



Translation from Bulgarian

GRADUS AD

INTERIM ACTIVITY REPORT
for the first quarter of 2022

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I. Introduction. General information about Gradus AD

1. Registration and object of activity

Gradus AD, town of Stara Zagora, was incorporated on 28 November 2017.

Management address: Republic of Bulgaria, Stara Zagora 6000, Industrialen quarter, Gradus Poultry Slaughterhouse.

The Company is a **parent company**.

The Group subsidiaries as at 31.03.2022 are as follows:

		% shares
Lora-2004 EOOD	effective percentage share	100.00
Zhyuliv EOOD	effective percentage share	100.00
Millenium 2000 EOOD	effective percentage share	100.00
Gradus-1 EOOD	effective percentage share	100.00
Gradus-3 AD	effective percentage share through Gradus-1 EOOD	96.00
Gradus-98 AD	effective percentage share	99.94
Gold Farm 91 EOOD	effective percentage share	100.00
Gradus Logistics EOOD	effective percentage share	100.00

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

OBJECT OF ACTIVITY OF THE COMPANY

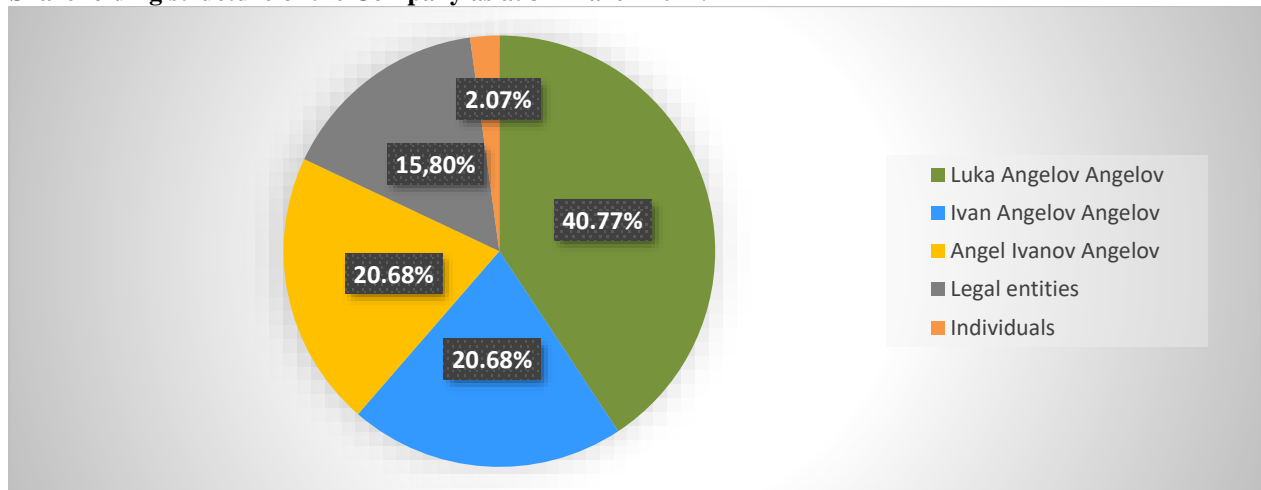
The object of activity of the Company is: Investments in stocks and shares of companies, acquisition and management of shares in Bulgarian and foreign companies; activity as a holding company; acquisition, assessment and sale of patents, concession of licenses for the use of patents of companies, in 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 share capital of Gradus AD as at 31 March 2022 amounts to BGN 243,609 thousand, split into 243,608,710 shares with nominal value of BGN 1 (one) each.

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

Shareholding structure of the Company as at 31 March 2022.



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 March 2022:

- 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

1.3. Audit Committee

Members of the Audit Committee are:

- Dobri Svetozarov Simeonov – Chairman of the Audit Committee;
- Petya Radoslavova Panova – Member of the Audit Committee.
- Georgi Aleksandrov Babev – Member of the Audit Committee;

The Audit Committee supports the work of the Board of Directors; it has the role of those in charge of governance who monitor and supervise the internal control system, risk management and financial reporting system of the company.

1.4. Personnel

The average number of staff of Gradus AD as at 31 March 2022 is 3 persons hired under employments contracts:

- Investor Relations Director
- Head of Finance Department
- Risk Officer
- Chief Accountant

II. Objective overview of the development and operating results of the entity, and of its performance, together with description of the main risks faced by the entity.

2. Operating results

For the period 01 January 2022 – 31 March 2022, the company realized a loss of BGN 91 thousand (for the period 01 January 2021 – 31 March 2021 - the Company realized net profit of BGN 44 thousand).

The reports reported on the financial statements of the Company are directly dependent on the activity of its subsidiaries.

2.1. Income of the Company:

INCOME	01-03/2021 in BGN'000	01-03/2021 in BGN'000	Change %	Relative share for 2022 %
Service income – rent	2	-	-	2%
Finance income				
Interest income	97	112	-13%	98%
Total	97	112	-12%	100%

- The principal income for the period is interest income in connection with the loans granted to subsidiaries.

Interest income decreased by BGN 13 thousand or by 13.39% compared to the same period of 2021 as a result of the reduced amount of loans granted (as of 31.03.2021 loans granted by the company amounted to BGN 39 400 thousand).

The terms on which the loans to the subsidiaries are made are as follows:

<i>In BGN'000</i>	Interest rate %	Maturity date	Collateral	Loans granted 31.03.2022	Loans granted 31.12.2021
Gradus-1 EOOD	1.15%	02.2022	He	17 614	17 614
Gradus-3 AD	1.15%	07.2022	He	4 503	4 515
Lora-2004 EOOD	1.15%	10-11.2022	He	9 307	9 307
Gradus-98 AD	1.15%	10.2022	He	404	602
Gradus Logistics EOOD	1.15%	02-04.2022	He	1 101	1 001
Millennium 2000 EOOD	1.15%	11.2022	He	1 407	1 503
Total:				34 236	34 542

On February 1, 2022, the Company signed an annex with Gradus Logistics Ltd. to a contract from 01.02.2021 extension of the loan granted until 05.02.2023.

On February 23, 2022, the Company signed an annex with Gradus-1 EOOD to a contract from 26.02.2021 extension of the loan granted until 25 February 2023.

On 01.04.2022 the Company signed an annex with Gradus Logistics Ltd. to a contract from 07.04.2021 extension of the loan granted until 07.04.2023.

The loans provided to the subsidiaries are current. The purpose of the loans is to support the development of existing and new business lines, described in the Prospectus for public offering of securities, as well as to finance their operational activities.

2.2. Expenses of the Company:

Operating results:

EXPENSES	01-03/2022 in BGN'000	01-03/2021 in BGN'000	Change %	Relative share for 2022 %
Operating expenses				
Expenses by nature				
Expenses on materials	4	2	100%	2%
Hired service expenses	36	28	29%	19%
Depreciation / amortization expenses	18	2		9%
Expenses on wages and social security payments	132	122	-2%	70%
Other expenses	-	2		-
Total:	190	156	-3%	100%

During the reporting period, the highest share of expenses is the cost of remuneration.

A detailed breakdown of expenditure can be found in the Notes to the financial statement.

2.3. Risk factors for the activity

At the present moment the management of Gradus AD is not aware of any specific trends and events that would directly affect the future activities of the Company.

The Company's risk management policy is designed to identify and analyze the risks, to which the Company is exposed with the purpose of establishing limits of undertaking a risk

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.

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.

The Company had no payables under financial liabilities as at 31 March 2022.

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 March 2022.

III. Information according to art. 100o, para 4, item 2 of LPOS

The Company has not entered into major transactions between related parties outside its ordinary course of business.

IV. Events for Gradus AD that occurred in the first quarter of 2022.

On February 24, 2022, a military conflict between Ukraine and Russia arose. A number of countries subsequently imposed sanctions against certain natural and legal persons in Russia. The Russia-Ukraine conflict and related economic sanctions and other measures taken by governments around the world are expected to have a significant effect on both the local economies of individual countries and the global economy.

Degree AD and its subsidiaries do not own investments on the territory of the parties involved in the military conflict. The Company and its subsidiaries have no commercial relationship with counterparties to which sanctions have been imposed. Degree AD and its subsidiaries do not have suppliers of goods or services from the parties to the conflict. Sales to customers from the parties concerned are not significant for the activities of the Company and its subsidiaries and may be redirected to other markets on the same or more advantageous terms. At this stage, management has not identified any significant indirect economic effects on the activities of the Company and its subsidiaries 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. from 11:00 a.m. 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;

27 April 2022

EXECUTIVE DIRECTOR:

/Ivan Angelov/

CHAIRMAN OF BD:

/Luka Angelov/