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GRADUS AD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY – MARCH 2024

1. Status and object of business activity

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

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

BULSTAT: 204882907

Ownership and management

Gradus AD is a public company in accordance with the Public Offering of Securities Act. Shareholders of the company as at 31 March 2024:

- Gradus AD – 2.42% of the capital
- Luka Angelov Angelov – 40.77% of the capital
- Ivan Angelov Angelov – 20.68% of the capital
- Angel Ivanov Angelov - 20.68% of the capital
- Legal entities – 13.73% of the capital
- Individual shareholders – 1.72% of the capital.

Management bodies of the company

- General Meeting of Shareholders
- Board of Directors

Board of Directors

The Board of Directors consists of three (3) members who are as follows as at 31 March 2024:

Angel Ivanov Angelov – Chairman of the Board of Directors of Gradus AD

Georgi Alexandrov Babev – Member of the Board of Directors and Executive Director of Gradus AD

Bistra Stoyanova Koceva - Deputy Chairman of the Board of Directors of Gradus AD

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.

Members of the Audit Committee are:

- Hristina Atanasova Filipova;
- Ivaylo Nikolaev Nikolov;
- Radka Dimcheva Peneva.

2. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). These consolidated financial statements have been prepared based on the principles of going concern, current accrual and historical cost, except for items of property, plant and equipment that are measured using the revaluation model of IAS 16 *Property, Plant and Equipment* and investment property that is measured at fair value in accordance with IAS 40 *Investment Property*.

Functional currency and currency of presentation

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

These consolidated financial statements have been prepared in thousands of Bulgarian leva (BGN'000).

Comparative data

The Group presents comparative data in these financial statements for one previous year (period). Where necessary, comparatives are reclassified (and restated) in order to achieve comparability with any changes in the current year's presentation.

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3. Property, plant and equipment

<i>In BGN'000</i>	Lands	Buildings	Machinery and equipment	Facilities	Motor vehicles	Business inventory and other fixed assets	Under acquisition and construction	Total
Book value								
Balance at 01.01.2023	17 609	108 660	48 936	32 314	16 314	4 074	2 567	230 474
Additions	-	411	285	34	170	39	3 676	4 615
Transfers	-	633	1 214	2 066	453	9	(4 375)	-
Elimination of depreciation prior to revaluation	-	(2 748)	(11 627)	(1 416)	-	-	-	(15 791)
Revaluation	222	422	(5 356)	(4 371)	-	-	-	(9 083)
Transfer to inv. property	-	(456)	-	-	-	-	-	(456)
Disposals	-	(347)	(1)	(2)	(1 594)	(2)	-	(1 946)
Balance at 31.12.2023	17 831	106 575	33 451	28 625	15 343	4 120	1 868	207 813
Additions	-	95	658	3	58	27	1 320	2 161
Transfers	-	61	302	182	435	-	(980)	-
Disposals	(118)	(21)	(10)	(7)	(31)	(20)	-	(207)
Balance at 31.03.2024	17 713	106 710	34 401	28 803	15 805	4 127	2 208	209 767
Depreciation								
Balance at 01.01.2023	-	(5 063)	(9 945)	(1 204)	(10 597)	(3 238)	-	(30 047)
Depreciation for the period	-	(1 774)	(4 771)	(545)	(1 013)	(203)	-	(8 306)
Elimination of depreciation prior to revaluation	-	2 748	11 627	1 416	-	-	-	15 791
Transfer to inv. property	-	30	-	-	-	-	-	30
Disposals	-	317	1	-	1 088	2	-	1 408
Balance at 31.12.2023	-	(3 742)	(3 088)	(333)	(10 522)	(3 439)	-	(21 124)
Depreciation for the period	-	(326)	(993)	(125)	(238)	(51)	-	(1 733)
Disposals	-	-	1	-	18	19	-	38
Balance at 31.03.2024	-	(4 068)	(4 080)	(458)	(10 742)	(3 471)	-	(22 819)
Net book value								
As at 31 December 2023	17 831	102 833	30 363	28 292	4 821	681	1 868	186 689
As at 31 March 2024	17 713	102 642	30 321	28 345	5 063	656	2 208	186 948

It is a policy of the Group to measure subsequently the items of Property, plant and equipment under the revaluation model of IAS 16 „Property, plant and equipment“. The group plans to revalue its long-term assets every three years. At the end of 2023, the group conducted a revaluation of the assets based on an appraisal prepared by an external expert hired for the purpose.

The Group has established a registered pledge over buildings, plant and equipment in connection with loan contracts (see Note 19).

The Group has reported the right-of-use assets under the same heading in which they would have been reported if they were its own assets.

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Further details about the right-of-use assets, disclosed in Note *Property, plant and equipment*, are presented in the following table:

<i>In BGN'000</i>	Net book value as at 01.01.2023	Additions during 2023	Depreciation charge for 2023	Net book value as at 31 December 2023
Land and buildings	53	354	(109)	298
Total	53	354	(109)	298

<i>In BGN'000</i>	Net book value as at 01.01.2024	Additions during the period 1-3/2024	Accrued depreciation for the period 1-3/2024	Net book value as at 31 March 2024
Land and buildings	298	95	(31)	362
Total	298	95	(31)	362

4. Intangible assets

Intangible assets comprise trademarks, software, certificates, permits, etc.

<i>In BGN'000</i>	Trademarks	Software	Leasehold improvements	Licenses and others	Total
Balance at 01 December 2023	41 261	954	783	369	43 367
Additions	-	92	-	-	92
Revaluation	(7 926)	-	-	-	(7 926)
Balance at 31 December 2023	33 335	1 046	783	369	35 533
Balance at 31 March 2024	33 335	1 046	783	369	35 533
Depreciation					
Balance at 01 January 2023	-	(159)	(671)	(280)	(1 110)
Amortisation charge for the period	-	(189)	(69)	(3)	(261)
Balance at 31 December 2023	-	(348)	(740)	(283)	(1 371)
Amortisation charge for the period	-	(44)	-	(17)	(61)
Balance at 31 March 2024	-	(392)	(740)	(300)	(1 432)
Net book value					
At 31 December 2023	33 335	698	43	86	34 162
At 31 March 2024	33 335	654	43	69	34 101

On the establishment of Gradus AD and the contribution in kind of shares of Gradus-1 EOOD, identifiable intangible assets Trademarks with an unlimited useful life are recognised. They were initially recognised at fair value as determined by an independent licensed appraiser's report. The fair value of trademarks is not different from their carrying amount. The trademarks capitalised as a result of the business combinations are: "GRADUS" and "I EAT".

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5. Goodwill

As of 31 March 2024, the goodwill amounted to BGN 20,656 thousand (31 December 2023 BGN 20,656 thousand).

Goodwill is tested for impairment annually and when circumstances indicate that its value may be overestimated. Impairment of goodwill is determined by measuring the recoverable amount of each cash-generating unit (or group of cash-generating units) to which that goodwill relates. When the recoverable amount of the cash-generating unit is lower than its carrying amount, an impairment loss is recognised. Impairment losses associated with goodwill cannot be recovered in future periods.

6. Group structure

		Effective participation of the parent company at 31.03.2024	Effective participation of the parent company at 31.12.2023
Gradus AD	Parent company	-	-
Gradus-1 EOOD (Note 6)	Subsidiary of Gradus AD	100%	100%
Millennium 2000 EOOD (Note 6)	Subsidiary of Gradus AD	100%	100%
Gradus-98 AD (Note 6)	Subsidiary of Gradus AD	99,94%	99,94%
Gradus-3 AD (Note 6)	Subsidiary of Gradus-1 EOOD	96%	96%
Gradus Logistics EOOD	Subsidiary of Gradus AD	100%	100%

7. Non-controlling interest

	Non-controlling interest, %	Balance at 31.12.2023	Result for the period	Balance at 31.03.2024
Gradus-3 AD	4%	1 355	(23)	1 332
Gradus-98 AD	0,066%	30	2	32
		1 385	(21)	1 364

8. Investment property

In BGN'000

	Land and buildings	Total
Balance at 01 January 2023	9 622	9 622
Transfer from Lands, machinery and facilities	426	426
Revaluation of investment property	413	413
Balance at 31 December 2023	10 461	10 461
Отписани	(473)	(473)
Balance at 31 March 2024	9 988	9 988

Investment property comprises land and buildings leased out. Initially, they are measured at cost and upon subsequent recognition, at fair value, determined by an independent licensed appraiser with any changes being recognised through profit or loss. The fair value reflects the actual status of the investment property under the conditions of a competitive market in the same location and condition of the property.

9. Investments – the group's investments are classified as follows:

Investments with minority participation – 1 BGN'000;

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10.1 Inventories

<i>In BGN'000</i>	31 March 2024	31 December 2023
Main materials	30 656	34 263
Products	3 666	4 074
Goods	532	385
Work in progress	1 567	1 429
Total	36 421	40 151

10.2 Biological assets

<i>In BGN'000</i>	31 March 2024	31 December 2023
<i>Biological assets carriers, incl.:</i>		
Immature biological assets - growing roosters and hens	5 312	6 041
Mature biological assets - roosters and hens	7 878	2 922
Total biological assets carriers	13 190	8 963
<i>Biological assets for consumption, incl.:</i>		
Immature biological assets - growing chickens	2 108	2 292
Total biological assets for consumption	2 108	2 292
Total:	15 298	11 255

11. Trade receivables

<i>In BGN'000</i>	31 March 2024	31 December 2023
Receivables from counterparties	8 814	8 556
Expected credit losses	(734)	(568)
Trade receivables from counterparties, net	8 080	7 988
Advances to suppliers	14 042	3 542
Total	22 122	11 530

Trade receivables are current, interest-free, denominated in Bulgarian leva and relate to the sale of goods, products and services.

The Group applied the simplified approach of IFRS 9 to measure the expected credit losses on trade receivables by recognising lifetime expected losses over the expected life of the financial instrument for all trade receivables.

The Group has established a registered pledge of receivables in connection with loan contracts. (See Note 19).

12. Loans granted

	Maturity	Collateral	Interest rate	31 March 2024	31 December 2023
<i>B In BGN'000</i>					
Company D	12.2024	No	3.2%	424	421
Company E	12.2024	No	3.2%	194	219
Total				618	640

13. Other current receivables and prepayments

<i>In BGN'000</i>	31 March 2024	31 December 2023
Receivables from the financed	3 367	-
Taxes refundable	1 586	1 614
Court and awarded receivables	72	177
Prepayments	446	339
Other receivables	689	641
Total	6 160	2 771

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14. Cash and cash equivalents

<i>In BGN'000</i>	31 March 2024	31 December 2023
Cash on hand	170	100
Cash in current accounts	3 384	1 996
Other	5	-
Total	3 559	2 096

15. Equity

	Number of voting shares	Number of non-voting shares	Total number of shares	Amount, BGN'000
as of 31 December 2022r.	243 608 710	-	243 608 710	243 609
as of 31 December 2023r.	239 473 416	4 135 294	243 608 710	243 609
as of 31 March 2024r.	230 952 506	12 656 204	243 608 710	243 609

The total number of shares as of 31.12.2023 is 243 608 710 with a nominal value of BGN 1 each. Fixed capital is fully paid.

	Number of shares	Fixed capital, net of repurchased shares
Balance on 01 January 2024	239 473 416	237 541
Own shares repurchased	8 520 910	(14 472)
Costs of repurchased own shares	-	(6)
Balance on March 31, 2024	230 952 506	223 063

Shareholders of GRADUS AD as at 31 March 2024:

	Number of voting shares	Number of non-voting shares	Total number of shares	Shareholding %
Gradus AD	-	12 656 204	12 653 204	5,19
Luka Agnelov Agnelov	99 316 945	-	99 316 945	40,77
Ivan Agnelov Agnelov	50 373 165	-	50 373 165	20,68
Angel Ivanov Angelov	50 372 417	-	50 372 417	20,68
Legal entities	26 699 501	-	26 699 501	10,96
Individual shareholders	4 190 478	-	4 190 478	1,72
Total:	230 952 506	12 656 204	243 608 710	100,00

Shareholders of GRADUS AD as at 31 December 2023:

	Number of voting shares	Number of non-voting shares	Total number of shares	Shareholding %
Gradus AD	-	4 135 294	4 135 294	1,70
Luka Agnelov Agnelov	99 316 945	-	99 316 945	40,77
Ivan Agnelov Agnelov	50 373 165	-	50 373 165	20,68
Angel Ivanov Angelov	50 372 417	-	50 372 417	20,68
Legal entities	34 961 310	-	35 041 589	14,35
Individual shareholders	4 449 579	-	4 449 579	1,82
Total:	239 473 416	4 135 294	243 608 710	100,00

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Equity

<i>In BGN'000</i>	31 March 2024	31 December 2023
Share capital	243 609	243 609
Treasury ordinary shares	(12 656)	-
Issue premium	44 200	44 200
Issue premium from the issue of securities	10 197	18 087
Reserve from transformation	(247)	(247)
Revaluation reserve	4 834	13 009
Reserve from actuarial revaluations	(473)	(286)
Accumulated profit	(4 532)	(1 494)
Capital attributable to the company's owners - parent company	284 932	316 878
Non-controlling interest	1 364	1 593
Total equity	286 296	318 471

16. Deferred tax assets and liabilities

Deferred tax assets and liabilities recognised

Deferred tax assets and liabilities recognised originate from the following:

	Assets		Liabilities		Net	
<i>In BGN'000</i>	31.03.2024	31.12.2023	31.03.2024	31.12.2023	31.03.2024	31.12.2023
Property, plant and equipment	-	-	(12 372)	(12 372)	(12 372)	(12 372)
Intangible assets	-	-	(3 333)	(3 333)	(3 333)	(3 333)
Investment property	-	-	(732)	(732)	(732)	(732)
Tax loss	884	884	-	-	884	884
Trade receivables and loans granted	475	475	-	-	475	475
Employee benefits	24	24	-	-	24	24
Long-term retirement benefits	92	92	-	-	92	92
Inventories and biological assets	1 797	1 797	-	-	1 797	1 797
Compensated leaves	90	90	-	-	90	90
	3 362	3 362	(16 437)	(16 437)	(13 075)	(13 075)

17. Long-term payables to personnel

The change in the present value of payables to employees upon retirement is as follows:

<i>In BGN'000</i>	31 March 2024	31 December 2023
Present value of the obligation on 1 January	517	478
Past service cost - Contingent income	-	72
Interest expense	-	13
Payments during the period	-	(203)
Effects from subsequent valuation for the year	-	157
Present value of the obligation on 31 March	517	517

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18. Deferred income from financing

<i>In BGN'000</i>	31 March 2024	31 December 2023
Gradus - 1 EOOD	1 504	589
Millennium 2000 EOOD	699	699
Total long-term portion of financing for FTAs	2 203	1 288
Gradus - 1 EOOD	117	156
Millennium 2000 EOOD	78	103
Total short-term portion of financing for FTAs (Note 23)	195	259
Total deferred income from financing	2 398	1 547

The financing obtained is from the State Fund Agriculture and relate to the acquisition of fixed tangible assets and current activity.

19. Bank loans

Bank	Currency	Interest rate %	Maturity	31.03.2024		31.12.2023	
				Liability	Approved	Liability	Approved
				BGN'000	limit	BGN'000	limit
BGN'000							
"Bank 1" - borrower Gradus-1 EOOD							
Loan 1	BGN	1m-EURIBOR+1.3%	30.09.2024	-	12 000	-	12 000
Loan 2	BGN	1m-EURIBOR+1.3%	30.09.2024	-	2 800	-	2 800
Loan 3	BGN	1m-EURIBOR+1.3%	30.09.2024	-	15 000	-	15 000
"Bank 1" - borrower Gradus-3 AD							
Loan 1	BGN	1m-EURIBOR+1.3%	30.09.2024	-	12 000	-	12 000
Loan 2	BGN	1m-EURIBOR+1.3%	30.09.2024	-	2 800	-	2 800
Loan 3	BGN	1m-EURIBOR+1.3%	30.09.2024	-	15 000	-	15 000
"Bank 2" - borrower Gradus-3 AD							
Loan 1	BGN	WADI+1.55%	20.08.2024	7 500	10 000	3 700	10 000
"Bank 3" - borrower Gradus-3 AD							
Loan 1	BGN	Reference interest rate+0.85%	20.02.2025	16 000	10 000	10 000	10 000
Loan 2	BGN	Reference interest rate+0.85%	20.03.2026	-	10 000	-	-
"Bank 3" - borrower Gradus-1 EOOD							
Loan 1	BGN	Reference interest rate+0.85%	20.02.2025	2 800	10 000	-	10 000
Loan 2	BGN	Reference interest rate+0.85%	20.03.2026	-	10 000	-	-
"Bank 3" - borrower Gradus-98 AD							
Loan 1	BGN	Reference interest rate+0.85%	20.02.2025	-	10 000	-	10 000
Loan 2	BGN	Reference interest rate+0.85%	20.03.2026	-	10 000	-	-
"Bank 3" - borrower Millennium 2000 EOOD							
Loan 1	BGN	Reference interest rate+0.85%	20.02.2025	-	10 000	-	10 000
Loan 2	BGN	Reference interest rate+0.85%	20.03.2026	-	10 000	-	-
Total short-term liabilities:				10 300	-	3 700	
Total long-term liabilities:				16 000	-	10 000	

The bank loans are secured by Group's assets, as follows:

<i>In BGN'000</i>	31 March 2024	31 December 2023
Fixed assets	24 582	24 582
Receivables	3 335	3 335
Total	27 917	27 917

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20. Trade liabilities

<i>In BGN'000</i>	31 March 2024	31 December 2023
Payables to suppliers	4 713	4 674
Payables under contracts with customers	59	-
Total	4 772	4 674

21. Tax liabilities

<i>In BGN'000</i>	31 March 2024	31 December 2023
Corporate income	1 597	43
VAT payable	977	786
Individuals' income tax	220	95
Other taxes	1	20
Total	2 795	944

22. Payables to personnel and social security

<i>In BGN'000</i>	31 March 2024	31 December 2023
Payables to personnel	2 027	2 108
Payables to social security	706	720
Payables on unused paid leave	617	919
Total	3 350	3 747

23. Other current liabilities

<i>In BGN'000</i>	31 March 2024	31 December 2023
Short-term portion of financing of FTAs	195	259
Insurance liabilities	23	21
Pledge	18	17
Dividends payable to individuals	4	4
Contractual penalty	-	381
Other liabilities	48	177
Total	288	859

24. Revenue from contracts with customers

<i>In BGN'000</i>	1-3/2024	1-3/2023
Sale of products	37 021	29 901
Sale of good	2 877	206
Sale of services	206	424
Total	40 104	30 531

Revenue comprises:

<i>In BGN'000</i>	1-3/2024	1-3/2023
Goods and products transferred at a point in time	39 898	30 107
Services transferred over time	206	424
Total:	40 104	30 531

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25. Other operating income

<i>In BGN'000</i>	1-3/2024	1-3/2023
Revenue from sale of materials and FTAs, net	4 003	116
Rental income	108	113
Income from financing	3 455	2 980
<i>for the humane rearing of poultry</i>	3 367	2 628
<i>for electric energy</i>	-	266
Reversals of write-downs on credit losses of receivables	-	699
Other	80	110
Total	7 646	4 018

26. Own costs capitalised

<i>In BGN'000</i>	1-3/2024	1-3/2023
Costs of materials, personnel and other	75	109

27. Expenses on materials

<i>In BGN'000</i>	1-3/2024	1-3/2023
Materials	22 159	21 239
Electricity	1 043	1 583
Expenses on fuel and lubricants	546	735
Expenses on repair and spare parts	386	355
Heating materials	982	1 293
Natural gas	538	853
Water and steam	130	107
Other	220	232
Total	26 005	26 397

28. Hired service expenses

<i>In BGN'000</i>	1-3/2024	1-3/2023
Marketing and advertising	20	31
Transportation services	343	252
Repair and maintenance	201	168
Forwarding services and commissions	65	38
Taxes and charges	114	187
Veterinary services and researches	55	43
Security	82	108
Consulting services	30	18
Insurances	99	94
Subscription fees	103	149
Audit expenses	42	33
Incinerator	35	3
Legal services	4	11
Rents	26	60
Translation / interpretation services	2	1
Other	487	370
Total	1 708	1 566

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29. Personnel expenses

<i>In BGN'000</i>	1-3/2024	1-3/2023
Salaries and wages	7 347	6 998
Social security expenses	1 195	1 189
Social benefits expenses	207	229
Total	8 749	8 416

30. Other expenses

<i>In BGN'000</i>	1-3/2024	1-3/2023
Scrap of inventories	551	521
Entertainment expenses	18	13
Scrap of FTAs	12	-
Asset Shortages	5	1
Business trip expenses	14	14
Donations	20	9
Other expenses	28	90
Total	648	648

31. Finance income and finance costs

<i>In BGN'000</i>	1-3/2024	1-3/2023
Interest income	52	57
Total finance income	52	57
Interest expenses on bank loans	(62)	(27)
Bank charges and commissions	(50)	(34)
Foreign exchange costs	(2)	(37)
Lease interest expense	(3)	-
Total finance costs	(117)	(98)
Total finance income/finance costs, net	(65)	(41)

32. Tax expenses

	1-3/2024	1-3/2023
Current income tax expense – 10% (2023 г.: 10%)	(1 550)	(508)
Deferred income taxes relating to:		
Origination and reversal of temporary differences	-	5
Total income tax expense	(1 550)	(503)

33. Financial instruments

Categories of financial instruments

Financial assets at amortised cost	31.03.2024	31.12.2023
<i>In BGN'000</i>		
Trade receivables	8 080	7 988
Related party receivables	4 220	5 878
Loans to unrelated parties	618	640
Cash and cash equivalents	3 384	1 996
Total	16 302	16 502

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Financial liabilities at amortised cost	31.03.2024	31.12.2023
<i>In BGN'000</i>		
Bank loans	26 300	13 700
Payables to related parties	128	614
Lease liabilities	368	302
Trade payables	4 772	4 674
Total	31 568	19 290

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

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

Financial risks are identified, measured and monitored currently, using different control mechanisms, in order to determine adequate prices of the group's goods and services, and of its borrowings, as well as to assess adequately the market circumstances of its investments and the forms of maintenance of free liquidity without permitting unjustified concentration of a particular risk.

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

Credit risk

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

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

Accounts receivable

The group has segmented trade receivables into different groups. An analysis of collectability has been conducted for each type of financial asset across various age ranges. The applied provision percentages are based on the days overdue according to the age analysis. Initially, these percentages are determined based on historical data observed by the group over a period of 2 years.

The group has analyzed the effects on the calculated default rates based on historical data of forecasted information for certain macroeconomic parameters such as GDP and unemployment rates. Management has analyzed future information regarding these parameters and determined that the effects are insignificant, so historical loss percentages have not been adjusted of 31.03.2024.

Currency risk

Exposure to 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.

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Liquidity risk

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

The following table contains the financial liabilities' contractual maturities, including estimated interest payments, but excluding the effect of netting arrangements:

31 March 2024

<i>In BGN'000</i>	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Bank Loans	26 300	26 300	-	10 300	16 000	-	-
Lease liabilities	368	446	59	59	138	190	-
Payables to related parties	128	128	128	-	-	-	-
Trade payables	4 772	4 772	4 772	-	-	-	-
Total	31 568	31 646	4 959	10 359	16 138	190	-

31 December 2023

<i>In BGN'000</i>	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Bank loans	13 700	13 700	-	3 700	10 000	-	-
Payables to related parties	302	317	54	54	209	-	-
Lease liabilities	614	614	614	-	-	-	-
Trade payables	4 674	4 674	4 674	-	-	-	-
Total	19 290	19 305	5 342	3 754	10 209	-	-

Interest rate risk

Generally, the Group has no significant interest-bearing assets. Therefore, revenue and operating cash flows are to a large extent independent from changes in market interest rates. At the same time, the Group is exposed to interest rate risk originating from its bank loans. Usually, they bear variable interest rates, which exposes its cash flows to interest rate risk.

<i>In BGN'000</i>	Interest-bearing		Interest-free	Total
	<i>Fixed interest rate</i>	<i>Variable interest rate</i>		
31 March 2024				
Related party receivables	179	1 665	2 376	4 220
Trade receivables	-	-	8 080	8 080
Loans granted	618	-	-	618
Cash and cash equivalents	-	3 384	-	3 384
Total financial assets	797	5 049	10 456	16 302
Bank loans	26 300	0	0	26 300
Lease liabilities	368	0	0	368
Trade payables	0	0	4 772	4 772
Payables to related parties	0	0	128	128
Total financial liabilities	26 668	0	4 900	31 568

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<i>In BGN'000</i>	Interest-bearing		Interest-free	Total
	<i>Fixed</i>	<i>Variable</i>		
31 December 2023	<i>interest rate</i>	<i>interest rate</i>		
Related party receivables	1 807	605	3 466	5 878
Trade receivables	-	-	7 988	7 988
Loans granted	640	-	-	640
Cash and cash equivalents	-	1 996	-	1 996
Total financial assets	2 447	2 601	11 454	16 502
Bank loans	-	13 700	-	13 700
Lease liabilities	302	-	-	302
Trade payables	-	-	4 674	4 674
Payables to related parties	-	-	614	614
Total financial liabilities	302	13 700	5 288	19 290

Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The policy of the company is to disclose in its separate financial statements the fair value of financial assets and liabilities, primarily for which there are quoted market prices. The fair value of financial instruments not traded on active markets is determined using valuation techniques based on various valuation methods and management's assumptions made on the basis of market conditions prevailing at the balance sheet date.

The concept of fair value implies the realization of financial instruments through sale. In most cases, especially in respect of trade receivables and payables, loans and deposits, the Company expects to realize these financial assets through their full repayment or, respectively, repayment over time. That is why they are stated at their amortised cost. The Company's financial assets and liabilities are mainly short-term in nature (trade receivables and payables, short-term loans) and therefore, it is assumed that their carrying amount approximates their fair value. The Company's management considers that, under the existing circumstances, the estimates of financial assets and liabilities included on the balance sheet are the most reliable, adequate and trustworthy as possible for the purposes of financial reporting.

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

Fair values vs carrying amounts

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

<i>In BGN'000</i>	31 March 2024		31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Related party receivables	4 220	4 220	5 878	5 878
Trade receivables	8 080	8 080	7 988	7 988
Loans granted	618	618	640	640
Cash and cash equivalents	3 384	3 384	1 996	1 996
Total assets	16 302	16 302	16 502	16 502
Payables to related parties	128	128	614	614
Lease liabilities	368	368	302	302
Trade payables	4 772	4 772	4 674	4 674
Bank loans	26 300	26 300	13 700	13 700
Total liabilities	31 568	31 568	19 290	19 290

34. Related party transactions

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Identification of related parties

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

Related parties:	Type of relationship	Period
Luka Angelov Angelov	Equity owner	
Ivan Angelov Angelov	Equity owner	
Angel Ivanov Angelov	Equity owner	
Georgi Aleksandrov Babev	Member of the Board of Directors and Executive director	
Bistra Stoyanova Kotseva	Member of the Board of Directors	
Gradus-1 EOOD	Subsidiary	
Gradus-3 AD	Subsidiary	
Millennium 2000 EOOD	Subsidiary	
Gradus-98 AD	Subsidiary	
Gradus Logistics EOOD	Subsidiary	
Energy-2 OOD	Relationship through a person exercising significant influence	
Agro Invest-7 OOD	Relationship through a person exercising significant influence	
Ayazmo AD	Relationship through a person exercising significant influence	
Ralitsa-2004 OOD	Relationship through a person exercising significant influence	
Biser Oliva AD	Relationship through a person exercising significant influence	
Equity Invest -1 AD	Relationship through a person exercising significant influence	
Equity Invest -2 OOD	Relationship through a person exercising significant influence	
M.O. Stara Zagora OOD	Relationship through a person exercising significant influence	
Biser Distribution OOD	Relationship through a person exercising significant influence	
LG Auto OOD	Relationship through a person exercising significant influence	
Next Capital OOD	Relationship through a person exercising significant influence	
LG Auto 2 OOD	Relationship through a person exercising significant influence	
AA Invest EOOD	Relationship through a person exercising significant influence	
AP Investments AD	Relationship through a person exercising significant influence	
AP Capital AD	Relationship through a person exercising significant influence	
Angels Estate AD	Relationship through a person exercising significant influence	
ACIBADEM CITY CLINIC EAD	Relationship through a person exercising significant influence	
Gallery Varna AD	Relationship through a person exercising significant influence	
West Mall AD	Relationship through a person exercising significant influence	
Farmpro OOD	Relationship through a person exercising significant influence	to 01.04.2024
ACIBADEM CITY CLINIC MLADOST EOOD	Relationship through a person exercising significant influence	
ACIBADEM CITY CLINIC UMBAL TOKUDA EAD	Relationship through a person exercising significant influence	
APL Capital AD	Relationship through a person exercising significant influence	
BGK AD	Relationship through a person exercising significant influence	

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Related party transactions for the period 1-3/2024

<i>In BGN'000</i>	Type of transaction	Transaction amount for the period 1-3/2024	Total receivables 31.03.2024	Total payables 31.03.2024
At 31 March 2024				
Agro Invest-7 OOD	Sales	43	15	-
Energy- 2 OOD	Sales	182	2 137	-
Energy- 2 OOD	Loan granted	-	179	-
M.O. Stara Zagora OOD	Loan granted	-	631	-
Biser Oliva AD	Sales	2 722	-	-
Farmpro OOD	Sales	22	224	-
Farmpro OOD	Loan granted	-	1 034	-
Biser Oliva AD	Purchases	805	15	128
Total balances related parties outside the Group:			4 220	128
Including:				
Loans granted			1 844	-
Trade receivables			2 376	-
Trade payables			-	128

Related party transactions for the period 1-3/2023

<i>In BGN'000</i>	Type of transaction	Transaction amount for the period 1-3/2023	Total receivables 31.12.2023	Total payables 31.12.2023
At 31 December 2023				
Agro Invest-7 OOD	Sales	94	100	-
Energy- 2 OOD	Sales	399	2 101	-
Energy- 2 OOD	Loan granted	-	179	-
M.O. Stara Zagora OOD	Loan granted	-	605	-
Biser Oliva AD	Sales	-	-	-
Equity Invest-1 AD	Sales	-	-	-
Equity Invest-2 OOD	Sales	-	-	-
Farmpro OOD	Sales	-	1 263	-
Farmpro OOD	Loan granted	-	1 628	-
Ivan Angelov Angelov	Sales	56	2	-
Agro Invest-7 OOD	Purchases	414	-	-
Farmpro OOD	Purchases	-	-	12
Biser Oliva AD	Purchases	906	-	602
Total balances related parties outside the Group:			5 878	614
Including:				
Loans granted			2 412	-
Trade receivables			3 466	-
Trade payables			-	614