

Unaudited Proforma Information

The unaudited pro forma statement of comprehensive income has been prepared to illustrate the financial results of Gradus AD as if the Company has been incorporated on 01.01.2017 and has owned the same stakes in Gradus-1 JSC, Gradus-3 PLC, Milenium JSC, Gradus-98 PLC, Zhyuliv JSC and Lora-2004 JSC that it has as per 31.12.2017. The unaudited pro forma statement of comprehensive income has been prepared for illustrative purposes only. Because of its nature, it addresses a hypothetical situation and therefore does not reflect the actual financial position of result of the Company.

The unaudited pro forma information has been based on the audited consolidated financial statement of Gradus AD and the audited annual financial statements of Gradus-1 JSC, Gradus-3 PLC, Milenium JSC, Gradus-98 PLC, Zhyuliv JSC and Lora-2004 JSC. All the above mentioned financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU.

The unadjusted audited information from the comprehensive income statement represents the audited consolidated comprehensive income statement of Gradus AD for 28.11-31.12.2017 that is also included in "Selected Historical Financial Information" section of the Prospectus. The unaudited pro forma information has been prepared as a full consolidation of the 2017 historical financial statements of its subsidiaries - Gradus-1 JSC, Gradus-3 PLC, Milenium JSC, Gradus-98 PLC, Zhyuliv JSC and Lora-2004 JSC – and the individual financial statement of Gradus AD for 28.11-31.12.2017. The pro forma adjustments shown hereinbelow have a constant effect on the Offeror as it is supposed to continue to consolidate the statements of the above-mentioned subsidiaries.

Pro Forma Comprehensive Income Statement

<i>(all amounts in BGN '000)</i>	Gradus AD 2017 - audited information	Pro forma adjustments	Gradus AD 2017 – pro forma information (1)	Notes
Revenues	18 252	196 192	214 444	2)
Other income from operations, net	3 600	17 566	21 166	2)
Capitalized expenses	-	171	171	2)
Dividend income	-	5 522	5 522	2)
Income from revaluation of investment property	-	4 531	4 531	2)
Change in stock of production	582	6 589	7 171	2)
Book value of sold assets (excl. production)	(7 276)	(89 278)	(96 554)	2)
Cost of materials	(7 371)	(63 849)	(71 220)	2)
Cost of hired services	(1 111)	(8 933)	(10 044)	2)
Depreciation expense	(454)	(4 792)	(5 246)	2)
Impairments	-	(4 374)	(4 374)	2)
Personnel cost	(1 503)	(14 901)	(16 404)	2)
Other operational expenses	(432)	(3 705)	(4 137)	2)
Operating income from ordinary activities	4 287	40 739	45 026	
Financial income	14	88	102	2)
Financial expense	(238)	(1 573)	(1 811)	2)
<i>Financial income/(expense), net</i>	(224)	(1 485)	(1 709)	

Profit before tax	4 063	39 254	43 317	
Tax expense	(680)	(2 812)	(3 492)	2)
Net profit for the year	3 383	36 442	39 825	
<i>Shareholders of the parent company</i>	<i>3 372</i>	<i>36 279</i>	<i>39 651</i>	
<i>Non-controlling interest</i>	<i>11</i>	<i>163</i>	<i>174</i>	
Other comprehensive income components				
Items that cannot be reclassified into profit or loss				
Changes in revaluation reserve of property, plant and equipment	-	89 356	89 356	3)
Changes in actuarial reserve	(29)	-	(29)	
Total comprehensive income for the year	3 354	125 798	129 152	

Source: Gradus AD

Notes:

Gradus AD is incorporated on 20.11.2017 and registered in the Commercial register on 28.11.2017 to be a holding company of the companies in the Gradus Group

The audited information of comprehensive income is taken from Gradus AD audited consolidated financial statement

The financial statements of the subsidiaries - Gradus-1 JSC, Gradus-3 PLC, Milenium JSC, Gradus-98 PLC, Zhyuliv JSC and Lora-2004 JSC – have been discussed in the Prospectus

Notes

The following pro form adjustments have been made to the unadjusted consolidated financial report of Gradus AD for 2017:

1. Consolidation

The unaudited pro forma statement of comprehensive income statement represents full pro forma consolidation of full year 2017 historical financial statements of its subsidiaries - Gradus-1 JSC, Gradus-3 PLC, Milenium JSC, Gradus-98 PLC, Zhyuliv JSC and Lora-2004 JSC, The basis for the historical financial statements is IFRS as adopted by the EU

The table below is for illustrative purposes only and shows the consolidated statement of comprehensive of Gradus AD, as if the Offeror was incorporated on 01.01.2017 and consolidated in full its subsidiaries' 2017 financial statements. The information for Gradus-1 JSC, Gradus-3 PLC, Milenium 2000 JSC, Gradus-98 PLC, Zhyuliv JSC and Lora-2004 JSC are extracted from the respective annual statements of comprehensive income. The data in column Eliminations demonstrate aggregate information on elimination for inter-company transactions of Gradus-1 JSC, Gradus-3 PLC, Milenium 2000 JSC, Gradus-98 PLC, Zhyuliv JSC and Lora-2004 JSC and adjustments, related to unification of the accounting policy for compilation of the statement of comprehensive income of the subsidiaries to the accounting policy, selected by Gradus AD:

(All numbers in BGN '000)	Gradus-1 JSC	Gradus-3 PLC	Milenium 2000 JSC	Gradus-98 PLC	Zhyuliv JSC	Lora-2004 JSC	Eliminations/ Adjustments	Gradus AD 2017 – pro forma informa- tion
Revenues	69 560	127 177	47 046	28 834	37 483	5 754	(101 410)	214 444
Other income from operations, net	3 617	709	14 926	3 029	443	973	(2 531)	21 166
Capitalized expenses	-	-	-	171	-	-	-	171
Dividend income	2 401	-	-	-	-	-	3 121	5 522
Income from revaluation of	23 380	895	-	-	-	-	(19 744)	4 531

investment property								
Change in stock of production	(1 718)	(144)	4 826	3 117	486	341	263	7 171
Book value of sold assets (excl. production)	(3 389)	(86 353)	(3 367)	(8 389)	(6 525)	-	11 469	(96 554)
Cost of materials	(50 639)	(31 990)	(32 879)	(12 706)	(25 142)	(5 313)	87 449	(71 220)
Cost of hired services	(7 152)	(2 003)	(1 894)	(1 363)	(1 610)	(132)	4 110	(10 044)
Depreciation expense	(2 198)	(546)	(731)	(1 147)	(401)	(230)	7	(5 246)
Impairments	(215)	(491)	-	(2 141)			(1 527)	(4 374)
Personnel cost	(6 631)	(1 039)	(4 464)	(2 302)	(1 521)	(447)		(16 404)
Other operational expenses	(158)	(145)	(3 986)	(1 019)	(230)	(129)	1 530	(4 137)
Operating income from ordinary activities	26 858	6 070	19 477	6 084	2 983	817	(17 263)	45 026
Financial income	39	1	1 461	3 126	35	3 353	(7 913)	102
Financial expense	(388)	(1 369)	(11)	(36)	(21)	(21)	35	(1 811)
Financial income/(expense), net	(349)	(1 368)	1 450	3 090	14	3 332	(7 878)	(1 709)
Profit before tax	26 509	4 702	20 927	9 174	2 997	4 149	(25 141)	43 317
Tax expense	(2 587)	(472)	(2 152)	(407)	(302)	(23)	2 451	(3 492)
Net profit for the year	23 922	4 230	18 775	8 767	2 695	4 126	(22 690)	39 825
Shareholders of the parent company	23 922	4 061	18 775	8 762	2 695	4 126	(22 690)	39 651
Non-controlling interest		169		5				174
Other comprehensive income components								
Changes in revaluation reserve of property, plant and equipment	17 354	3 633	8 193	26 413	5 834	5 879	22 050	89 356
Changes in actuarial reserve	(29)	(5)			5		-	(29)
Total comprehensive income for the year	41 247	7 858	26 968	35 180	8 534	10 005	(640)	129 152

Source: Gradus AD, Gradus-1 JSC, Gradus-3 PLC, Milenium 2000 JSC, Gradus-98 PLC, Zhyuliv JSC and Lora-2004 JSC

* Gradus AD individual revenues, expenses and net profit for 2017 all equal 0

2. Adjustment on the income statement

Gradus AD unaudited pro forma income statement items as if Gradus AD has been incorporated on 01.01.2017 and consolidated in full the respective items from 2017 statements of comprehensive income of Gradus-1 JSC, Gradus-3 PLC, Milenium 2000 JSC, Gradus-98 PLC, Zhyuliv JSC and Lora-2004 JSC. The sum of the adjustments to 2017 net income is BGN 36.4m, of which BGN 36.3m are attributable to the shareholders of Gradus AD and would represent the consolidated net profit of Gradus AD for 01.01.2017-27.11.2017. аКомбинираният ефект от корекциите на ниво нетна печалба за 2017 г. е 36.4 млн. лв, от които 36.3 млн. лв. за притежателите на капитала на „Градус“ АД, и би представлявало проформа консолидирана нетна печалба на „Градус“ АД за периода 01.01.2017 г. – 27.11.2017 г in the above hypothesis.

3. Adjustment on the other comprehensive income items

AS per 01.01.2017 all the subsidiaries changed their accounting policies for subsequent measurement s and adopted the revaluation model for tangible asset as per IAS 16 Property, Plant and Equipment and for investment property as per IAS 40 Investment Property. The unaudited pro forma information for other comprehensive income includes the revaluations of fixed assets and investment property, leases inside and outside the Group and, owned by Gradus-1 JSC, Gradus-3 PLC, Milenium 2000 JSC, Gradus-98 PLC, Zhyuliv JSC and Lora-2004 JSC. The adjustments, amounting to BGN 89.4m show the amount of

the revaluations made as if Gradus AD compiled financial statements for 2017 that included the full financial results of the above-mentioned companies.