

Translation from Bulgarian

GRADUS AD

CONSOLIDATED MANAGEMENT REPORT

As at 31 March 2021

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I. General information about the group

1. Registration and business activities

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

Parent company

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

The company is of unlimited duration.

Management address:

Republic of Bulgaria,

6000 Stara Zagora, Industrialen quarter, Gradus Poultry Slaughterhouse.

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

Subsidiaries:

As of 31 March 2021, the Group subsidiaries are:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

* *Effective percentage of participation*

** *Indirect participation*

Business activities of the Group companies

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

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

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

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

2. Governing bodies of the parent company

- General Meeting of Shareholders
- Board of Directors

3. Ownership and management of the parent company

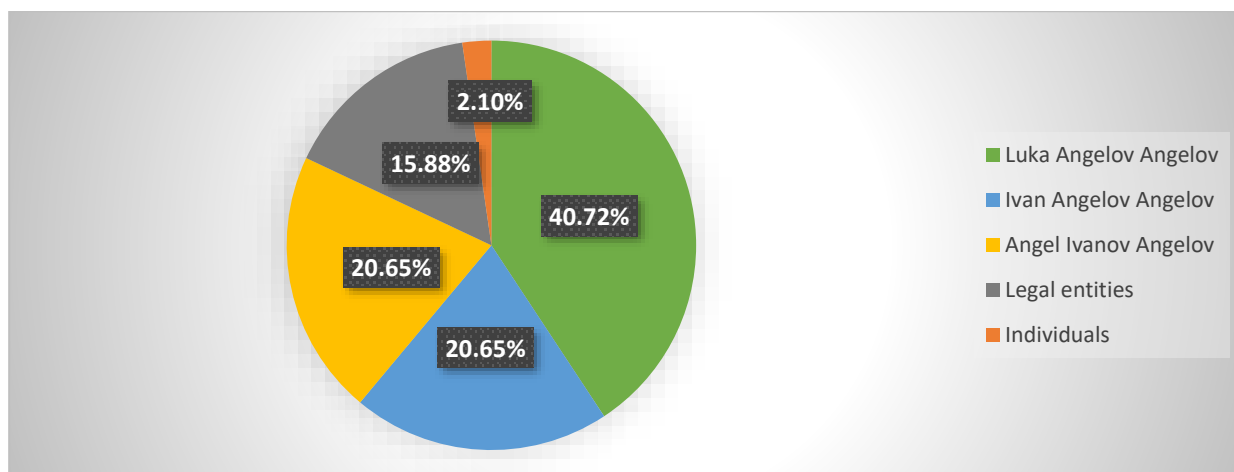
Gradus AD (the parent company) has a one-tier management system with a Board of Directors of three (3) members. Management of the parent company, the Board of Directors, has the following composition as at 31 March 2021:

- 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

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

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

4. Shareholding structure of the Group as of 31 March 2021



5. Personnel

As of 31 March 2021, the average payroll staff of the Group was 1,288 workers and employees (31 March 2020: 1,343).

II. Current period result and main risks faced by the Group

1. Current period results of the group

For the period 01 January 2021 – 31 March 2021, the Group has reported an operating profit of BGN **15,459** thousand (for the period 01 January 2020 – 31 March 2020 - BGN **19,081** thousand) and net profit of BGN **16,866** thousand (01 January 2020 – 31 March 2020 : BGN **17,140** thousand).

REVENUE

Sales revenue reported by the Group for the reporting period amount to BGN 37,470 thousand, including:

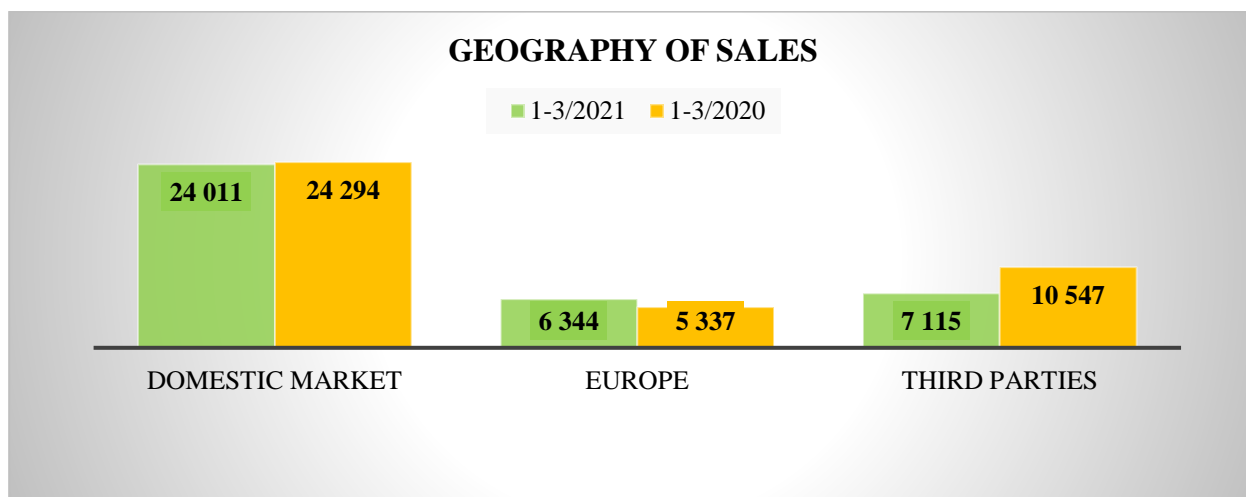
Sales revenue	01-03/2021 BGN'000	01-03/2020 BGN'000	Change %	Relative share 2021 %
Revenue from sale of finished products	29 094	34 184	-15%	78%
Revenue from sale of goods	8 194	5 791	41%	22%
Revenue from sale of services	182	203	-10%	-
Total sales revenue	37 470	40 148	-7%	100%

Revenue from sale of finished products for the period grew by BGN **5,090** million or by **14,89%** compared to the same period of 2020 reflecting the effects of the COVID-19 pandemic.

Revenues from sales of goods for the reporting period increased significantly by BGN **2,403** million or by **41,50%** compared to the same period in 2020. This is due to sales in the Grains and components segment.

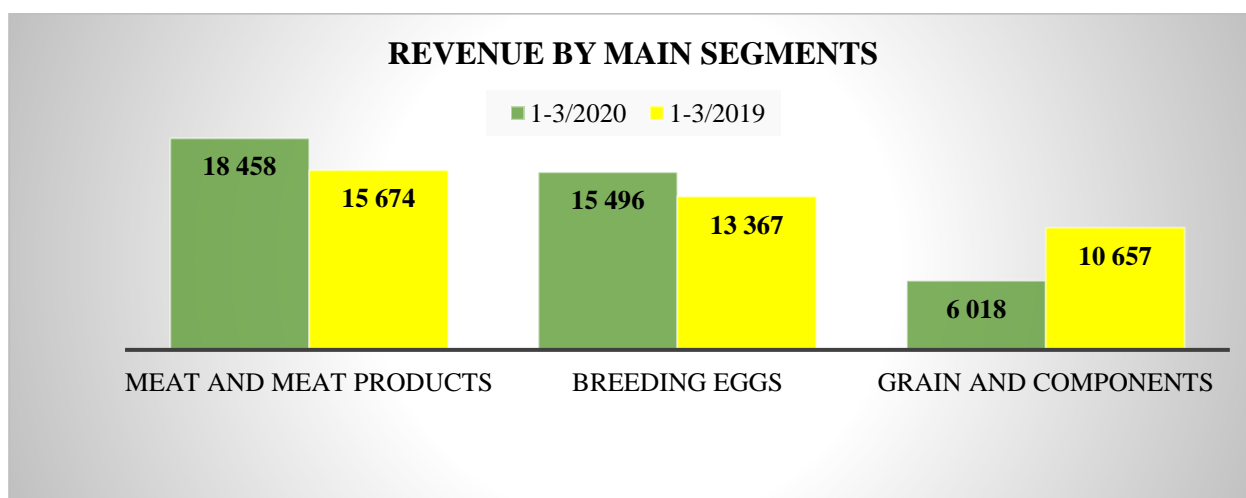
Revenues from the sale of services for the period decreased slightly by BGN **21** thousand or by **10,34%** compared to the same period in 2020.

Geography of sales	01-03/2021 BGN'000	01-03/2020 BGN'000	Change %	Relative share 2021 %
Domestic market	24 011	24 294	-1%	64%
Europe	6 344	5 337	19%	17%
Third countries	7 115	15 028	-33%	19%
Total	37 470	40 178	-7%	100%



Revenue reported by main segments

Segments	01-03/2021 BGN'000	01-03/2020 BGN'000	Change %	Relative share 2021 %
Meat and meat products	14 593	18 458	-21%	39%
Breeding eggs	14 357	15 496	-7%	39%
Grain and components	8 334	6 018	38%	22%
Total	37 284	39 972	-7%	100%



For the reporting period with the largest share of sales revenues by main segments is the segment "Meat and meat products" with 39% of the total revenue BGN 37,284 million (For the same period of the previous year with the largest share of sales is also segment "Meat and meat products" - 46% of the total amount of BGN 39,972 million).

REVENUE BY MAIN SEGMENTS AND BY MARKET

Main segments	Domestic market		Europe		Third countries	
	1-3/2021	1-3/2020	1-3/2021	1-3/2020	1-3/2021	1-3/2020
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Meat and meat products	14 452	18 345	137	113	4	0
Breeding eggs	1 039	3 308	6 207	5 224	7 111	6 964
<i>breeding eggs</i>	903	3 022	3 196	1 447	7 111	6 964
<i>one-day-old chicks</i>	136	286	3 011	3 777	-	-
Grains and components	8 334	2 435	-	-	-	3 583
Total	23 825	24 088	6 344	5 337	7 115	10 547

The realized sales revenues in the "Meat and Meat Products" segment for the period under review scored a growth by 20,94 % or BGN 3,865 million compared to the same period of the previous year.

The Group's trademarks - Gradus, I Eat and Le Poulet - realized a decline over the reporting period, reflecting the effects of the COVID-19 pandemic, compared to the first quarter of 2020. The uncertainty caused by the coronavirus infection suggests future volatility in the price levels of meat and meat products.

The management of the group envisages good prospects for sales in the Meat and Meat Products segment in the recovery period from the pandemic, as well as thereafter, in view of its good liquidity position and the ability to adequately respond to future growth rates of consumer consumption.

Revenues from sales in the segment "**Breeding eggs**" (breeding eggs and day-old chicks) for the period under review decreased by 7.35% or by BGN 1,139 million compared to the previous year 1-3.2020.

Breeding eggs

In this segment, the Group suffers from the negatives of some of the measures taken to deal with Covid-19. The effects of the pandemic have reduced the market prices of hatching eggs. The realized revenues from sales of hatching eggs reported a slight decrease by 2% or BGN 223 thousand compared to the same period of the previous year.

The group reports a significant increase in revenues from sales of hatching eggs on the European market – 120,87% or BGN 1,749 million and growth in revenues from sales of breeding eggs in third countries for the period under review – 2,11% or BGN 147 thousand. compared to the same period in 2020 Revenues from sales of hatching eggs on the domestic market reported a significant decline of 70% or BGN 2,119 million compared to the same period in period 1-3.2020.

The Group's management continues its program for expansion in the segment in the medium and long term.

Day-old chicks

During the period and against the background of the economic uncertainty caused by the pandemic of COVID-19, the Group realized a decrease in the revenues from sales of day-old chickens in the amount of BGN 916 thousand. or 22,54% compared to those reported in the first quarter of 2020. The realized revenues from sales of day-old chicks on the domestic market also marked a decrease of 52,45% or by BGN 150 thousand. compared to the same reporting period of 2020. The sales of day-old chicks in Europe show a decrease in revenues by 20,28% or by BGN 766 thousand. compared to the same reporting period of 2020.

The management of the group expects volatility in the market prices of meat and meat products, as well as breeding eggs in the medium term and benefits from the non-dramatically reduced production capacities of the group in the long run.

For the reporting period the Group realized significant growth in the sales of the Grains and Components segment by 38,48% or by BGN 2,316 million.

The Group does not focus on this segment of its activity, but if there are good opportunities for transactions in this segment, they will be used.

Continues optimisation and restructuring processes aiming at reducing costs and increasing revenue.

For the period January – March 2021 other reported operating income amounts to BGN 10,772 thousand and consists of:

Other operating income	1-3/2021 BGN'000	1-3/2020 BGN'000	Change %	Relative share 2021 %
Rental income	275	240	15%	2%
Gain on sale of materials and FTAs	81	72	13%	1%
Income from financing	10 239	9 914	3%	95%
Others	177	304	-42%	2%
Total	10 772	10 530	2%	100%

EXPENSES

The Group reports operating expenses amounting to BGN 33,028 thousand.

Operating expenses	1-3/2021 BGN'000	1-3/2020 BGN'000	Change: %	Relative share 2021 %
Changes in stock of finished products and work in progress	(4 367)	(5 622)	-22%	-13%
Expenses on raw materials and materials	19 011	21 294	-11%	57%
Hired service expenses	1 843	2 082	-11%	5%
Personnel expenses	6 830	6 881	-1%	21%
Depreciation / amortization expenses	1 896	1 709	11%	6%
Carrying amount of goods sold	6 835	4 850	41%	21%
Other operating expenses	980	716	37%	3%
Total	33 028	31 910	4%	100%

During the period under review, operating expenses increased by BGN 1,118 million. or by 3,5% compared to the same period of 2020. The change is mainly due to an increase in sales of goods and respectively to the carrying amount of goods sold by the Group for 2021. and a reduction in the reported costs for raw materials during the reporting period.

The costs for raw materials and supplies have decreased by BGN 2,3 million. or by 10,72% in the first quarter of 2021. compared to the same period of 2020

Expenses for external services also decreased by BGN 239 thousand. or by 11,48% compared to the same period in 2020.

The reported personnel costs have decreased slightly by BGN 51 thousand. or by 0,74%, compared to the same period in 2020.

For the reporting period the depreciation expenses have increased insignificantly by BGN 187 thousand. or by 10,94% compared to the same reporting period of 2020.

Other operating expenses increased by BGN 264 thousand. or by 36,87% during the reporting period of 2021 compared to the same reporting period of 2020. They mainly include costs for marriage of SMZ (BGN 807 thousand during the reporting period of 2021 and BGN 544 thousand for the same period of 2020).

The changes in the stocks of finished products and work in progress affect the operating costs in the direction of reduction by BGN 985 thousand.

FINANCE INCOME AND FINANCE COSTS

Finance income	1-3/2021 BGN'000	1-3/2020 BGN'000	Change %	Relative share 2021 %
Interest income on loans granted	46	39	18%	35%
Foreign exchange gains	87	58	50%	65%
Total	133	97	37%	100%

Finance costs	1-3/2021 BGN'000	1-3/2020 BGN'000	Change %	Relative share 2021 %
Interest expenses on bank loans received	12	29	-59%	41%
Bank charges	17	41	-59%	59%
Interest expenses on lease contracts	-	2	-	-
Total	29	72	-60%	100%

2. Main risks faced by the Group

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

Credit risk

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

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

Currency risk

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

Liquidity risk

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

Market risk

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

COVID-19

Economic instability and investment uncertainty, the decline in consumer consumption, the volatility of price levels in the segments operated by the Group are just some of the effects of the pandemic situation, which inevitably affect the results of the Group.

Management continues to apply the necessary and possible measures to limit the effects of COVID-19, considering the going concern principle to be appropriate for these consolidated financial statements, as the Group has sufficient liquid resources to continue in the foreseeable future.

Political risk

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

The political environment in the Group's export markets, in particular Russia and Iraq, has had a material effect on the Group's operations and financial condition.

Macroeconomic risk

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

3. Key ratios analysis

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

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

	1-3/2021	1-3/2020
Pre-tax profit	15 459	19 081
Income	37 470	40 178
Gross profit margin	41.26%	47.49%

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

	1-3/2021	1-3/2020
EBITDA (Earnings before interest, taxes, depreciation and amortisation)	17 251	20 765
Income	37 470	40 178
EBITDA margin	46.04%	51.68%

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

	31.03.2021	31.12.2020
Total liabilities	31 221	39 713
Total assets	369 099	363 725
Debt to Assets Ratio	0.08	0.11

4. Prospective future development of the Group

he management of the group continues its policy for effective and successful realization of the set long-term goals, taking into account the difficulties of some of them in the conditions of economic uncertainty caused by the pandemic of COVID-19.

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

- increasing the number of main flocks, increasing the number of fattened broilers, increasing the production and marketing of breeding eggs, as well as achieving full compliance with all European standards for the protection of the environment and the environment;
- full utilization of production capacities and increase in product range and sales volume under “Gradus” and “I Eat!” and “Le Poulet” brands;
- development of existing and new business lines related to the production of high-margin food products.

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

On February 8, 2021, Gradus AD notified of investments made by a subsidiary of Gradus Logistics EOOD. To ensure the activity of the companies from Gradus Group, vehicles were purchased - cars and a tractor. The total value of the investment amounts to BGN 370,853.

On 29.04.2021 Gradus AD presented an invitation for convening a Regular General Meeting of Shareholders and materials for a General Meeting of Shareholders, which will be held on 11-06-2020. from 11:00 in Stara Zagora.

The Board of Directors of Gradus AD on the grounds of Art. 223 of the CA convenes a regular annual General Meeting of Shareholders of Gradus AD / "The Company" /, which will be held on 11.06.2021, from 11:00 am, and in coordinated universal time - 08.00 hours in the town. Stara Zagora 6009, Park-Hotel Stara Zagora, 50 Khan Asparuh Str., Tervel Hall, with the following agenda:

1. Adoption of a Report of the Board of Directors on the activities of the Company in 2020;

Draft resolution: The General Meeting of Shareholders approves the Report of the Board of Directors on the activities of the Company for 2020;

2. Acceptance of a Report of the registered auditor for inspection of the annual financial statements of the Company for 2020;

Draft resolution: The General Meeting of Shareholders approves the Report of the registered auditor for the audit of the annual financial statements for 2020;

3. Adoption of the annual financial report of the Company for 2020;

Draft resolution: The General Meeting of Shareholders adopts the annual financial statements of the Company for 2020;

4. Adoption of a report on the activity of the Investor Relations Director of the Company for 2020;

Draft resolution: The General Meeting of Shareholders adopts a report on the activities of the Investor Relations Director of the Company for 2020;

5. Adoption of a Report of the Audit Committee on its activities in 2020;

Draft resolution: The General Assembly adopts a Report of the Audit Committee on its activities in 2020.

6. Proposal for profit distribution for 2020

Draft decision:

6.1. The General Meeting of Shareholders in Gradus AD distributes the profit of the Company for 2020, which is BGN 11,694,487.87, as follows:

- part of the profit, which amounts to a total gross amount of BGN 5,359,391.62, has already been distributed to the shareholders of the Company as a 6-month dividend (gross single 6-month dividend 0.022 BGN per share), according to a decision of the General Meeting of Shareholders of the Company dated October 16, 2020;

- part of the profit, which part is in the total gross amount of BGN 5,359,391.62, is distributed to the shareholders of the Company as an annual dividend, as the gross single annual dividend is BGN 0.022 per share.

- the balance in the amount of BGN 975,704.63 relates to the retained earnings of the Company.

6.2. Terms and conditions for distribution of the profit: (i) Commencement of dividend payment: July 26, 2021; (ii) Term for payment of the dividend: - three months; (iii) Manner of payment of the dividend: through Central Depository AD and branches of Unicredit Bulbank AD.

7. Making a decision to release from liability the members of the Board of Directors of the Company for their activity in 2020;

Draft resolution: The General Meeting of Shareholders releases from liability the members of the Board of Directors of the Company for their activities in 2020;

8. Selection of a registered auditor to certify the annual financial statements of the company for 2021.

Draft decision: GMS elects a registered auditor to inspect and certify the annual financial statements of the Company for 2021, according to a proposal of the Audit Committee, included in the materials on the agenda.

9. Adoption of a Report of the Board of Directors on the implementation of the Remuneration Policy of the members of the Board of Directors of the Company for 2020;

Draft resolution: The General Meeting adopts the Report of the Board of Directors on the implementation of the Remuneration Policy of the members of the Board of Directors.

10. Review of the Remuneration Policy of the members of the Board of Directors.

Draft resolution: The General Meeting cancels, as of 01.07.2021 the Remuneration Policy of the members of the Board of Directors, adopted by the General Meeting of Shareholders, held on 10.06.2019. The GMS adopts the Remuneration Policy of the members of the Board of Directors, which enters into force on 01.07.2021.

On 07.05.2021 Gradus AD decided to file all possible cases against the person Svetoslav Ilchovski and will refer to the competent authorities in defense of their rights and legitimate interests for the export and dissemination of false allegations by him. All actions have been taken to protect our investors and customers.

On 17.05.2021 Gradus AD entered the Financial Supervision Commission with a signal in connection with widespread false and misleading circumstances about the company by Svetoslav Ilchovski during his hearing on 5 and 7 May 2021 in the Temporary Commission for Inspection for Establishment of Abuses and violations in the spending of funds by the Council of Ministers, ministries, state bodies, state enterprises and companies with more than 50 percent state participation in the last 10 years.

These circumstances give false or misleading signals regarding the price of the shares of Gradus AD, which are traded on the Bulgarian Stock Exchange and determine this price on an unusual and artificial level.

The company referred to the Financial Supervision Commission with the request for conducting a full and comprehensive inspection of whether these actions constitute manipulation of the market of the shares of Gradus AD.

The signal to the regulator is accompanied by all financial and accounting information (as opposed to partially and selectively provided by Mr. Ilchovski), including invoices, handover protocols and other documents that clearly prove that any allegations of "fictitious revolutions" are groundless and malicious.

The regulator should check whether there have been violations of the Regulation on Market Abuse and the Law on the Application of Measures against Market Abuse of Financial Instruments (the Law on Measures against Market Abuse).

The position of Gradus AD is that:

- The disseminated circumstances are false and misleading and give false and misleading signals regarding the share price of Gradus AD;
- The turnover of Gradus 3 AD is not decisive for the price at which the shares of Gradus AD were sold in the IPO. The prospectus itself clearly shows the three ways of valuing the share, as none of them takes into account the traded volumes, which makes the accusations of "hollow turnovers" and "fictitious transactions" meaningless. The transactions themselves, which Mr. Ilchovski claims to be fictitious, are negligibly small compared to the company's total turnover for the reference period;
- The Prospectus discloses complete and reliable information about the financial condition of Gradus 3 AD and the risks related to its activity;
- The spread of false circumstances for the Gradus group has had a negative impact on the market capitalization of Gradus AD and has directly affected mainly the small shareholders;

The request is for conducting a full and complete inspection of the notification of violation, as the FSC is invited to exercise its supervisory powers under Art. 18 of the Law on the Financial Supervision Commission and Art. 28e (2) supra art. 25 (2) to (5) of the Rules for the structure and activity of the Financial Supervision Commission and its administration in order to establish whether the described actions of the person Svetoslav Ilchovski constitute manipulation of the share market of Gradus AD within the meaning of the Regulation on market abuse.

Upon establishing an administrative violation, the Commission may impose the provisions of Art. 23 of the Law on Administrative Offenses, administrative penalties in the amount of up to BGN 5 million.

Gradus AD will assist the FSC in performing the inspection with any additional information and full access to the company's accounting and legal database.

As a public company, we at Gradus AD believe in the rule of law and transparency, and we want the facts to be clarified quickly and the truth to be made public. The pledge is the justice and the good name of our company, as well as the overall image of the domestic capital market.

IV. Information about related party transactions

Information about related party transactions is disclosed in the notes to the interim consolidated financial statements for the period January – March 2021.

V. Information about the shares of Gradus AD

The company shares are admitted to trading on BSE AD, Market: Standard Segment

Since 15 March 2019, the issue of Gradus AD (GR6) has been part of the main indices of BSE, namely SOFIX, BG40, BGTR30.

	31 March 2021
Total number of shares issued	243 608 710
Number of shares in circulation as of 31 March 2021	243 608 710
Price of share at the beginning of the period	1,46
Price of share at the end of the period	1,58
Market capitalisation as of 31 March 2021 in BGN	384 901 762

27 May 2021

EXECUTIVE DIRECTOR:

/Ivan Angelov/

CHAIRMAN OF BD:

/Luka Angelov/