe those matters in our auditor's report, except

in the cases when a law or regulation prevents the public disclosure of information on the matter or when, in extremely rare cases, we decide that a particular matter shall not be communicated in our report as it can be reasonably expected that the unfavourable consequences of this act would outweigh the potential benefits from the point of view of the public interest from this communication.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Other matters to be reported in accordance with the Accountancy Act and the Public Offering of Securities Act**

In addition to our responsibilities and reporting in accordance with ISAs, described above in the *Information other than the separate financial statements and auditor's report thereon* section, in relation to the management report, the Corporate Governance Statement and Non-financial Statement, we have also performed the procedures added to those required under ISAs in accordance with the *Guidance of the professional organisation of certified public accounts and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA)*. These procedures concern verifications of the existence, as also of the form and contents of this other information, in order to support us in the formation of an opinion as to whether this other information includes disclosures and reporting stipulated in Chapter Seven of the Accountancy Act and in the Public Offering of Securities Act (Article 100n, paragraph 10 of POSA with reference to Article 100n, paragraph 8, items 3 and 4 of POSA), applicable in Bulgaria.

### **Opinion with reference to article 37, paragraph 6 of the Accountancy Act**

Based on the procedures performed, our opinion is that:

- a) The information included in the management report is consistent with the separate financial statements for the same reporting period;
- b) The management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and Article 100n, paragraph 7 of the Public Offering of Securities Act;
- c) The Corporate Governance Statement referring to the financial year for which the separate financial statements have been prepared presents the information required under Chapter Seven of the Accountancy Act and Art. 100n, paragraph 10 of the Public Offering of Securities Act;
- d) Pursuant to the provisions of Article 41 of the Accountancy Act, the Company has not prepared a separate Non-financial Statement for the financial year, for which the separate financial statements have been prepared.

### **Opinion with reference to Article 100n, paragraph 10 in conjunction with Article 100n, paragraph 8, items 3 and 4 of the Public Offering of Securities Act**

Based on the procedures performed and the knowledge and understanding obtained about entity's activities and the environment in which it operates, in our opinion, the description of the main characteristics of entity's internal control and risk management systems relevant to the financial reporting process, which is part of the management report (as a component of the corporate governance statement) and the information under Art. 10 paragraph 1(c), (d), (f), (h) and (i) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on Takeover Bids, do not contain any material misrepresentations.



**Additional reporting regarding the audit of the separate financial statements with reference to Article 100n, paragraph 4, τ. 3 of the Public Offering of Securities Act**

*Statement with reference to Article 100n, paragraph 4, item 3, letter „b“ of the Public Offering of Securities Act*

Information on related party transactions is disclosed in Note 21 to the separate financial statements. Based on the audit procedures performed by us with respect to related party transactions as part of our audit of the separate financial statements as a whole, there are not any facts, circumstances or other information, which have come to our notice, on the basis of which to make the conclusion that the related party transactions have not been disclosed, in all material respects, in the notes to the separate financial statements for the year ended 31 December 2018 in accordance with the requirements of IAS 24 Related Party Disclosures. The results of our audit procedures on the related party transactions have been considered by us in the context of the formation of our opinion on the separate financial statements as a whole, and not for the purpose of expression of a separate opinion on the related party transactions.

*Statement with reference to Article 100n, paragraph 4, item 3, letter “c” of the Public Offering of Securities Act*

Our responsibilities to audit the separate financial statements as a whole, as described in the section of our report titled *Auditor's Responsibilities for the Audit of the Separate Financial Statements*, include evaluation whether the separate financial statements represent the underlying transactions and events in a manner that achieves true and fair presentation. Based on the audit procedures performed by us with respect to the underlying transactions and events for the separate financial statements for the year ended 31 December 2018, there are not any facts, circumstances or other information, which have come to our notice, on the basis of which to make the conclusion that there are cases of material misrepresentation and unfair disclosure in accordance with the applicable requirements of IFRS, adopted by the European Union. The results of our audit procedures on the underlying transactions and events for the separate financial statements of the Company have been considered by us in the context of the formation of our opinion on the separate financial statements as a whole, and not for the purpose of expression of a separate opinion on these underlying transactions.

**Reporting in accordance with Article 10 of Regulation (EU) 537/2014 with reference to the requirements of Article 59 of the Independent Financial Audit Act**

Pursuant to the requirements of the Independent Financial Audit Act with reference to Article 10 of Regulation (EU) 537/2014, we report also on the information described below:

- Baker Tilly Klitou & Partners OOD was appointed as a statutory auditor of the separate financial statements of the Company for the year ended 31 December 2018 by the General Meeting of Shareholders held on 11 May 2018 for a period of one year.
- The audit of the separate financial statements of the Company for the year ended 31 December 2018 is the second full continuous statutory audit engagement of this entity performed by Baker Tilly Klitou & Partners OOD.

- We confirm that the audit opinion expressed by us corresponds to the additional report presented to the Audit Committee of the Company in accordance with the requirements of Article 60 of the Independent Financial Audit Act.
- We confirm that we have not provided prohibited services other than audit, enumerated in Article 64 of the Independent Financial Audit Act.
- We confirm that, when carrying out our audit, we have continued to be independent to the Company.
- For the period covered by our statutory audit, besides the audit services we have not provided any other services to the Company.

**Krasimira Radeva**  
**Registered Auditor**  
**Managing Director**

**Baker Tilly Klitov & Partners OOD**  
**Sofia, 5, Stara Planina Street, floor 5**  
**29 March 2019**

**MANAGEMENT REPORT ON THE ACTIVITY OF GRADUS AD**  
***IN 2018***

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## **I. Introduction**

The first successful full year of the existence of GRADUS AD passed. The group companies achieved very strong results in both years 2017 and 2018, and allocated a significant proportion of the profit generated as dividends to the Company. The cumulative dividend amounts to BGN 27,174,730. The Board of Directors intends to propose to the GMS in 2019 a distribution of BGN 24,360,871, or BGN 0.10 per share as gross dividend.

### ***1. Registration and object of activity***

GRADUS AD (the „Company”) is a company registered in Bulgaria with the Commercial Register of the Registry Agency under UIC: 204882907 on 28 November 2017.

The Company is **a parent entity**.

Its existence is not limited by time.

Management address:

Stara Zagora 6000, Industrialen quarter, Gradus Poultry Slaughterhouse

On **30 July 2018**, by decision N 770 – ПД of 30 July 2018, the Financial Supervision Commission registered GRADUS AD as a public company with the Public Companies and Other Issuers of Securities Register, kept by the Financial Supervision Commission, pursuant to Article 30, paragraph 1, item 3 of the Financial Supervision Commission Act.

The company shares are admitted to trading on the BSE Main Market, Standard Segment. Stock Exchange Code **GR6**.

### **OBJECT OF ACTIVITY OF THE COMPANY**

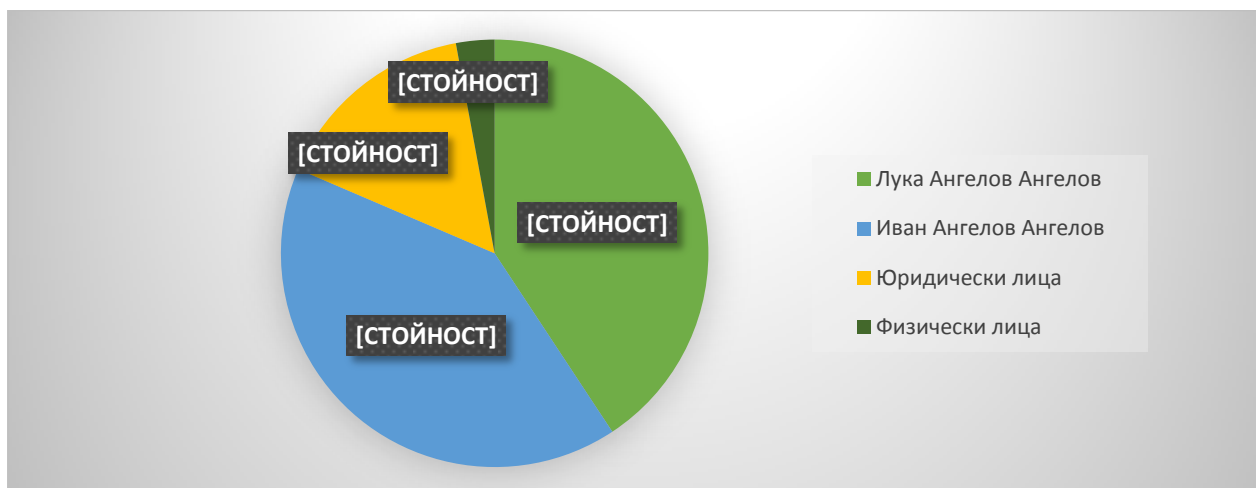
The object of activity of the Company is: Investments in stocks and shares of companies, acquisition and management of shares in Bulgarian and foreign companies; activity as a holding company; acquisition, assessment and sale of patents, concession of licenses for the use of patents of companies, in 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.

#### ***1.1. Share capital***

The registered capital of the company amounts to BGN 243,609 thousand split into 243,608,710 shares with nominal amount of BGN 1 (one) each.

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

### **Shareholding structure of the Company as at 31 December 2018**



## 1.2. Board of Directors

Gradus AD has a one-tier management system - Board of Directors.

The Board of Directors consists of three (3) members who are as follows as at 31 December 2018:

- 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

**Participation of the members of the Board of Directors** in commercial companies as general partners, holding of more than 25 percent of the capital of another entity, as well as participation in governing bodies of other companies or cooperatives as procurators, general managers or board members:

### Luka Angelov Angelov

1.1. As an unlimited liability partner - No

1.2. Owns directly more than 25% of the capital of:

"Equity Invest-1" AD (UIC 204750154), "Equity Invest-2" OOD (UIC 204746138), "Energy-2" OOD (UIC 123655788), "Agro Invest-7" OOD (UIC 123654743) "Mirena" OOD (UIC 123655806), "Gold Agro-2005" OOD (UIC 119642703), "Wolf" OOD (UIC 123760892), "Marieta" EOOD (UIC 123655770), "Bisser Distribution" OOD (UIC 200090633), "Gradus" AD (UIC 204882907)

and indirectly through "Gradus" AD:

"Zhyuliv" EOOD (UIC 119053781), "Millennium 2000" EOOD (UIC 119591422), "Gradus-98" EAD (UIC 123120561), "Gradus-1" EOOD (UIC 822132592), "Lora-2004" EOOD (UIC 123658624), "Gradus-3" AD (UIC 123152751)

and indirectly through "Marieta" EOOD in "Trade Home" EOOD (UIC 123644254).

1.3. Participates in the governing bodies of:

"Equity Invest-1" AD (UIC 204750154), "Equity Invest-2" OOD (UIC 204746138), "Zhyuliv" EOOD (UIC 119053781), "Millennium 2000" EOOD (UIC 119591422), "Gradus-98" AD (UIC 123120561), "Energy-2" OOD (UIC 123655788), "Agro Invest-7" OOD (UIC 123654743), "Gradus-1" EOOD (UIC 822132592), "Mirena" OOD (UIC 123655806), "Lora-2004" EOOD (UIC 123658624), "Gold Agro-2005" OOD (UIC 119642703), "Gradus-3" AD (UIC 123152751), "Wolf" OOD (UIC 123760892), "Marieta" EOOD (UIC 123655770), "Bisser Oliva" AD (UIC 123036597).

### Ivan Angelov Angelov

1.1. As an unlimited liability partner - ET "Gradus-Ivan Angelov-55" (UIC 112038433)

1.2. Owns directly more than 25% of the capital of:

"Equity Invest-1" AD (UIC 204750154), "Equity Invest -2" OOD (UIC 204746138), "Energy-2" OOD (UIC 123655788), "Agro Invest-7" OOD (UIC 123654743) "Mirena" OOD (UIC 123655806), "Gold Agro-2005" OOD (UIC 119642703), "Wolf" OOD (UIC 123760892), "Gradus" AD (UIC 204882907), "Zagora Oil" OOD (UIC 202473858)

and indirectly through "Gradus" AD:

"Zhyuliv" EOOD (UIC 119053781), "Millennium 2000" EOOD (UIC 119591422), "Gradus -98" EAD (UIC 123120561), "Gradus-1" EOOD (UIC 822132592), "Lora-2004" EOOD (UIC 123658624), "Gradus-3" AD (UIC 123152751).

1.3. Participates in the governing bodies of:

"Equity Invest-1" AD (UIC 204750154), "Equity Invest-2" Ltd. (UIC 204746138), "Zhyuliv" EOOD (UIC 119053781), "Millennium 2000" EOOD (UIC 119591422), "Gradus -98" AD (UIC 123120561), "Energy-2" OOD (UIC 123655788), "Agro Invest-7" OOD (UIC 123654743), "Gradus-1" EOOD (UIC 822132592), "Mirena" OOD (UIC 123655806), "Lora-2004" OOD (UIC 123658624), "Gold Agro-2005" OOD (UIC 119642703), "Wolf" OOD (UIC 123760892).

### **Georgi Alexandrov Babev**

1.1. As an unlimited liability partner - No

1.2. Owns directly more than 25% of the capital of: LG Auto OOD (UIC 205395076)

1.3. Participates in the governing bodies of:

LG Auto OOD (UIC 205395076)

### **1.3. Audit Committee**

Members of the Audit Committee are:

- Radka Dincheva Peneva – Chair of the Audit Committee;
- Petya Radoslavova Panova – Member of the Audit Committee;
- Georgi Aleksandrov Babev – Member of the Audit Committee.

## **II. An objective review of the development and operating performance of the Company, as well as its status, together with a description of the main risks faced by it**

### **2. Indicators characterizing the operating performance**

Being a holding company, Gradus AD carries out no independent commercial activity. The Company's activity is focused on management of subsidiaries and allocating financial resources among them.

Group subsidiaries as at 31 December 2018:

		% share
Lora-2004 EOOD	effective shareholding	100.00
Zhyuliv EOOD	effective shareholding	100.00
Millennium 2000 EOOD	effective shareholding	100.00
Gradus-1 EOOD	effective shareholding	100.00
Gradus-3 AD	effective shareholding through Gradus-1 EOOD	96.00
Gradus-98 AD	effective shareholding	99.94

The main object of activity of the group of Gradus AD is concentrated in Poultry-farming Sector, except for the companies with object of activity „manufacture of and trading in compound feeding stuff“.

At present, there are no trends and events that have a significant impact on the company's future activity and operating performance.

### **2.1. Operating results**

The net profit of the Company for the period 01 January 2018 – 31 December 2018 amounts to BGN **26,701** thousand (for the period 28 November 2017 – 31 December 2017 - a loss of BGN 1,000)

The results of the Company reported in its financial statements depend directly on the performance of its subsidiaries.



- Revenue and expenses cannot be compared with those in the previous financial reporting period as Gradus AD has been established and functioning since 28 November 2017.
- For the first time the Company will be able to effectively compare revenue and expenses in its financial statements for the first quarter of 2019.
- On an annual basis, for the first time the Company will be able to effectively compare revenue and expenses only in its 2019 annual financial statements.

#### 2.1.1. Income of the Company:

INCOME	2018 in BGN'000	28.11.2017- 31.12.2017 in BGN'000	Relative share %
<b>Operating income</b>			
Dividend income	27 175	-	98.88%
<b>Finance income</b>			
Interest income	309	-	1.12%
<b>Total</b>	<b>27 484</b>	<b>-</b>	<b>100%</b>

- The main income, which has the greatest impact on the current financial result of the Company, originates from distribution of dividends by the subsidiaries, which are as a result of their commercial activity carried out in previous years.

Dividend income by companies:

Subsidiary	Dividend amount distributed in BGN'000	28.11.2017- 31.12.2017 in BGN'000	Relative share %
Millennium 2000 EOOD	11 331	-	41.70%
Gradus-98 АД	9 494	-	34.94%
Zhyuliv EOOD	3 500	-	12.88%
Gradus-1 EOOD	2 500	-	9.20%
Lora-2004 EOOD	350	-	1.29%
<b>Total</b>	<b>27 175</b>	<b>-</b>	<b>100.00%</b>

- Interest income relate to loans granted to subsidiaries.

Terms and conditions of loans to subsidiaries:

Subsidiary	Currency	Agreed principal BGN'000	Maturity	Interest %	Balance as at 31 December 2018.	Incl. interest
„Gradus-3“ AD	BGN	12 000	17.07.2019	1.3%	11 998	-
	BGN	1 000	02.08.2019	1.3%	-	-
	BGN	5 000	27.08.2019	1.3%	4 999	-
	BGN	3 000	03.09.2019	1.3%	2 999	-
	BGN	500	17.09.2019	1.3%	-	-
„Gradus-1“ EOOD	BGN	12 000	17.07.2019	1.3%	11 998	-
	BGN	1 000	05.08.2019	1.3%	1 000	-
	BGN	1 000	14.08.2019	1.3%	1 000	-

	BGN	5 400	27.08.2019	1.3%	5 398	-
Millennium 2000 EOOD	BGN	5 000	17.07.2019	1.3%	4 999	-
Lora-2004 EOOD	BGN	11 000	17.07.2019	1.3%	10 998	-
<b>Total amount</b>		<b>56 900</b>			<b>55 389</b>	<b>-</b>

The loans granted to subsidiaries are current. The purpose of the loans is to support the development of existing and new business lines, as described in the Public Offering of Securities Prospectus and to finance their operational activity.

## 2.1.2. Expenses of the Company:

### Operating expenses:

EXPENSES	2018	28.11.2017- 31.12.2017	Relative share %
<b>Operating expenses</b>			
<i>Expenses by nature</i>			
Expenses on materials	1	-	0.12%
Hired service expenses	404	1	48.97%
Depreciation / amortization expenses	1	-	0.12%
Expenses on wages and social security payments	386	-	46.79%
Other expenses	22	-	2.67%
Impairment of assets	11	-	1.33%
<b>Total:</b>	<b>825</b>	<b>1</b>	
<b>Finance costs</b>			
Bank charges	11	-	
<b>Total:</b>	<b>11</b>	<b>-</b>	
<b>Total operating expenses</b>	<b>836</b>	<b>1</b>	<b>100%</b>

During the reporting period, the hired service expenses held the highest share of costs.  
A detailed breakdown of expenditure can be found in the Notes to the financial statement.

## 2.2. Risk factors for the activity

At present, management of Gradus AD is not aware of any specific trends and events, which would directly influence the Company's future activity.

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

Credit risk exists if a loss is generated when a counterparty to a financial instrument is not able to meet its obligations under a contractual term.

The exposure to a credit risk depends on the individual characteristics of each customer. The Company measure the credit risk of loans to related parties using internal valuations that reflect the probability of default. In 2018, the Company granted loans only to related parties – subsidiaries, which reduces the credit risk to a minimum.

### 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 of the Company 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. At present, this risk is immaterial.

### Financial risk management

The overall capital management goal of the Company is to ensure its ability to continue as a going concern and to ensure adequate return to its shareholders.

There were no changes in the capital management goals, policies or processes in the period ending 31 December 2018.

## III. Analysis of financial and non-financial key performance indicators related to business activity, including information on environmental and personnel-related matters

### 3. Key financial indicators

Aiming at achieving greater efficiency and control on the Company's performance, management monitors certain key performance indicators. These indicators are mainly directed towards the amount of profit, the debt level and efficiency.

Main indicators related to profit, which the Company monitors, are as follows:

- **EBITDA margin (EBITDA/sales)**

	<b>2018</b>
EBITDA (earnings before interest, taxes, depreciation and amortisation)	26 351
Revenue	27 175
<b>EBITDA margin</b>	<b>96.97%</b>

### EFFECTIVENESS

- **Costs effectiveness ratio (total expenses /total income)**

	<b>2018</b>
Total expenses	836
Total income	27 484
<b>Costs effectiveness</b>	<b>0.03</b>

- **Revenue effectiveness ratio (total income /total expenses)**

	<b>2018г.</b>
Total income	27 484
Total expenses	836
<b>Revenue effectiveness</b>	<b>32.88</b>

The analysis of the revenue and costs effectiveness for 2018 reveals that revenue covers fully the company's expenses and thus, the company is able to meet the dividend commitments undertaken and to finance the companies included in the Group's portfolio.

The Company had no financial liabilities as at 31 December 2018. The Company timely pays its current liabilities.

### **3.1. Non-financial Statement**

Gradus AD is a holding company and does not carry out its own production and trading activity, nor it produces or markets its own goods or services. The company's activities are focused on management of subsidiaries and distribution of finance resources among them.

Being a parent entity in a large Group, the Company will include also a consolidated Non-financial Statement in its consolidated management report.

### **3.2. Personnel**

The average number of staff of Gradus AD at 2018 year-end is 2 employees hired under employment agreements. All employees of the Company have a higher education degree and qualification that is in conformity with the post occupied.

During the reporting period, the company did not hire temporary workers.

Posts within the Company as at 31 December 2018:

- Investors Relations Director
- Chief Accountant

The Company provides additional qualification possibilities to improve the professional qualification of its employees.

## **IV. Important events, which have occurred after the date of preparation of the annual financial statements**

The Company's management is not aware of any important and significant events, which have occurred after 31 December 2018 that would have an impact on the financial statements.

## **V. Future perspectives of the company**

By Minutes of GMS of 29 December 2017, the Board of Directors was empowered to take a decision to increase the Company's capital up to BGN 100,000,000 (one hundred million Bulgarian leva) through the issuance of new shares under the terms and conditions of public offering in compliance with the effective legislation over a term of up to 2 (two) years.

In 2018, the Company registered with the Commercial Register at the Registry Agency an increase of the capital of BGN 22,608,710 (twenty-two million, six hundred and eight thousand, seven hundred and ten) new shares in the amount of BGN 40,695,678 (forty million, six hundred and ninety-five thousand, six hundred and seventy-eight Bulgarian leva).

## **VI. Research and development activities**

The Company was not involved in research and development activities in 2018.

## **VII. Information on the acquisition of treasury shares required by Article 187e of the Commercial Act**

Treasury shares were not acquired during the reporting period.

## **VIII. Branches of the Company**

The Company has no branches.

## IX. Financial instruments used by the Company

Financial instruments used by the Company as at 31 December 2018:

<b>Financial assets at amortised cost</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
<i>In BGN'000</i>		
Related party receivables	9 081	-
Receivables on loans to related parties	55 389	-
Cash and cash equivalents	3 145	240
<b>Total</b>	<b>67 615</b>	<b>240</b>

IFRS 9 Financial Instruments entered into force on 01 January 2018 by replacing IAS 39 Financial Instruments: Recognition and Measurement. In this respect, at the end of the reporting period the Company's management decided to write down the receivables on loans granted.

Parameters affecting the amount of expected credit losses are defined collectively or individually depending on the type and nature of the financial instruments concerned.

For further details on the write down of receivables on loans granted and financial instruments, see the accounting policies and notes to the financial statements.

## X. Additional information pursuant to Appendix 10 of Ordinance 2 of FSC

**1. Information given in value or quantitative terms about the main categories of commodities, products and/or provided services, with indication of their share in the revenues from sales of the Company as a whole and the changes that occurred during the reporting fiscal year.**

Being a holding company, Gradus AD carries out no independent commercial activity and has finance income and dividend income only.

**2. Information about the revenue allocated by separate categories of activities, domestic and external markets as well as information about the sources for supply of materials required for the manufacture of commodities or the provision of services with indication of the degree of dependence in relation to any individual seller or buyer/user, where if the share of any of them exceeds 10 per cent of the expenses or revenue from sales, information shall be provided about every person separately about such person's share in the sales or purchases and his relations with the Company;**

Being a holding company, Gradus AD carries out no independent commercial activity and has finance income and dividend income only.

**3. Information about concluded large transactions and such of significant importance to the issuer's activity**

Large transactions and such of significant importance to the activity of Gradus AD were not concluded in 2018.

**4. Information about the transactions concluded between the Company and related parties during the reporting period, proposals for conclusion of such transactions as well as transactions which are outside its usual activity or substantially deviate from the market conditions, to which the Company or its subsidiary is a party, indicating the amount of the transactions, the nature of relatedness and any information necessary for an estimate of the influence over the issuer's financial status;**

Large transactions of significant importance to the activity of Gradus AD were not concluded in 2018, with the exception of loans to subsidiaries, as disclosed in the Notes to the separate financial statements. There are no transactions falling beyond the issuer's normal activity or such concluded not at arm's length.

**5. Information about events and indicators of unusual for the Company nature, having substantial influence over its operation and the realized by its revenue and expenses made; assessment of their influence over the results during the current year;**

There were no events and indicators of unusual nature, having substantial influence over the issuer's operations.

**6. Information about off-balance sheet transactions – nature and business objective, indication of the financial impact of the transactions on the operation, if the risk and benefits of these transactions are substantial for the assessment of the Company's financial status;**

There were no such transactions.

**7. Information about holdings of the Company, about its main investments in the country and abroad (in securities, financial instruments, intangible assets and real estate), as well as the investments in equity securities outside its economic group and the sources/ways of financing;**

Investments of Gradus AD are in shares of subsidiaries.

The Company owns no real estate.

Information on share participation of Gradus AD is disclosed in the Management Report to the separate financial statements, Section II. **An objective review of the development and operating performance of the Company, as well as its status, together with a description of the main risks faced by it.**

**8. Information about the concluded by the Company, by its subsidiary or parent undertaking, in their capacity of borrowers, loan contracts with indication of the terms and conditions thereof, including the deadlines for repayment as well as information on the provided guarantees and assuming of liabilities**

At 31 December 2018, Gradus AD had no loan payables and was not a party to guarantees provided and liabilities assumed.

**9. Information about the concluded by the Company, by its subsidiary or the parent undertaking, in their capacity of lenders, loan contracts, including the provision of guarantees of any type, including to related persons, with indication of the concrete conditions there under, including the deadlines for repayment and the purpose for which they have been granted**

Subsidiary	Currency	Agreed principal BGN'000	Maturity	Interest %	Balance at 31.12.2018	incl. interest
„Gradus-3“ AD	BGN	12 000	17.07.2019	1.3%	11 998	-
	BGN	1 000	02.08.2019	1.3%	-	-
	BGN	5 000	27.08.2019	1.3%	4 999	-
	BGN	3 000	03.09.2019	1.3%	2 999	-
	BGN	500	17.09.2019	1.3%	-	-
„Gradus-1“ EOOD	BGN	12 000	17.07.2019	1.3%	11 998	-
	BGN	1 000	05.08.2019	1.3%	1 000	-
	BGN	1 000	14.08.2019	1.3%	1 000	-
	BGN	5 400	27.08.2019	1.3%	5 398	-
„Millennium 2000“ EOOD	BGN	5 000	17.07.2019	1.3%	4 999	-
„Lora-2004“ EOOD	BGN	11 000	17.07.2019	1.3%	10 998	-
<b>Total amount</b>		<b>56 900</b>			<b>55 389</b>	<b>-</b>

The purpose of short-term loans provided is to support the development of existing and new business lines, as described in the Prospectus for Public Offering of Securities, and to finance the operations of subsidiaries.

**10. Information on the use of the funds accumulated through a new issue of securities over the reporting period**

Gradus AD used the funds accumulated by extending loans to its subsidiaries in accordance with the company policy and the Articles of Association of the Company.

**11. Analysis of the ratio between the achieved financial results reflected in the financial statement for the fiscal year, and previously published forecasts for these results**

This a newly incorporated company and there are no forecasts for the respective period.

**12. Analysis and assessment of the financial resource management policy with indication of the possibilities for servicing of the liabilities, eventual risks and measures which the issuer has undertaken or is to undertake with a view to their removal**

The policy of Gradus AD is directed primarily to management of the entities included in its portfolio. Free cash is used to finance the companies' operations. At 31 December 2018, the company used no loan funds.

**13. Assessment of the possibilities for realization of investment intentions with indication of the amount of available funds, as also of any changes in the financing structure of this activity**

The activity of Gradus AD is directed primarily to management of its current investments. New investments are not foreseen by the company. The focus of Gradus AD is on developing the entities included in its portfolio.

**14. Information about occurred during the reporting period changes in the base principles for management of the issuer and its economic group.**

Gradus AD manages its investments by setting high but achievable objectives in terms of quality, productivity and profitability. Particular attention is paid to environmental protection, human resources development and corporate social responsibility. There were no changes over the reporting period to the basic principles of management of Gradus AD and its economic group.

**15. Information about the main characteristics of the applied by the issuer in the course of preparation of the financial statements internal controls system and risk management system.**

Aiming at ensuring an independent and objective assessment of financial statements, the annual audit of Gradus AD is carried out by an independent auditor. All financial statements are drawn up in accordance with International Financial Reporting Standards. The current financial and accounting activity of the company is subject to periodic control and analysis by the management body. The company has implemented a well-established practice for periodic discussion of the current financial performance of the companies included in its strategic investment portfolio with a view to ensuring the implementation of their business programmes and a precise analysis of the possibilities for the implementation of future investment projects.

**16. Information on changes in the management and supervisory bodies during the reporting fiscal year.**

There were no changes in the management and supervisory bodies.

**17. Information on the amount of the remuneration, rewards and/or the benefits of each member of the management and control bodies for the fiscal year under review, paid by the Company and its subsidiaries, irrespective of whether they have been included in the Company's expenses or arise from profit distribution, including:**

- a) amounts received and in-kind benefits;
- b) conditional or postponed remuneration over the year, even if the remuneration is due at a later point in time;
- c) amount due by the issuer or its subsidiaries for payment of pensions, retirement benefits or other similar compensation

Information is provided in a separate Report on the Implementation of the Members of the Board of Directors Remuneration Policy.

**18. Information about shares of the Company owned by the members of the management and of the control bodies, procurators and the senior management, including shares held by anyone of them separately or as a percent from the shares of each class, as well as provided to them options on securities of the Company by the latter – type and amount of the securities over which the options have been set up, price of exercising of the options, purchase price, if any, and term of the options.**

Shares held at 31 December 2018 by the members of the Board of Directors:

Name, father's name, family name	Number of shares	%
Ivan Angelov	99 195 645	40.72%



Luka Angelov	99 195 645	40.72%
Georgi Aleksandrov Babev	0	0

**19. Information about agreements known to the Company (including also after the fiscal year closing) as a result of which changes may occur at a future time in the owned percent of shares or bonds by current shareholders and bondholder.**

No such agreements are known.

**20. Information about pending court, administrative or arbitration proceedings relating to issuer's liabilities or receivables of an amount of at least 10 percent of its equity**

Gradus AD is not a party to pending court, administrative or arbitration proceedings, nor there are any decisions taken or claims to terminate the activity of the company and announce it in liquidation.

**21. Contact information of the Investor Relations Director, including telephone number and correspondence address**

Boryana Dimitrova

0883 773 993

[ir@gradusbg.com](mailto:ir@gradusbg.com)

Sofia, 110B Simeonovsko Shosse Boulevard, floor 4, office 22

## **XI. Additional information pursuant to Appendix 11 of Ordinance 2 of FSC**

**1. Structure of the Company's capital including the securities that have not been admitted to trading on a regulated market in the Republic of Bulgaria or another Member State, with indication of the different classes of shares, the rights and liabilities attaching to any of the classes of shares and the portion of the total capital which each individual class constitutes.**

The share capital of GRADUS AD as at 31 December 2018 amounts to BGN 243,608,710 (two hundred forty-three million, six hundred and eight thousand, seven hundred and ten Bulgarian leva) split into 243,608,710 (two hundred forty-three million, six hundred and eight thousand, seven hundred and ten) ordinary registered dematerialized voting shares with nominal amount of BGN 1 each in accordance with the Company's Articles of Association.

The subscribed capital of the Company was paid fully and registered with the Commercial Register at the Registry Agency.

All shares give the right to one vote at the General Meeting of Shareholders, right to dividend and liquidation share proportionate to the share's nominal value.

The company shares are admitted to trading on the BSE Main Market, Standard Segment.

The stock exchange code is **GR6**.

The capital structure of GRADUS AD as at 31 December 2018:

- Individuals – 1,147: 205,473,832 shares, 84.35%
- Legal entities - 79 : 38,134,878 shares, 15.65%

**Trading in shares of GRADUS AD on BSE AD during the period 06 August 2018 – 31 December 2018**



#### Ценава статистика От 06.08.2018 До 31.12.2018

Последна цена	Промяна	Промяна проценти	Обем (лева)	Последна сделка
<b>1.705 лв.</b>	<b>▼0.145</b>	<b>▼7.84%</b>	<b>6 689 626</b>	<b>28 Декември 2018 16:54</b>

в абсолютна стойност / в проценти

	Цена	Към дата	Изменение спрямо				
			Начална	Минимална	Максимална	Средна	Последна
Начална	1.850	06.08.2018	-	▲23.33%	0.00%	▲7.50%	▲8.50%
Минимална	1.500	27.11.2018	▼18.92%	-	▼18.92%	▼12.84%	▼12.02%
Максимална	1.850	06.08.2018	0.00%	▲23.33%	-	▲7.50%	▲8.50%
Средна	1.721	-	▼6.97%	▲14.73%	▼6.97%	-	▲0.94%
Последна	1.705	28.12.2018	▼7.84%	▲13.67%	▼7.84%	▼0.93%	-

#### Исторически данни

Месечно ▼

Дата	Отваряне	Мин.	Макс.	Затваряне	Δ	Δ%	Обем(лота)	Обем(лева)
12/2018	1.620	1.560	1.720	1.705	▲0.105	▲6.56 %	3 026 759	5 180 449
11/2018	1.685	1.500	1.705	1.600	▼0.080	▼4.76 %	181 411	290 683
10/2018	1.770	1.630	1.770	1.680	▼0.090	▼5.08 %	91 627	155 615
09/2018	1.760	1.730	1.795	1.770	▲0.020	▲1.14 %	66 131	117 092
08/2018	1.850	1.705	1.850	1.750	▼0.100	▼5.41 %	521 539	945 786

**2. Limitations over the securities transfer, such as limitations for holding of securities or a requirement to obtain approval of the Company or another shareholder.**

There are no restrictions on the transfer of shares, such as restrictions on the holding of shares or a need to obtain the approval of the Company or other shareholder.

The transactions with registered dematerialised shares of the Company may be concluded on the securities regulated markets only through investment brokers, as well as by other ways provided for in a law.

The transfer of registered dematerialised shares issued by the Company has an effect from the moment of registration of the transaction with the Register kept by the Central Depository certifying the right to these shares. Registered dematerialised shares of the Company are transferred in compliance with the requirements of the effective legislation.

### **3. Information on the direct and indirect holding of 5 or more percent of the voting rights in the Company's General Meeting of Shareholders, including information about the shareholders, the amount of their holding and the manner of holding the shares.**

Shareholders of GRADUS AD as at 31 December 2018 holding of 5 or more percent of the voting rights in the Company's General Meeting of Shareholders:

	<b>Shareholders</b>		<b>Number of shares held as at 31 December 2018</b>	<b>%</b>	<b>Manner of holding the shares</b>
1	Ivan Angelov Angelov	individual	99,195,645	40.72	personal
2	Luka Angelov Angelov	Individual	99,195,645	40.72	personal
3	Doverie Pension Insurance Company	legal entity	12,225,000	5.02	indirectly
4	Other legal entities /77 legal entities /	legal entities	25,909,878	10.63	personal
5	Individual shareholders /1,145 individuals /	individuals	7,082,542	2.91	personal
	<b>TOTAL</b>		<b>243,608,710</b>	<b>100.00</b>	

### **4. Information about the shareholders with special control rights and description of these rights**

The Articles of Association of GRADUS AD does not envisage special control rights.

### **5. The control system in exercising the voting right in cases when officials of the company are also its shareholders and when the control is not exercised directly by them.**

A control system is not envisaged. Every employee who is also a shareholder is able to vote freely as he/she wishes and at his/her own discretion.

### **6. Limitations over the voting rights, such as limitations over the voting rights of the shareholders with a given percent or number of votes, deadline for exercising the voting rights or systems whereby with the company's assistance, the financial rights attaching to the shares are separated from the holding of shares.**

There are no restrictions on the voting rights of the company shareholders, regardless of the number of shares held, nor are there any restrictions as to the deadline for exercising the voting rights.

A voting right may be exercised by persons registered as holders of voting shares with the Register kept by the Central Depository 14 (fourteen) days before the date of convening the General Meeting.

Shareholders participate in the General Meeting in person or through a proxy authorised expressly by an explicit power of attorney in compliance with the requirements of POSA.

### **7. Agreements among the shareholders, which are known to the company and which may result in limitations over the transfer of shares or the voting right.**

The company is not aware of any agreements among the shareholders, which may result in limitations over the transfer of shares and/or the voting rights.

### **8. Provisions regulating the appointment and dismissal of the members of the company's management bodies and about introduction of amendments and supplements to the articles of association.**

#### **The General Meeting of Shareholders:**

1. amends and supplements the Articles of Association of the Company;
2. increases and decreases the capital of the Company;

3. transforms and terminates the Company;
4. elects and dismisses the members of the Board of Directors;
5. determines the remuneration of the members of the Board of Directors, to whom corporate governance functions will not be entrusted, including their right to receive a portion of the Company's profit, as well as the right to acquire shares and bonds of the Company;
6. appoints and dismisses registered auditors, when the audit is mandatory in the cases provided for in a law or when a decision has been taken that an independent financial audit shall be carried out;
7. approves the annual financial statements after they have been certified by the appointed registered auditor in the cases where an independent financial audit has been carried out; takes a decision for profit distribution, for making contributions to the Reserve Fund and for payment of dividends;
8. resolves on the issuance of bonds;
9. appoints liquidators in the event of termination of the Company, except for the case of termination by bankruptcy;
10. releases from liability the members of the Board of Directors;
11. resolves on redemption of treasury shares of the Company;
12. elects an Audit Committee; determines the number and mandate of its members and approves its Rules of Procedure in compliance with the provisions of the Independent Financial Audit Act;
13. empowers the persons managing and representing the Company to conclude deals under Article 114, paragraph 1 of POSA;
14. resolves on all other matters within its competence according to the law and/or the Articles of Association.

#### **Majority required to pass decisions**

Decisions of the General Meeting shall be adopted by a majority of 50% plus one share of all voting shares issued, unless a higher majority is provided for in the law or in the Company's Articles of Association. The decisions referred to in points 1, 2, 3 and 12 shall require a majority of 2/3 of all voting shares issued.

The decision referred to in point 14 requires a majority of 3/4 of the capital represented in the event of acquisition or disposal of assets, and in all other cases, 50% plus one share of the capital represented.

#### **9. Powers of the company's management bodies, including the right to take decisions for the issue and redemption of shares in the company.**

The powers of the Board of Directors are stipulated in the Articles of Association of the Company.

#### **10. Significant contracts of the company which give rise to action, have been amended or terminated due to change in the control of the company upon carrying out of obligatory tender offer and the consequences thereof, save for the cases when the disclosure of such information may cause serious damages to the company; the exception of the previous sentence shall not apply in the cases when the company must disclose information by virtue of the law.**

There are no such contracts.

#### **11. Agreements between the company and its management bodies or officials for payment of compensation upon quitting or dismissal without legal grounds or upon termination of the labour relations due to reasons, related to a tender offer**

There are no such agreements, nor any such agreement are envisaged.

29 March 2019

EXECUTIVE DIRECTOR:

/Ivan Angelov/

CHAIRMAN OF THE BOARD OF DIRECTORS:

/Luka Angelov/

**REPORT  
ON THE WAY OF APPLICATION OF THE REMUNERATION  
POLICY FOR THE MEMBERS OF THE BOARD OF DIRECTORS OF  
GRADUS AD FOR 2018**

**This Report has been prepared in accordance with Article 12, paragraph 1 of Ordinance No 48 dated 20 March 2013, issued by the Financial Supervision Commission, and Article 3, paragraph 1 of the 2013 Remuneration Policy for the members of the Board of Directors of Gradus AD, elaborated by the Board of Directors**

The Report presents the way of application of the Remuneration Policy for the members of the Board of Directors and the Executive Director, the main goal of which is to establish principles and rules for determining and paying their remuneration in carrying out their duties.

**I. Information about the way of application of the Remuneration Policy for the period from its approval to the 2018 year-end**

***1. Information about the decision-making process concerning the Remuneration Policy, including, if applicable, information about the mandate and composition of the Remuneration Committee, the name of external consultants, whose services have been used in determining the Remuneration Policy***

The Remuneration Policy for the members of the Board of Directors has been elaborated in accordance with the requirements of Ordinance No 48 and also takes into account the recommendations of the National Corporate Governance Code.

Pursuant to the effective Remuneration Policy for the members of the Board of Directors, they have not set up a Remuneration Committee. The services of external consultants have not been used in the elaboration of the Remuneration Policy.

***2. Information about the weight of the variable and fixed remuneration of the members of the managing and control bodies***

The company may pay the members of the Board of Directors both permanent (fixed) and variable remuneration.

The remuneration and tantiemmes of the members of the Board of Directors shall be determined by decision of the General Meeting of Shareholders and shall be paid in accordance with the terms and conditions of the management contracts concluded between them and the Company.

At the time of adoption of this Policy, the members of the Board of Directors are paid only fixed remuneration.

**3. *Information about the assessment criteria, on the basis of which share options, company shares or other types of variable remuneration are granted; and explanation on how the criteria under Article 14, paragraphs 2 and 3 contribute to the achievement of the long-term goals of the Company***

No remuneration was paid to the members of the Board of Directors in the form of company shares, share options or rights to acquire shares.

**4. *Explanation of the method applied and assessment whether the criteria reflecting the results achieved have been met***

According to the Remuneration Policy, the members of the Board of Directors are entitled to receive additional variable remuneration in case of a positive financial result (objectives achieved) for the previous year.

**5. *Explanation of the interrelation between the remuneration and the results achieved***

Variable remuneration, if voted on, depends on the achievement of certain objectives and is linked to the following criteria:

**1. Financial indicators, namely operating results, as follows:**

- 1.1. amount and dynamics of EBITDA (the earnings of the company and its subsidiaries before interest, taxes, depreciation and amortisation);
- 1.2. amount and dynamics of the sales of the subsidiaries;
- 1.3. amount and dynamics of the receivables of the subsidiaries.

**2. Non-financial indicators, as follows:**

- 1.1. compliance with the principles of the National Corporate Governance Code;
- 1.2. implementation of observance of the approved Code of Ethical Conduct and other internal rules and policies of the Company.

**6. *Basic payments and reasons underlying the annual scheme for payment of bonuses and/or other non-monetary consideration***

The remuneration of the members of the Board of Directors shall be paid on a monthly basis to a bank account up to the 25<sup>th</sup> day following the month for which it is due.

Bonuses and other non-cash supplementary remuneration were not paid to the members of the Board of Directors in 2018.

***7. Description of the key features of the additional voluntary pension insurance plan and information about contributions paid and/or due by the company in favour of a director for the respective financial year, where applicable***

Additional voluntary pension insurance is not envisaged for the members of the Board of Directors.

***8. Information about the period of deferral of variable remuneration***

The payment of 40% of the variable remuneration defined in the decision of the General Meeting of Shareholders shall be deferred for a period of 3 years, and the payment of the deferred part of the variable remuneration shall be effected proportionally during the period of deferral.

***9. Information about the compensation policy to an early termination of a contract***

The contract with a member of the Board of Directors shall regulate the terms and conditions, and the maximum amount of benefits in case of its early termination, as well as payments relating to the period of notice or provided for in the clause prohibiting the pursuit of a competitive activity.

Upon early termination of the contract, compensation is paid corresponding to the amount of the unused paid annual leave and the unpaid remuneration in an amount set in the contract.

Benefits from the Company shall not be due if the termination of the contract is due to unsatisfactory results and/or guilty behaviour of a member of the Board of Directors.

***10. Information about the period in which shares cannot be transferred and share options cannot be exercised in the case of share-based variable remuneration***

No such period is set.

***11. Information about the policy for preserving a certain number of shares until the end of the mandate of the members of the managing and control bodies after the expiry of the period under item 10***

No such a policy is pursued by the Company.

***12. Information about the contracts of the members of the managing and control bodies, including the term of each contract, the term of the notice of termination and details about the compensations and/or other payments due in case of early termination***

The contract with each member of the Board of Directors was concluded by the end of the term of office for which he/she was elected by the General Meeting of Shareholders. During the reporting financial year, the company has no contract terminated with a member of the Board of Directors.

***13. Full amount of the remuneration and other incentives paid to the members of the managing and control bodies for the respective financial year***

The full remuneration of the members of the Board of Directors for the financial year 2018 amounts to BGN 324,000.00. Remuneration is current and no other incentives or deferred remuneration have been paid.

***14. Information about the remuneration of each individual who has been a member of a managing or control body of a public company for a certain period of time during the respective financial year***

Not applicable to the reporting financial year.

***15. Information about the shares and/or share options and/or other share-based incentive schemes***

There is no such information

**II. Program on the application of the Remuneration Policy during the subsequent year**

The Remuneration Policy aims to support the long-term business goals of the Company and promote behaviour, which supports the creation of value for the shareholders while ensuring a competitive remuneration that is sufficient to attract and retain directors with qualities necessary for the successful management and development of the company.

This Policy has been developed for a long period of time, unless the shareholders of the company request its update and revision. Amendments to the Policy approved by the General Meeting of Shareholders shall be adopted in accordance with the procedure followed in its preparation and approval.

The Board of Directors believes that the principles for determining remuneration at present, underlying this Policy, are effective in view of the financial results achieved during the reporting period. Their implementation will continue to be a priority of the Board of Directors.



The Board of Directors shall be responsible for the timely disclosure of the Remuneration Policy approved by the General Meeting of Shareholders and any subsequent amendments thereto.

29 March 2019

Executive Director:

Ivan Angelov

Chairman of Board of Directors:

Luka Angelov

## ***Remuneration policy of the members of the Board of Directors of Gradus AD***

### ***I. Basic Principles***

Art. 1./1/ This Policy, as well as any amendments thereto, are developed by the Board of Directors of "Gradus" AD (the "Company") and are approved by the General Meeting of Shareholders.

/2/ The policy aims to establish the principles and rules for determining and paying the remuneration of the members of the company's board of directors in the performance of their duties.

/3/ The size and structure of the remuneration of the members of the Board of Directors shall be determined by the General Meeting of Shareholders of the Company.

Art. 2. / 1 / The policy aims to establish objective criteria for determining the remuneration of the corporate management of the Company with a view to attracting and retaining qualified and loyal members of the Board of Directors and motivating them to work in the interest of the Company and the shareholders by avoiding potential and real conflict of interest.

/ 2 / The Company applies the Policy in accordance with the statutory requirements for public companies, the objectives, the long-term interests and the strategy for future development of the Company as well as its financial and economic situation.

/ 3 / This Remuneration Policy is adopted on the basis of Art. 116c, para. 1 of the Public Offering of Securities Act.

### ***II. Disclosure of Information about the Policy***

Art. 3. / 1 / The Company shall disclose the Policy and any subsequent changes thereto in a clear and accessible way without disclosing commercially sensitive information or other information constituting a legally protected secret by publishing it on the Company's website [www.gradus.bg](http://www.gradus.bg)

/ 2 / The Company discloses to its shareholders how it implements the remuneration policy in a report that is a stand-alone document to the annual financial statement a report of the Company and also published on its website: [www.gradus.bg](http://www.gradus.bg)

/ 3 / The report under para. 2 contains a program for the implementation of the remuneration policy for the following financial year or for a longer period, a review of how the remuneration policy has been applied during the year / period under review and emphasizes the substantial changes thereto, if such policies exist compared to the previous financial year. The report also contains the legally required information as it is listed in Article 13 of Ordinance No. 48.

### ***III. Remunerations of the Board of directors***

Art. 4. / 1 / The Company may pay to the members of the Board of Directors both fixed /permanent/ and variable remuneration. At the time of adoption of this Policy, members of the Board of Directors receive only fixed remuneration.

/ 2 / The remunerations and tantiems of the members of the Board of Directors shall be determined by decision of the General Meeting of Shareholders.

/ 3 / When determining the remuneration of the members of the Board of Directors, the following principles shall be followed:

1. Permanent remuneration is payment that is fixed once, exactly and their formation is independent of the outcome or performance evaluation of the functions.
2. Variable remuneration, if it is voted, is an element of the total remuneration in the form of bonuses, additional benefits (eg. related to retirement / tantiemes, material incentives, which are determined on the basis of performance evaluation.

/ 4 / The variable remuneration, if voted, depends on the achievement of certain objectives and is subject to the following criteria:

1. Financial indicators, namely the operating results, as follows:

- 1.1. size and dynamics of EBITDA (profit before interest, taxes, depreciation and amortization) of the company and its subsidiaries;
- 1.2. size and dynamics of sales of subsidiaries;
- 1.3. size and dynamics of the receivables of subsidiaries.

2. non-financial indicators as follows:

- 1.1. observing the principles of the National Corporate Governance Code;
- 1.2. implementation and observance of the adopted Code of Ethical Conduct and other internal rules and policies of the company.

Art. 5. / 1 / The total amount of the variable remuneration, if any, is based on a combination of the performance appraisals of the individual member of the Board of Directors, the Board of Directors as a whole and the results of the company's activities. In this way, the Board of Directors shall determine the permanent and variable remuneration of the executive members of the Board of Directors in their capacity as such.

/ 2 / The payment of 40% of the variable remuneration determined in the decision of the General Meeting of Shareholders, if voted, is rescheduled for a period of 3 years.

/ 3 / The payment of the deferred portion of the variable remuneration, if voted, is carried out pro rata during the rescheduling period.

Art. 6/1 / The contract with a member of the Board of Directors regulates the conditions and the maximum amount of the benefits in case of its early termination, as well as payments

related to the term of the notice or provided in the clause prohibiting the conduct of a competitive activity.

/ 2 / The compensation for early termination of the contract shall be set at an amount corresponding to the unpaid paid annual leave and the unpaid remuneration under Art. 5 of the contract.

Art. 7./1/ The relations between the company and the Executive Director are governed by a contract for the assignment of the management, which is concluded under the terms of the Commercial Law.

(2) If a variable remuneration is being voted, the contract with the Executive Director must include provisions that allow the company to demand the return of a variable remuneration provided on the basis of data which subsequently proved to be untrue. The decision to return the variable remuneration is taken by the general meeting of shareholders, which determines the term and terms of the bond if they are not defined in the contract.

(3) The contract with the Executive Director shall lay down the conditions and the maximum amount of benefits in case of its early termination, as well as payments related to the term of the notice or stipulated in the clause prohibiting the conduct of a competitive activity. The compensation for early termination of the contract is set at the amount of the fixed remuneration paid for the last 4 (four) months.

Art. 8/1 / The General Meeting of Shareholders may provide variable remuneration in the form of shares, share options, share acquisition rights or other financial instruments.

/ 2 / The specific conditions and parameters of the remuneration under para. 1 shall be determined by decision of the General Meeting of Shareholders on a case-by-case basis, subject to the provisions of the law.

#### ***IV. Final provisions***

1. The Board of Directors of the Company shall be responsible for the implementation of the Policy and, at least once a year, shall review it in respect of the remuneration of the members of the Board of Directors and the Executive Director of the Company.

2. The present policy was adopted by the Board of Directors of Gradus AD on 01.08.2018.

3. This Policy is to be adopted by the General Meeting of Shareholders of Gradus AD in 2019.

**REPORT**  
**for the activity of the Investor Relations Director of Gradus AD**  
**in 2018**

This report provides information on the activities of the Investor Relations Director of Gradus AD in 2018. The Public Offering of Securities Act gives the Investor Relations Director certain obligations related to the timely disclosure of information in favor of investors, the regulated market and the supervisory authorities. The present report is prepared in accordance with the requirements of the Public Offering of Securities Act and shall be provided to the shareholders of the company at the Regular Annual General Meeting. It reflects the activities performed by the Investor Relations Director for the presentation of the Company's periodic reports and in accordance with the provisions of the Public Offering of Securities Act.

As a company that gained public status in 2018, Gradus AD is actively working to implement its investment program. In this respect, the main priority of the Investor Relations Director is to establish an effective relationship between the Board of Directors of the Company and its shareholders and those who have expressed an interest in investing in the company's securities. During the past year, investors and shareholders were active in seeking information about the company's activities. The Director provided the necessary information regarding the current financial and economic situation of the company, the stages of realization of the investment plans of the company as well as any other information to which the persons referred to in the preceding sentence are legally entitled as shareholders or investors.

In the past 2018 and up to this moment the Investor Relations Director meets regularly questions from shareholders that for the reporting period are mainly related to:

- The ways of purchase and / or sale of shares of the Company;
- Payment of dividends;
- The results of the company;
- Information on the stages of realization of the investment intentions of the company, as announced in its Prospectus for Public Offering of Shares;

The Investor Relations Director shall keep and store:

- the minutes of the meetings of the Board of Directors of Gradus AD;
- a journal for the held meetings of the Board of Directors of Gradus AD, in chronological order, the date, opening hours and closing hours of the meeting, agenda and decisions taken, in a way that does not allow subsequent amendments or additions to it .

The minutes accurately and faithfully reflect the information about the held meetings of the Board of Directors, incl. agenda, issues discussed and decisions taken.

The Investor Relations Director is responsible for the timely submission of all necessary reports and notices to the Financial Supervision Commission, Bulgarian Stock Exchange AD and Central Depository AD.

In 2018, the Investor Relations Director presented in full and in full time all normative regulated materials, including events related to the Company's activities, which could have an impact on the price of the shares, the supervisory body, the stock exchange and the public through the e-register platforms and x3News, the information is also published on the company's website: [www.gradus.bg](http://www.gradus.bg)



The functionalities of the company's website were used to enable investors to have up-to-date information on the investments made and the results of the business.

The Investor Relations Director keeps a record of the reports and notifications sent to the regulators, a register of received requests and materials for general meeting given to shareholders and a register of received requests and information provided by shareholders and investors.

Despite the fact that in 2018, Gradus AD has not held a General Meeting of Shareholders, the Investor Relations Director has the obligation to participate actively in the preparation and holding of the General Meeting of the Shareholders by providing all the written materials on the agenda at the disposal of the shareholders at the address of the company's management. Upon request, the materials for a general meeting will be sent to each shareholder. Whenever possible, the shareholders' rights in the General Meeting will be clarified, including the right to vote in the decision-making process, the right to include additional issues on the agenda, the right to ask questions to the management of the holding regardless of whether they are related to the agenda. So far, the main issues of the shareholders of Gradus JSC related to the General Meeting are related to the place where the regular annual general meeting of shareholders for 2019 is expected to be held, as well as to the identification documents of the shareholders of the meeting.

The Investor Relations Director can be contacted through a publicly available electronic address and telephone, also announced on the website of Gradus AD: <https://gradus.bg/contact-investors>

The Investor Relations director of Gradus AD is a member of the Association of Investor Relations Directors in Bulgaria. She participates in seminars, trainings and meetings organized by this association.

.....  
Boryana Dimitrova Dimitrova  
Investor Relations Director  
Gradus AD



# ЕВРОПЕЙСКИ ФОРМАТ НА АВТОБИОГРАФИЯ



## ЛИЧНА ИНФОРМАЦИЯ

Име	БАБЕВ, ГЕОРГИ, АЛЕКСАНДРОВ
Адрес	XXXXXXXXXX
Телефон	XXXXXX
E-mail	XXXXXXXXX
Националност	България
Дата на раждане	XXXXXX

## ТРУДОВ СТАЖ

• Дати (от-до)	01.01.2009-12.10.2016
• Име и адрес на работодателя	Пенсионно Осигурително Дружество "Алианц България" АД, бул. Цар Борис III, 196
• Вид на дейността или сферата на работа	Управление на активи
• Заемана длъжност	Портфолио Мениджър
• Основни дейности и отговорности	Управление на портфейлите на пенсионните фондове на ПОД "Алианц България" и на застрахователните дружества от групата на Алианц България Холдинг, инвестиране на средства, търговия с активи, управление на депозити, планиране на парични потоци. Постоянна комуникация с водещи финансови институции във връзка с договаряне на депозити, посредничество с ценни книжа, валутни и форуърдни сделки.
• Дати (от-до)	01.07.2007-31.12.2008
• Име и адрес на работодателя	Пенсионно Осигурително Дружество "Алианц България" АД, бул. Цар Борис III, 196
• Вид на дейността или сферата на работа	Обработка сделки с активи
• Заемана длъжност	Началник отдел "Бек-офис Инвестиции"
• Основни дейности и отговорности	Отчетност на движенията свързани с операциите по сделки с ценни книжа.
• Дати (от-до)	11.09.2006-30.06.2007
• Име и адрес на работодателя	Пенсионно Осигурително Дружество Алианц България АД, бул. Цар Борис III, 196
• Вид на дейността или сферата на работа	Обработка сделки с активи
• Заемана длъжност	Специалист "Бек-офис Инвестиции"
• Основни дейности и отговорности	Отчетност на движенията свързани с операциите по сделки с ценни книжа.

## ОБРАЗОВАНИЕ И ОБУЧЕНИЕ

• Дати (от-до)	2009-2010
• Име и вид на обучаващата или образователната организация	University of Wales Institute Cardiff
• Основни предмети/застъпени професионални умения	Accounting for Decision Makers, Marketing, Research Methods, Strategic Management, Management of Finance

<ul style="list-style-type: none"> <li>• Наименование на придобитата квалификация</li> <li>• Ниво по националната класификация (ако е приложимо)</li> </ul>	Master of Business Administration Магистър по бизнес администрация Магистър, MBA
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<ul style="list-style-type: none"> <li>• Дати (от-до)</li> </ul>	2001-2006
<ul style="list-style-type: none"> <li>• Име и вид на обучаващата или образователната организация</li> <li>• Основни предмети/застъпени професионални умения</li> </ul>	University of Portsmouth  Financial Markets & Institutions, Financial Reporting, International Trade & Trade Policy, International Financial Management, Business Finance, International Accounting
<ul style="list-style-type: none"> <li>• Наименование на придобитата квалификация</li> <li>• Ниво по националната класификация (ако е приложимо)</li> </ul>	BA (Hons) Intl Finance and Trade  Bachelor

<ul style="list-style-type: none"> <li>• Дати (от-до)</li> </ul>	2011-2012
<ul style="list-style-type: none"> <li>• Име и вид на обучаващата или образователната организация</li> <li>• Основни предмети/застъпени професионални умения</li> </ul>	Висше Училище Международен Колеж „Албена“  Международен Маркетинг, Предприемачество, Теория на потребителското поведение, Бизнескомуникации, Организационно поведение, Бизнес Информационни Системи, Търговско право, Маркетингови изследвания, Маркетингов Мениджмънт, Маркетингови комуникации, Основи на международната търговия, Стратегически мениджмънт.
<ul style="list-style-type: none"> <li>• Наименование на придобитата квалификация</li> <li>• Ниво по националната класификация (ако е приложимо)</li> </ul>	Маркетинг и Мениджмънт  Бакалавър

**Лични умения и компетенции**

Внедряване на операционна система SAP (CFM Module)	2010 - 2012  Участие като консултант в екип, състоящ се пет служителя от страна на “Алианц България Холдинг”, съвместно с екип от страна на SAP Bratislava, за внедряване на система SAP (CFM Module) за нуждите на застрахователните и пенсионни дружества от групата на “Алианц България Холдинг”. Разработването на системата бе наложително, за да е подходяща за нуждите на дружествата и отне около 2-3 години, през което време се поддържаше непрестанна връзка между мен и IT специалистите от SAP Bratislava. Внедрената система бе имплементирана и работи и до днес успешно в дружествата на “Алианц България Холдинг”.
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МАЙЧИН ЕЗИК	<b>Български</b>
ДРУГИ ЕЗИЦИ	
	<b>Английски език</b>
• Четене	Отлично
• Писане	Отлично
• Разговор	Отлично

СВИДЕТЕЛСТВО ЗА УПРАВЛЕНИЕ НА МПС	Да
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РЕПУБЛИКА БЪЛГАРИЯ

# ДИПЛОМА

## ЗА ВИСШЕ ОБРАЗОВАНИЕ



Георги Александров Бабеv,  
ЕГН XXXX, роден на XXXX година  
в XXXX Република България,  
гражданин на Република България,  
завърши през 2012 година висше образование

по учебен план за

**ПРОФЕСИОНАЛЕН БАКАЛАВЪР  
ПО МАРКЕТИНГ И МЕНИДЖМЪНТ**

с продължителност на обучение

**ТРИ УЧЕБНИ ГОДИНИ / ШЕСТ СЕМЕСТЪРА**  
и общ брой кредити

180

Среден успех от курса на обучение

**МН. ДОБЪР 4.79**

среден успех от дипломирането

**ОТЛЪНЧЕН 5.50**

и общ успех от дипломата

**МН. ДОБЪР 5.15**

Протокол на Държавната изпитна комисия

№ 13 / 26 юни 2012 г.

№ 14 / 5 юли 2012 г.

РЕГИСТРАЦИОНЕН № 769 / 2012 г.

СЕРИЯ ВУМК – 2012







ВИШЕ УЧИЛИЩЕ "МЕЖДУНАРОДЕН КОЛЕЖ" - АЛБЕНА

# ДИПЛОМА

## ЗА ВИШЕ ОБРАЗОВАНИЕ

на Георги Александров Бабев  
ОБРАЗОВАТЕЛНО-КВАЛИФИКАЦИОННА СТЕПЕН

**ПРОФЕСИОНАЛЕН БАКАЛАВЪР**

СПЕЦИАЛНОСТ  
**МАРКЕТИНГ И МЕНИДЖМЪНТ**  
ПРОФЕСИОНАЛНА КВАЛИФИКАЦИЯ  
**ИКОНОМИСТ - МЕНИДЖЪР**

ЗАМ. РЕКТОР  
РЕКТОР



доц. д-р Станислав ИВАНОВ  
доц. д-р Тодор РАДЕВ



Герб на Университет Портсмут  
с мото на латински език:  
LUCEM - SEQUAMUR:

**UNIVERSITY of PORTSMOUTH**  
(УНИВЕРСИТЕТ ПОРТСМУТ)

**Георги Бабев**

*е показал следния успех по време на курса на обучение на Университет Портсмут  
за придобиване на Степен "Бакалавър"  
по "Международни Финанси и Търговия"*

<u>ПРЕДМЕТ</u>	<u>КРЕДИТИ</u>	<u>УЧЕБНИ ЧАСОВЕ</u>	<u>ОЦЕНКА (%)</u>
Количествени Методи	10	120	40
Въведение в Икономиката	10	120	44
Организация на Поведението	10	120	60
Бизнес Информационни Системи	20	240	61
Основи на Изчисляването на Себестойността	10	120	58
Допълнителен Курс по Икономика	10	120	78
Въведение във Финансовото и Управленско Счетоводство	20	240	40
Статистика за Бизнеса	10	120	70
Бизнес Финанси	20	240	45
Електронна Търговия	20	240	64
Финансова Отчетност	20	240	55
Бизнес Анализ и Планиране	10	120	50
Финансови Пазари и Институции	20	240	54
Въведение в Международната Търговия	10	120	63
Личностно и Професионално Кариерно Развитие	10	120	60
Бизнес Развитие	10	120	51
Международно Финансово Управление	20	240	



Икономика на Застраховането и Инвестициите – 1 част	10	120	70
Управление и Информационни Системи	10	120	62
Международно Счетоводство	20	240	54
Международна Търговска Политика	10	120	60
Дисертация (Дипломна Работа )	20	240	54
Бизнес Финанси за Напреднали	20	240	75
Икономика на Застраховането и Инвестициите – 2 част	10	120	65

Общ успех: Отличие втора степен (Горно ниво)

Дата на издаване на дипломата: м. юли 2006 г.

Удостоверение за придобита образователна степен № 080179

Оригиналното удостоверение е подпечатано с релефния печат на  
Университет Портсмут

057856

Печат на  
Университет Портсмут

Релефен печат на  
Университет Портсмут

С настоящето удостоверявам, че оригиналното Удостоверение за  
Оценки (Академична Справка), издадено на студента, посочен на  
първата страница на удостоверението, издадено от Университет  
Портсмут, който автентичността му пред мен.

Подписано на 01-ви юли 2008 г.

В Pendower House, Cumberland Business Centre,  
Northumberland Road, Portsmouth, Hampshire  
(Пендауър Хаус, Бизнес Жентър Камбърланд,  
Нортхамбърланд Роуд, Портсмут, Хемпшир)

От: -

(подпис – не се чете)

Д.Е. ЯНГХЪСБАНД  
Обществен Нотариус

### **APOSTILE**

(HAGUE CONVENTION OF 05 OCTOBER 1961 / CONVENTION DE LA HAYE DO 5 OCTOBRE 1961)

### **АПОСТИЛ**

(ХАГСКА КОНВЕНЦИЯ ОТ 05 ОКТОМВРИ 1961)

**ОБЕДИНЕНО КРАЛСТВО ВЕЛИКОБРИТАНИЯ И СЕВЕРНА ИРЛАНДИЯ**

1. Държава: Обединено Кралство Великобритания и Северна Ирландия





Този публичен документ

2. е подписан от **Дейвид Е. Янгхъсбанд**
3. в качеството му на **Обществен Нотариус**
4. носи печата/клеймото на **посоченият Обществен Нотариус**

**ЗАВЕРЕНО**

5. в Лондон
6. На **07 юли 2008 г.**
7. от Главния Държавен Секретар на Нейно Величество по  
въпросите на Външните работи и на Британската общност
8. под № **H840945**
9. Клеймо/Печат
10. Подпис

ПЕЧАТ: Министерство на Външните  
Работи и въпросите на Британската  
Общност – Лондон

(Подпис – не се чете)

За Държавния Секретар  
Джак Милигън

СУХ ПЕЧАТ: Министерство на Външните  
Работи и въпросите на Британската общност  
Лондон

**Ако този документ ще се използва в държава, която не е страна по  
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консулският отдел на мисията, представляваща тази държава.**

Апостилът или удостоверение за легализация само потвърждават, че подписа,  
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Работи и въпросите на Британската общност потвърждава това съдържание.

Подписаната *Джейлян Нури*, удостоверявам верността на извършеният  
от мен превод от английски на български език на приложения документ  
(Удостоверение за оценки, издадено от Университет Портсмут). Преводът се  
състои от 3 (три) страници.

Преводач:

*Джейлян Ахмед Нури*  
ЕГН: 7104057654

Министерство на външните работи  
Дирекция "Консулски отношения"  
удостоверява подписа на преводача.

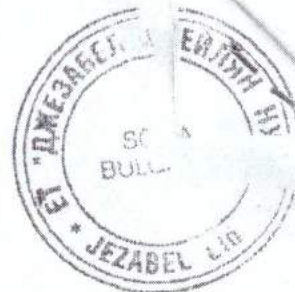
*Нури*

Министерство на външните работи  
не носи отговорност за верността  
на превода.

София

28. 08. 2008





I certify this is the original Degree Certificate

**APOSTILLE**

(Hague Convention of 5 October 1961 / Convention de La Haye du 5 octobre 1961)

**UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND**

1. Country: United Kingdom of Great Britain and Northern Ireland  
Pays: Royaume-Uni de Grande-Bretagne et d'Irlande du Nord

This public document / Le présent acte public

2. Has been signed by **David E Younghusband**  
a été signé par
3. Acting in the capacity of **Notary Public**  
agissant en qualité de
4. Bears the seal/stamp of **The Said Notary Public**  
est revêtu du sceau/timbre de

Certified/Attesté  
6. the/le **07 July 2008**

5. at London/à Londres
7. by Her Majesty's Principal Secretary of State for Foreign and Commonwealth Affairs /  
par le Secrétaire d'Etat Principal de Sa Majesté aux Affaires Etrangères et du Commonwealth.
8. Number/sous No **H840946**

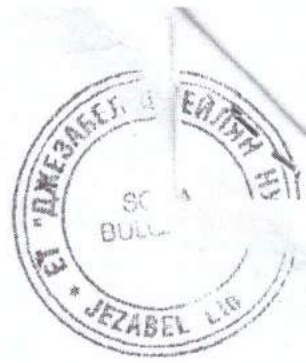
9. Stamp:  
timbre:

10. Signature: **Jack Milligan**



*For the Secretary of State / Pour le Secrétaire d'Etat*

If this document is to be used in a country which is not party to the Hague Convention of 5 October 1961, it should be presented to the consular section of the mission representing that country. An apostille or legalisation certificate only confirms that the signature, seal or stamp on the document is genuine. It does not mean that the contents of the document are correct or that the Foreign & Commonwealth Office approves of the contents.



I certify this is the original Degree Certificate  
granted to the Student named on the front of  
the Certificate issued by the University of  
Portsmouth who have confirmed its authenticity  
to me.

Signed this 1<sup>st</sup> day of July 2008

At Pendower House, Cumberland Business Centre,  
Northumberland Road, Portsmouth, Hampshire

By:-

.....  
**D E YOUNGHUSBAND**  
**NOTARY PUBLIC**



## ПРОФИЛ

Опитен, отговорен и мотивиран професионалист със задълбочени познания в областта, силно аналитично мислене, ръководни умения и способност за самостоятелно и обосновано вземане на решения. Управлява и контролира всички финансови, отчетни и бюджетни дейности на компанията. Ефективно решаването на проблеми без оглед източника на вина. Опит в набирането на персонал и управлението на хора.

## ТРУДОВ СТАЖ

01.03.2013 – 03.01.2019	<p><b>Финансово-счетоводна сфера - 14 г., 9 мес., 25 дни</b></p> <p><b>Главен счетоводител (Ръководител на финансов отдел), Марвена Диагностика, ЕИК 200600292</b></p> <p>Организира и ръководи дейността на финансовия отдел; Отговаря за финансовата отчетност на група от фирми с разнообразна икономическа дейност - Марвена Диагностика ЕООД, Марвена ООД, Марвена М ООД, Естетичен център Магна Бюти ООД, БГ Мед ЕООД, Кубс ООД, Звездна арена – музикална компания ООД и др.; Организира и осъществява текущ и последващ вътрешен финансов контрол по спазване на финансовата дисциплина; Участва в създаването и прилагането на вътрешно-организационни правила; Организира и контролира процеса на бюджетиране; Управлява изходящите парични потоци и анализира входящите такива, планира паричните потоци, идентифицира необходимостта от оборотни средства и дава предложения за набавянето им; Извършва предварителен преглед и съгласуване на предстоящи за сключване договори и дава становище относно икономическата им обосновка и последствия за дружествата; Подбор на кадри в рамките на финансов отдел; Съставя ГФО, ГДД, месечна, годишна и краткосрочна отчетност към НСИ; Организира изготвянето на междинни финансови отчети, анализира данните и докладва на ръководството; Представява дружествата пред НАП, НОИ, банки и упражнява контрол за спазването на сроковете за подаване на данни, както и носи отговорност за достоверността им; Поддържа връзки с одитори, данъчната администрация и други външни органи за мониторинг.</p>
21.02.2008 – 01.03.2013	<p><b>Заместник главен счетоводител, Марвена, ЕИК 121677845</b></p> <p>Изготвя годишен финансов отчет, съгласно НСС, годишна данъчна декларация и статистическа отчетност на дружеството; Иницира и контролира изпълнението на ефективни методи на работа, касаещи коректното счетоводно отражение на дейността на дружеството; Изготвя, анализира и докладва към ръководството ежемесечни финансови отчети и други справки за целите на управлението; Изготвя и подава месечни справки-декларации по ЗДДС и интрастат декларации; Изготвя ведомости за заплати, начислява работни заплати и възнаграждения по извънтрудови правоотношения; Изготвя и подава декларации Образец 1 и 6, както и уведомления по чл. 62, ал.5 от КТ; Участва в инвентаризациите на активите на дружеството, надлежно оформя и отразява резултатите от тях; Завежда САП и ДАП на дружеството; Комуникира ефективно с банки, одитори и други контролни органи.</p>
01.09.2005 – 20.02.2008	<p><b>Заместник главен счетоводител, Дайрекс, ЕИК 131445266</b></p> <p>Изготвя финансови отчети, съгласно МСС и активно участва в годишното финансово приключване; Ефективно комуникира с одитори; Извършва счетоводен анализ на приходите и разходите на предприятието и анализира отклоненията от бюджетираните стойности; Изготвя междинни финансови отчети и управленски справки; Текущо начислява документи, амортизации и др.; Анализира рентабилност по клиенти, маржове по групи стоки и доставчици; Активно участва при внедряването на ERP софтуер; Анализира бизнес процесите в ERP Navision (Microsoft Dynamics NAV) и коректността на отразената информация; Иницира допълнителни доработки, разработва нови задания и ги тества.</p>

## ОБРАЗОВАНИЕ

2006 – 2007	<b>УНИВЕРСИТЕТ ЗА НАЦИОНАЛНО И СВЕТОВНО СТОПАНСТВО, гр. София</b>
	Магистър, специалност Счетоводство
2001 – 2005	Бакалавър, специалност Счетоводство и контрол

## УМЕНИЯ

Управление на екип, стратегическо мислене и планиране, приоритизиране на работния процес, опит във внедряване на ERP софтуер, работа (ниво администратор) с ERP софтуер (Microsoft Dynamics NAV, Atlas) и софтуер за заплати Payroll, Microsoft Excel, Microsoft Word, Photoshop, Английски език (B2).

## СВОБОДНО ВРЕМЕ

Фотография, Четене, Пътешествия



РАДКА ДИМЧЕВА ПЕНЕВА

факултетен No : XXXXXX година,  
ЕГН XXXXXX, родена на XXXX в гр. XXXX

Република България  
гражданин на Република България  
завърши през 2007 година  
едногодишен курс на обучение  
два семестъра

по специалност

Счетоводство и контрол  
със Специализация "Счетоводство"

редовна форма на обучение

Среден успех от курса на обучение: Мн.добър 5.40  
Оценка от защита на дипломна работа: Отличен 6.00  
Общ брой кредити: 60

Протокол на държавната изпитна комисия  
No 668/16.04.2007 г.



Регистрационен номер 0108/15.5.2007 г.

РЕПУБЛИКА БЪЛГАРИЯ

# ДИПЛОМА

— ЗА —  
ВИСШЕ ОБРАЗОВАНИЕ



Университет за Национално и  
Световно Стопанство  
София

Финансово-Счетоводен Факултет

# ДИПЛОМА

на *Радна Димчева Пенева*

ЗА ВИСШЕ ОБРАЗОВАНИЕ  
НА ОБРАЗОВАТЕЛНО-КВАЛИФИКАЦИОННА СТЕПЕН

Магистър

по специалност

Счетоводство и контрол  
отс. Специализация "Счетоводство"

с професионална квалификация  
Магистър по икономика



Декан: *[Signature]* Проф. д-р Гр. Вазов  
Проф. д-р Борислав Борисов



(портрет на притежателя)



(печат на ВУ)



София УНСС 2006

№005417



СРЕДЕН УСПЕХ ОТ СЛЕДВАНЕТО: Мн.добър /5.40/

брой кредити: 45

### ЗАЩИТЕНА ДИПЛОМНА РАБОТА на ТЕМА:

Счетоводен анализ на рисковите експозиции  
и провизиите в банките

Оценка от защита на дипломната работа: Отличен /6.00/

брой кредити: 15

Приложението е невалидно без диплома,

серия УНСС-2006 , No 005417

регистрационен No 0108/15.5.2007 г.



ДЕКАН:

(подпис Гр. Вазов)

РЕКТОР:  
УНСС

(подпис д-р Борислав Борисов)

ИЗГОТВИЛ: *Гр. Вазов*

## ПРИЛОЖЕНИЕ

КЪМ ДИПЛОМА ЗА ВИСШЕ ОБРАЗОВАНИЕ  
НА ОБРАЗОВАТЕЛНО-КВАЛИФИКАЦИОННА СТЕПЕН

Магистър

на РАДКА ДИМЧЕВА ПЕНЕВА

### СПЕЦИАЛНОСТ

Счетоводство и контрол  
със Специализация "Счетоводство"  
Продължителност на обучението  
една година  
два семестъра  
редовна форма на обучение

No	Учебни дисциплини, курсови работи и практики	кредити	Хорариум Л. У.	Оценка
1.	Теории, системи и школи в счетоводството	5	30 30	Мн. добър 5
2.	Специурс по МСС	5	30 30	Мн. добър 5
3.	Специурс по управленско счетоводство	5	30 30	Мн. добър 5
4.	Специурс по финансово счетоводство	5	30 30	Мн. добър 5
5.	Анализ на финансовите отчети на финансовите предприятия	5	30 30	Мн. добър 5
6.	Магистърски семинар по счетоводство във финансовия сектор	4	60 0	Отличен 6
7.	Финансово-счетоводен мениджмънт в нефинансовия сектор	4	30 30	Отличен 6
8.	Специурс по техническо и програмно осигуряване	4	30 30	Отличен 6
9.	Бизнескомуникации	4	30 30	Мн. добър 5
10.	Бизнесоценяване	4	30 30	Мн. добър 5

Оценките са по шестобалната система, при която  
най-високата е "отличен 6", а най-ниската е "среден 3"

## ДЕКЛАРАЦИЯ

по чл. 107, ал. 4 и 5 от Закона за независимия финансов одит

Долуподписаната, Радка Димчева Пенева, в качеството ми на кандидат за член на одитния комитет на „Градус“ АД, вписано в Търговския регистър при Агенцията по вписванията, ЕИК 204882907, със седалище и адрес на управление: гр. Стара Загора, ж.к. Индустриален, последното предприятие от обществен интерес по смисъла на § 1, т. 22, буква „а“ от допълнителните разпоредби на Закона за счетоводството, с настоящата

### ДЕКЛАРИРАМ:

1. не съм член на управителния орган или служител на „Градус“ АД АД;
2. не съм лице, което е в трайни търговски отношения с „Градус“ АД;
3. не съм член на управителен или надзорен орган, прокурист или служител на лице по т. 2;
4. не съм свързано лице с друг член на управителен или надзорен орган на „Градус“ АД.

Известна ми е отговорността, която нося на основание чл. 313 от Наказателния кодекс на Република България за деклариране на неверни данни

23.04.2019 г.

гр. София

Декларатор:



/Радка Димчева Пенева/

## АВТОБИОГРАФИЯ

---

### Петя Радославова Панова - Иванова

#### ОБРАЗОВАНИЕ

---

- *Висше образование:*

10.2007-2009     **UNIVERSITY OF PORTSMOUTH**     Portsmouth, UK  
                  *Магистър по Финанси*  
                  Магистър

10. 2002-02. 2007     **Университет за национално световно стопанство София**     София, България  
                  *Финанси*  
                  Бакалавър

09. 2000-06.2002     **ТЕХНИЧЕСКИ УНИВЕРСИТЕТ СОФИЯ**     София, България  
                  **Ел. Енергетика и ел. оборудване**  
                  Бакалавър

- *Средно образование:*

09. 1995-06. 2000     СОУ "Д-Р ИВАН ПАНОВ"     Berkovitza, Bulgaria

#### WORK EXPERIENCE

---

10. 2009-сега     **ОББ**  
                  Св. София 5, Трежъри и капиталови пазари  
                  *Дилър*

06. 2008-12. 2008     **HAMPSHIRE CREDIT UNION**  
                  97 Fratton Road, Portsmouth, Hampshire, PO 1 5AG  
                  *Loan Officer*

02. 2008-06. 2008     **STAFF FINDER CATERING AGENCY LTD**  
                  29 Landport Terrace, Southsea, Hampshire, PO 1 2RG  
                  Tel: (023) 9281 2725

07. 2007-  
08. 2007      **“Имро” ЕООД**  
Бизнес парк Младост 4, сграда 1, 1766, София  
Tel: +359 (02) 489630  
E-mail: info@imro.bg  
**Обработка на данни – временен проект**  
**(комуникация с клиенти на Уолстрийт джърнал)**

12. 2005-  
07.2007      **“Дженс” S.p.Ltd**  
Младост 1, 1784, София, България  
Tel: +359 888 332 447  
E-mail: gens\_em@abv.bg  
**Мениджър Продажби**

## ДОПЪЛНИТЕЛНА КВАЛИФИКАЦИЯ

11. 2018      **СЕРТИФИКАТ ЗА БРОКЕР ОТ КФН**

01. 2016      **Сертификат на БНБ за семинар „Минимални резерви на банките в БНБ“**  
**(effective as of 4 January 2016)”**

01. 2010      **Сертификат за дилър от Министерство на Финансите**





УНИВЕРСИТЕТ ЗА НАЦИОНАЛНО И СВЕТОВНО СТОПАНСТВО - СОФИЯ

# ДИПЛОМА

на **ПЕТЯ РАДОСЛАВОВА ПАНОВА**

ЗА ВИСШЕ ОБРАЗОВАНИЕ  
НА ОБРАЗОВАТЕЛНО - КВАЛИФИКАЦИОННА СТЕПЕН

**Бакалавър**

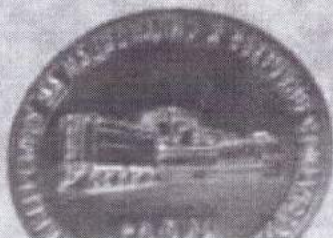
по специалност

**ФИНАНСИ**

С ПРОФЕСИОНАЛНА КВАЛИФИКАЦИЯ

**Бакалавър по икономика**

проф.д-р БОРИСЛАВ БОРИСОВ  
РЕКТОР





## ДЕКЛАРАЦИЯ

по чл. 107, ал. 4 и 5 от Закона за независимия финансов одит

Долуподписаната, Петя Радославова Панова Иванова, в качеството ми на кандидат за член на одитния комитет на „Градус“ АД, вписано в Търговския регистър при Агенцията по вписванията, ЕИК 204882907, със седалище и адрес на управление: гр. Стара Загора, ж.к. Индустриален, последното предприятие от обществен интерес по смисъла на § 1, т. 22, буква „а“ от Допълнителните разпоредби на Закона за счетоводството, с настоящата

### ДЕКЛАРИРАМ:

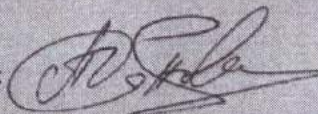
1. не съм член на управителния орган или служител на „Градус“ АД АД;
2. не съм лице, което е в трайни търговски отношения с „Градус“ АД;
3. не съм член на управителен или надзорен орган, прокурист или служител на лице по т. 2;
4. не съм свързано лице с друг член на управителен или надзорен орган на „Градус“ АД.

Известна ми е отговорността, която нося на основание чл. 313 от Наказателния кодекс на Република България за деклариране на неверни данни

23.04.2019 г.

гр. София

Декларатор:



/ Петя Радославова Панова Иванова/