

Translation from Bulgarian

GRADUS AD

INTERIM CONSOLIDATED MANAGEMENT REPORT
As at 30 September 2022

Contents

I. General information about the group	2
1. Registration and business activities	2
2. Shareholding structure of the Group as of 30 September 2022	4
3. Personnel	4
II. An objective overview of the development and performance of the enterprise as well as its condition, together with a description of the main risks it faces.....	4
1. Current period results of the group	4
2. Main risks faced by the Group	9
3. Key ratios analysis.....	10
4. Prospective future development of the Group	11
III. Significant events, which have occurred during the reporting period and until the issuance of the interim management report	11
IV. Information about related party transactions	14

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 30 September 2022, 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:

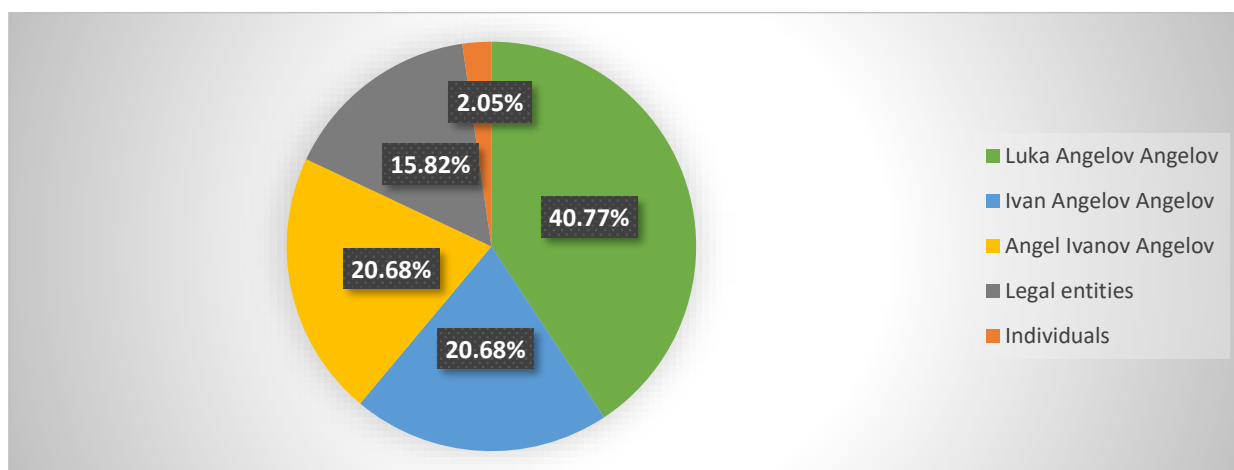
- **Lora-2004 EOOD** - the main business activity of the company is poultry farming - breeding and realization of fattened poultry – broilers;
- **Zhyuliv EOOD** – the main business activity of the company is fattening of broilers and hatching of chickens. The company is registered in the State Fund 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.

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

2. Shareholding structure of the Group as of 30 September 2022



3. Personnel

As of 30 September 2022, the average payroll staff of the Group was 1,275 workers and employees (30 September 2021: 1,274).

II. An objective overview of the development and performance of the enterprise as well as its condition, together with a description of the main risks it faces

1. Current period results of the group

For the period 01 January 2022 – 30 September 2022, the Group has reported an operating profit of BGN 23 789 thousand (for the period 01 January 2021 – 30 September 2021 - BGN 23 933 thousand) and net profit of BGN 23 091 thousand (01 January 2021 – 30 September 2021 : BGN 21 669 thousand).

REVENUE

Sales revenue reported by the Group for the reporting period amount to BGN 76,950 thousand, including:

Sales revenue	01-09/2022 BGN'000	01-09/2021 BGN'000	Change %	Relative share 2022 %
Revenue from sale of finished products	115 797	102 270	13%	99%
Revenue from sale of goods	642	18 647	-97%	-
Revenue from sale of services	959	716	34%	1%
Total sales revenue	76 950	81 476	-3%	100%

Revenues from product sales for the reporting period increased by BGN 13 527 thousand or by 13.23% compared to the same period in 2021, reflecting the positive development in the meat and meat products and breeding eggs segments.

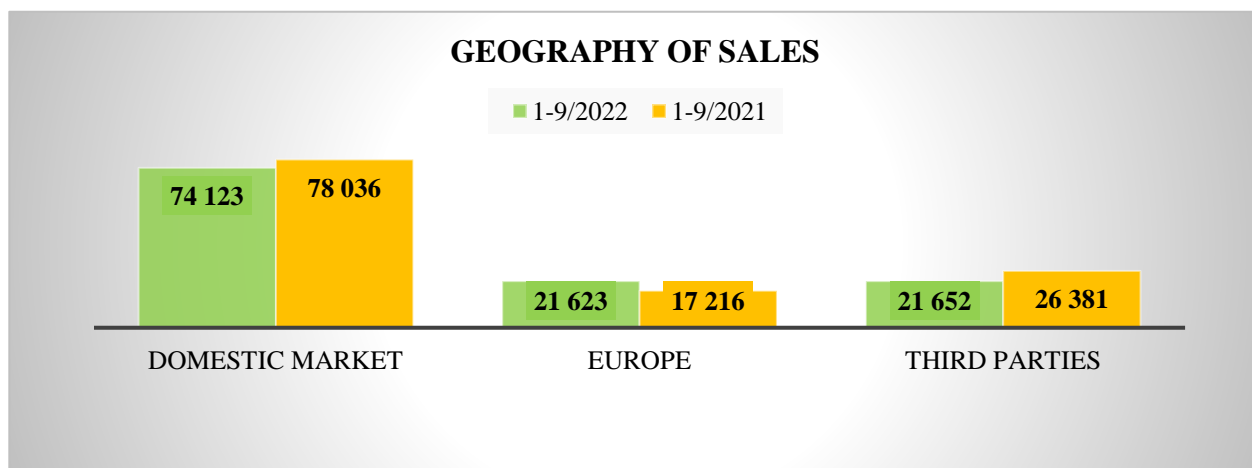
Revenues from sales of goods for the reporting period decreased significantly by BGN 18 005 thousand or by 96.56% compared to the same period of 2021. This is mainly due to the lack of commercial transactions in cereals in the Grains and Components segment.

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

Revenues from the sale of services for the period increased by BGN 243 thousand or by 33.94% compared to the same period in 2021.

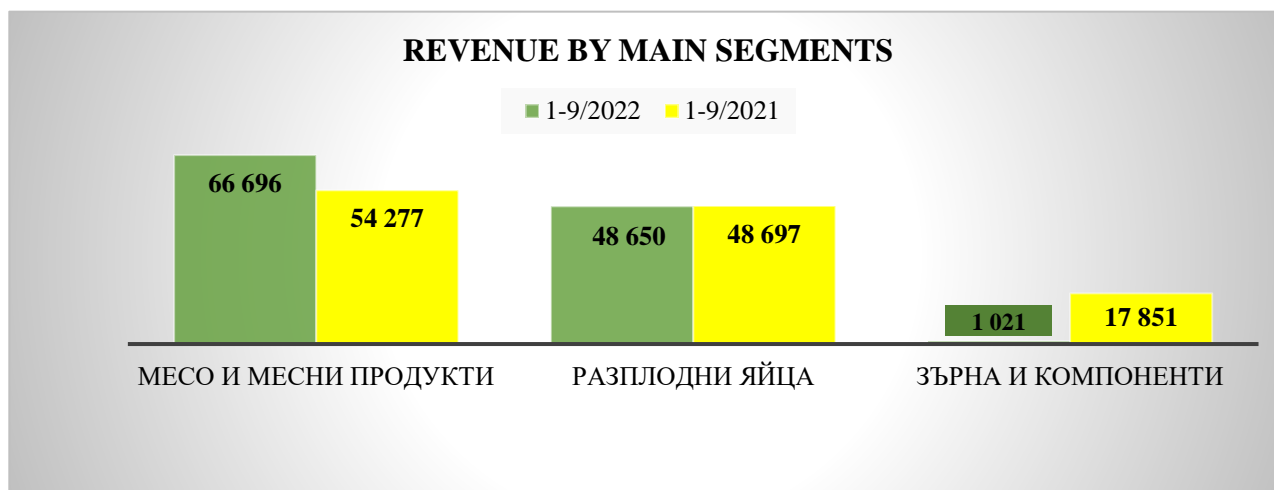
Geography of sales

	01-09/2022 BGN'000	01-09/2021 BGN'000	Change %	Relative share 2022 %
Domestic market	74 123	78 036	-5%	63%
Europe	21 623	17 216	26%	18%
Third countries	21 652	26 381	-18%	19%
Total	117 398	121 633	-6%	100%



Revenue reported by main segment

	01-09/2022 BGN'000	01-09/2021 BGN'000	Change %	Relative share 2022 %
Meat and meat products	66 696	54 277	23%	57%
Breeding eggs	48 650	48 697	-	41%
Grain and components	1 021	17 851	-94%	1%
Other	1 031	808	28%	1%
Total	76 210	121 633	-3%	100%



For the reporting period with the largest share of sales revenues by main segments is the segment " Meat and meat products " with 56,81% of the total revenue BGN 117 398 thousand (For the same period of the previous year with the largest share of sales is segment "Meat and meat products" – 44,62% of the total amount of BGN 121 633 thousand).

REVENUE BY MAIN SEGMENTS AND BY MARKET

Main segments	Domestic market		Europe		Third countries	
	1-9/2022 BGN'000	1-9/2021 BGN'000	1-9/2022 BGN'000	1-9/2021 BGN'000	1-9/2022 BGN'000	1-9/2021 BGN'000
Meat and meat products	66 079	53 799	503	406	114	72
Breeding eggs	5 992	5 578	21 120	16 810	21 538	26 309
<i>breeding eggs</i>	5 361	4 928	7 486	8 196	21 538	26 309
<i>one-day-old chicks</i>	631	650	13 634	8 614	-	-
Grains and components	1 021	17 851	-	-	-	-
Total	73 092	77 228	21 623	17 216	21 652	26 381

Segment "Meat and meat products"

The realized sales revenues in the "Meat and Meat Products" segment for the period under review scored a growth by 22,83 % or BGN 12 280 thousand compared to the same period of the previous 2021 year.

Inflationary processes in the country and rising prices of cereals on world markets suggest future volatility in price levels of meat and meat products.

Segment „Breeding eggs"

Breeding eggs

The realized revenues from sales of breeding eggs for the reporting period decreased by 12.80% or by BGN 5 048 thousand, compared to the same period of the previous year. During the first nine months of the current year, there are volatile prices of breeding eggs on international markets.

Revenues from **domestic market** of breeding eggs recorded increase of 8.79% or 433 thousand BGN same period of 2021.

During the period under review, there was a decrease in revenue from sales of breeder eggs on the **European market** by 8.66% or BGN 710 thousand compared to the same period of 2021.

The Group recorded an decrease in revenue from sales of breeder eggs to **third countries** for the period under review by 18,13% or BGN 4 771 thousand compared to the same period of 2021.

The Group's management continues its program of high capex utilization in the segment in the medium to long term.

Day-old chicks

The Group realized an increase in revenue from sales of day-old chicks in the amount of BGN 5 001 thousand or 53.98% in comparison to the same period in 2021.

Realized revenues from sales of day-old chicks on the **domestic market** decreased by 2.92% or BGN 19 thousand, compared to the same reporting period in 2021.

Sales of day-old chicks in **Europe** saw significant revenue growth with 58.28% or by BGN 5 020 thousand compared to the same reporting period in 2021.

The Group's management closely monitors the markets for meat and meat products as well as breeder eggs and may increase its production capacity utilization if demand and/or prices for day-old chicks increase.

Segment "Grains and components segment"

For the reporting period the Group realized a decrease in sales of the grain and components segment by 94.28% or BGN 16 830 thousand, compared to the same reporting period of 2021.

The group does not focus on this segment of its business, but if there are good transaction opportunities in this segment, they will be exploited.

The optimisation and restructuring processes to reduce costs and increase revenue continue.

Reported other operating income for the period under review amounted to BGN 23 416 thousand and included:

Other operating income	1-9/2022 BGN'000	1-9/2021 BGN'000	Change %	Relative share 2022 %
Rental income	542	601	-10%	2%
Gain on sale of materials and FTAs	754	270	179%	3%
Income from financing	22 055	10 406	112%	94%
<i>including for the welfare of birds</i>	<i>16 898</i>	<i>10 139</i>	<i>-67%</i>	<i>72%</i>
<i>including for the electricity</i>	<i>4 834</i>	-	-	<i>21%</i>
Others	65	365	-82%	1%
Total	23 416	11 642	101%	100%

A significant part of the composition of other income from the Group's activities during the reporting period is the income from financing. For the first nine months of 2022. The group mainly reports revenues from bird welfare financing and revenues from electricity financing. Revenues from subsidies for the welfare of birds are rescheduled evenly in the accounting year 2022 and not recognized with a view to their actual receipt as cash receipt, except for the extraordinary ones received.

EXPENSES

The Group reports operating expenses amounting to BGN 117,639 thousand.

Operating expenses	1-9/2022 BGN'000	1-9/2021 BGN'000	Changes %	Relative share 2022 %
Changes in stock of finished products and work in progress	(16 914)	(13 198)	28%	-14%
Expenses on raw materials and materials	88 051	41 937	34%	75%
Hired service expenses	5 369	4 317	-16%	5%
Personnel expenses	23 705	21 294	11%	20%
Depreciation / amortization expenses	5 861	5 659	4%	5%
Carrying amount of goods sold	510	14 629	-97%	-
Other operating expenses including impairment of biological assets	11 057	9 615	15%	9%
	8 762	7 261	21%	7%
Total	117 639	109 947	7%	100%

During the period under review, operating expenses increased by BGN 7 692 thousand or by 7% compared to the same period in 2021. The change is mainly due to an increase in the cost of raw materials and supplies and a decrease in the sales of goods and, accordingly, in the carrying amount of goods sold by the Group for the period January-September 2022.

The cost of raw materials and supplies increased by BGN 22.5 million or 34.39% compared to the same period in 2021 mainly due to the increase in electricity price and the increase in feed raw material prices.

The cost of external services increased marginally by BGN 1.06 thousand or by 16.46% compared to the same period in 2021.

Personnel costs in 2022 increased by BGN 2.4 million or by 11.32% compared to the same period of 2021.

Depreciation and amortization expenses for the reporting period increased marginally by BGN 202 thousand or by 3.57% compared to the same period in 2021.

The carrying amount of the goods sold decreased by BGN 14.1 million or by 96.51% compared to the reported in the same period of 2021 due to a decrease in sales of goods and, respectively, the carrying amount of the goods sold by the Group for 2021, situations in the "Grains and Components" segment.

The other operating expenses increased by BGN 1 442 thousand or by 15% in the during period under review of 2022 same reporting period of 2021. These mainly include impairment costs of biological assets - BGN 8 762 thousand reporting period of 2022 and BGN 7 261 thousand for the same period of 2021. The increase in impairments of biological assets is related to parent flocks, which in turn generate additional group revenue and profit in the Breeding Eggs segment.

FINANCE INCOME AND FINANCE COSTS

Finance income	1-9/2022 BGN'000	1-9/2021 BGN'000	Change %	Relative share 2022 %
Interest income on loans granted	130	139	-6%	33%
Foreign exchange gains	263	86	206%	67%
Total	393	225	75%	100%

Finance costs	1-9/2022 BGN'000	1-9/2021 BGN'000	Change %	Relative share 2022 %
Interest expenses on bank loans received	18	12	50%	26%
Bank charges	49	68	-28%	72%
Interest expenses on lease contracts	1	3	-67%	2%
Other finance costs	-	64	-	-
Total	68	147	-54%	100%

2. Main risks faced by the Group

The risk management policy of the Group is directed towards identifying and analysing the risks to which the Group is exposed to set limits of risk appetite. Based on the analysis of these risks, the Group develops and implements appropriate controls to address these risks. This policy, as well as the risk management controls introduced are subject to periodic reviews to reflect any changes in the external and internal conditions in which the subsidiaries operate. The continuing uncertainty regarding the expected economic development at the national, regional and global levels, as well as the observed inflationary processes, are a challenge in determining the Group's strategy and may affect its results. The geopolitical risk associated with the conflict in Ukraine may have a negative effect on economic processes in Bulgaria and the region, as well as in particular on supply chains in a number of sectors of the economy, and hence affect the Group's operations. This uncertainty creates risks that the Group analyzes and assesses.

Credit risk

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

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

Currency risk

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

Liquidity risk

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

Market risk

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

Political risk

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

The political situation on the Export Markets of the Group has a significant effect on the operations and financial position of the Group. Russia is still inaccessible as a breeding egg market for the group.

At the date of the report, the Russian invasion of Ukraine created preconditions for uncertainty and negative consequences for Bulgaria in many dimensions, including economic.

The group's sales revenues generated during the reporting period in Ukraine amounted to BGN 1,756 million. (BGN 2,298 million during the same reporting period of 2021) and are situational in the Breeding Eggs segment. At present, in view of the significant preponderance of demand for breeding eggs relative to supply on the export markets on which the Group operates, management expects that, if necessary, such sales may be redirected to other markets on the same or more advantageous terms.

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)**

	1-9/2022	1-9/2021
Pre-tax profit	23 789	23 933
Income	117 398	121 633
Gross profit margin	20.26%	19.68%

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

	1-9/2022	1-9/2021
EBITDA (Earnings before interest, taxes, depreciation and amortisation)	29 325	29 514
Income	117 398	121 633
EBITDA margin	24.98%	24.26%

- **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.

	30.09.2022	31.12.2021
Total liabilities	52 960	31 014
Total assets	394 232	366 888
Debt to Assets Ratio	0.13	0.08

4. Prospective future development of the Group

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;

- 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 24.02.2022 a military conflict between Ukraine and Russia occurred. Subsequently, a number of countries imposed sanctions against certain individuals and entities in Russia. The Russia Ukraine conflict and the related economic sanctions and other measures taken by governments around the world are expected to have a significant effect on the local economies of individual countries as well as on the global economy.

Gradus AD and its subsidiaries has no investments on the territory of the countries involved in the military conflict. The Group has no trading relationships with sanctioned counterparties. Gradus AD and its subsidiaries has no suppliers of goods or services from the parties to the conflict. Sales to customers in the affected countries are not material to the Group's operations and can be redirected to other markets on the same or more favourable terms. At this stage, management has not identified any significant indirect economic effects on the Group's operations arising from the conflict.

On 20.04.2022 "Gradus" AD presented an invitation to convene a Regular General Meeting of Shareholders and materials for a general meeting of shareholders, which will be held on 03-06-2022 at 11:00 in Stara Zagora.

The Board of Directors of Gradus AD pursuant to Article 223 of the Commercial Act convenes a regular General Meeting of Shareholders of Gradus AD ("the Company"), to be held on 03 June 2022 at 11:00 (8:00 UTC) am in the town of Stara Zagora 6009, Park Hotel Stara Zagora, 50, Khan Asparuh Street, Tervel Hall, with the following agenda:

1. Approval of the Activity Report of the Board of Directors of the Company for the year 2021;

Draft resolution: The General Meeting of Shareholders approves the Activity Report of the Board of Directors of the Company for the year 2021.;

2. Approval of the Registered Auditor's Report for auditing the Annual Financial Statements of the Company for the year 2021;

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 2021;

3. Approval of the Annual Financial Statements of the Company for the year 2021;

Draft resolution: The General Meeting of Shareholders approves the Annual Financial Statement of the Company for the year 2021;

4. Approval of the report on the activity of the Investor Relations Director of the Company for the year 2021;

Draft resolution: The General Meeting of Shareholders approves the report on the activity of the Investor Relations Director of the Company for the year 2021;

5. Approval of the report on the activity of the Audit Committee for the year 2021;

Draft resolution: The General Meeting approves the report on the activity of the Audit Committee for the year 2021;

6. Proposal for distribution of the profit for 2021, which is BGN 13 670 682.66 and part of the retained earnings, as follows;

Draft resolution:

6.1. The Board of Directors proposes the profit for 2021 to be distributed as follows:

- part of the profit, which is in the total gross amount of BGN 6 333 826.46, has already been distributed to the shareholders of the Company as a 6-month dividend (gross single 6-month dividend BGN 0.026 per share), according to a decision of the General Meeting of Shareholders of The Company as of October 22, 2021;

- the rest of the profit for 2021 (BGN 7 336 856.20) plus part of the retained profit as of 31.12.2021 (BGN 3 625 535.75) total gross amount BGN 10 962 391.95, to be distributed to the shareholders of the Company as an annual dividend, the gross single annual dividend BGN 0.045 per share.

6.2. Condition and term of dividend distribution: Commencement of payment of dividends: 18 July 2022;

Term for payment of dividends: - three months ; Method of payment of dividends: through Central Depository AD and branches of Unicredit Bulbank AD;

7. Deciding on the dismissal of the members of the Board of Directors of the Company for their activity in 2021;

Draft resolution: The General Meeting of Shareholders releases from responsibility the members of the Board of Directors of the Company for their activity in 2021;

8. Election of a certified (registered) auditor to verify and certify the Company's Individual Annual Financial Report for 2022 and the Company's Consolidated Financial Statements for 2022.

Draft resolution: The General Meeting of Shareholders elects a registered auditor to verify and certify the annual financial statements of the Company for 2022, in accordance with a proposal of the Audit

Committee included in the materials on the agenda.

9. Approval of the Report on the Implementation of the Remuneration Policy of the Board of Directors; Draft resolution: The General Meeting of Shareholders approves the Report on the Implementation of the Remuneration Policy of the Board of Directors of the Company.

On 17.05.2022 Gradus AD notifies of a protocol of findings, prepared on 16 May 2022, of the results of an inspection of the company activity carried out by the Deputy Chair of the Financial Supervision Commission. The conclusion of the inspection team is: Based on the information provided and analysed in the course of the inspection, there were no violations of the requirements of the Public Offering of Securities Act, the Financial Supervision Commission Act, and the regulations on their implementation relevant for the activities of Gradus AD found. The company further notifies of examinations of the Group companies performed and completed by the National Revenue Agency. During the control performed under the Tax and Social Insurance Procedure Code, the National Revenue Agency ("NRA") authorities have performed examinations of primary accounting documents and other relevant documentation duly provided by the audited companies. As part of the examinations, the control bodies visited the offices and bases of the respective companies. Cross-checks of contractors and individuals selected by the control bodies have also been performed. As a result of all actions taken, the NRA did not find significant inconsistencies in the tax and accounting documentation or violations of tax legislation by the audited companies. Minor violations of the nature of clerical errors were established and eliminated yet during the inspections. None of the NRA reports found a discrepancy between the actual and documented facts. Considering the above facts, Gradus AD deems the media speculation, in which the company was involved and where, in addition to the accused Mr. Ilchovski, journalists, politicians, and others took an active part, to be over.

On 03.06.2022 a regular General Meeting of the shareholders of Gradus AD was held, where the following decisions were taken:

1. The General Meeting of Shareholders approves the annual Report of the Board of Directors on the activities of the company in 2021;

2. The General Meeting of Shareholders approves the Report of the registered auditor for performed audit of the annual financial statements for 2021;

3. The General Meeting of Shareholders approves the annual financial report of the Company for 2021;

4. The General Meeting of Shareholders approves the annual Report on the activities of the Investor Relations Director of the company in 2021;

5. The General Meeting of Shareholders approves the Report of the Audit Committee on its activities in 2021;

6. The GMS accepts the proposal of the Board of Directors for distribution of the profit of the Company, realized in 2021 and part of the accumulated undistributed profit from previous years:

6.1. The General Meeting of Shareholders in "Gradus" AD distributes the Company's profit for 2021, which is BGN 13,670,682.66, as follows:

- part of the profit, which is in the total gross amount of BGN 6,333,826.46, has already been distributed to the shareholders of the Company as a 6-month dividend (gross single 6-month dividend BGN 0.026 per share), according to the decision of the general meeting of shareholders of the Company from October 22, 2021;

- the rest of the profit for 2021 (in the amount of BGN 7,336,856.20), in one with part of the accumulated undistributed profit as of 31.12.2021 (in the amount of BGN 3,625,535.75) in a total amount of BGN 10,962,391.95 is distributed to the Company's shareholders as a dividend , with the gross single dividend being BGN 0.045 per share.

6.2. Condition and term of dividend distribution: Commencement of payment of dividends: 18 July 2022; Term for payment of dividends: - three months ; Method of payment of dividends: through Central Depository AD and branches of UniCredit Bulbank AD;

7. The General Meeting of Shareholders releases from liability the members of the Board of Directors of the Company for their activity in 2021;

8. The General Meeting of Shareholders Selects as a registered auditor to check and certify the Individual Annual Financial Statements of the Company for 2022. Baker Tilly Klitu and Partners OOD, Reg. № 129, represented by the manager Galina Lokmadjieva-Nedkova;

9. The General Meeting approves the Report of the Board of Directors on the implementation of the Remuneration Policy of the members of the Board of Directors;

On 06.06.2022 from 5:00 p.m. in the Grand Hotel "Sofia", Sofia, "Gradus" JSC held an event "Financial review of the first quarter of 2022 and discussion with investors".

On 08.06.2022 with the Protocol for Decisions of "Gradus" AD, the Board of Directors made a decision, part of the profit of "Gradus - 1" EOOD for 2021. in the amount of BGN 3,500,000 (three million five hundred thousand) to be distributed to the sole owner of the capital in the form of a dividend;

On 08.06.2022 with the Protocol for decisions of "Gradus" AD, the Board of Directors made a decision, part of the profit of "Millennium 2000" EOOD for 2021. in the amount of BGN 3,000,000 (three million) to be distributed to the sole owner of the capital in the form of a dividend;

On 08.06.2022 with the Protocol for Decisions of "Gradus" AD, the Board of Directors made a decision, part of the profit of "Lora - 2004" EOOD for 2021. in the amount of BGN 200,000 (two hundred thousand) to be distributed to the sole owner of the capital in the form of a dividend;

On 08.06.2022 with the Minutes of Decisions of "Gradus" AD, the Board of Directors decided that part of the accumulated profit from previous years of "Zhuliv" EOOD in the amount of BGN 300,000 (three hundred thousand) will be distributed to the sole owner of the capital in the form of a dividend;

On 20.06.2022 with the Minutes of the General Meeting of "Gradus - 98" JSC, the General Meeting of Shareholders decided on the profit realized by the company's activities in 2021. in the amount of BGN 4,996,700 (four million nine hundred and ninety-six thousand seven hundred) to be distributed as a dividend to Gradus AD, the majority shareholder of Gradus-98 AD.

On 22.06.2022 "Gradus" AD presents information about the total amount of dividends voted by the subsidiaries to Gradus AD for the first half of 2022 as follows:

Period	Amount of the dividend to "Gradus" AD in BGN	Growth in %
H1 2022	11 996 700	71.43%
H1 2021	6 998 020	16.66%
H1 2020	5 998 482	

On 11.07.2022 Gradus PLC informs that for the course of its development strategy, the group has successfully passed international audits of its subsidiaries and is already a certified supplier of KFC to Europe.

On 27.10.2022 with a Protocol of Decisions of Gradus AD, the Board of Directors decided that part of the profit of Gradus – 1 EOOD amounting to BGN 4 000 000 (four million) will be distributed to the sole owner of the capital in the form of a dividend.

On 31.10.2022 „Gradus AD notifies the decision of the Board of Directors to withdraw the authorization of Luka Angelov Angelov to act as a legal representative of the Company. The change was registered in the Company's account with TRRYULNC on 28.10.2022 with entry No 20221028141819.

On 11.11.2022 Gradus AD informs about planned strategic changes in its organizational management structure, as well as about the introduction of good European assets in the corporate governance of the group. The changes with a initiativeus in order to achieve more effective and efficient management of the company in the context of ambitious plans for future expansion and upgrading of the good financial results achieved so far.

On 11.11.2022r. Gradus AD presented an invitation for convening an Extraordinary General Meeting of Shareholders and materials for the General Meeting of Shareholders, which will be held on 19-12-2022 at 11:00 am in Stara Zagora, Park—Hotel Stara Zagora, ul. 50 Khan Asparuh, Tervel Hall, with the following agenda:

The Board of Directors of Gradus AD on the grounds of art. 223 of the Commercial Act convenes an Extraordinary General Meeting of Shareholders of Gradus AD (the Company), which will be held on 19.12.2022, at 11:00 am, and in coordinated universal time – 08.00 in Sofia. Stara Zagora 6009, Park—Hotel Stara Zagora, ul. 50 Khan Asparuh, Tervel Hall, with the following agenda and draft decisions:

1. Dismissal of members of the Board of Directors of Gradus AD

Draft resolution: "The General Assembly, on the grounds of art. 221, item 4 of the Commerce Act, hereby dismisses the following members of the Board of Directors of the Company:

(i) Ivan Angelov Angelov, citizen of the Republic of Bulgaria, PIN, and

(ii) Luka Angelov Angelov, citizen of the Republic of Bulgaria, UCN

2. Election of new members of the Board of Directors of Gradus AD

Draft resolution: "The General Assembly, on the grounds of art. 221, item 4 of the Commerce Act, hereby elects the following persons as new members of the Board of Directors of the Company:

(i) Angel Ivanov Angelov, citizen of the Republic of Bulgaria, PIN, and

(ii) Bistra Stoyanova Kotseva, citizen of the Republic of Bulgaria, UCN

The new members of the Board of Directors shall be elected with a mandate until 17.11.2025.

3. Determining the remuneration of the members of the Board of Directors of Gradus AD

Draft resolution: "The General Meeting decides that the remuneration of the newly elected members of the Board of Directors under item 2 above shall be the same in amount as the remuneration of the members of the Board of Directors of the Company so far.

IV. Information about related party transactions

The group has not entered into large related party transactions outside its normal business. The information on related party transactions is disclosed in the notes (bel. 34, p. 37) to the interim consolidated financial statements for the period January – June 2022.

29 November 2022

EXECUTIVE DIRECTOR:

/Ivan Angelov/