

APPENDICES

1. Status and object of business activity	5
2. Basis of preparation of the consolidated financial statements	5
3. Property, plant and equipment.....	6
4. Intangible assets	7
5. Goodwill.....	8
6. Group structure.....	8
7. Non-controlling interest	8
8. Investment property.....	8
9. Investments.....	8
10.1 Inventories	9
10.2 Biological assets	9
11. Trade receivables.....	9
12. Loans granted	9
13. Other current receivables and prepayments	9
14. Cash and cash equivalents	10
15. Equity	10
16. Deferred tax assets and liabilities	11
17. Long-term payables to personnel	12
18. Deferred income from financing	12
19. Bank loans	12
20. Trade liabilities.....	13
21. Tax liabilities.....	13
22. Payables to personnel and social security	13
23. Other current liabilities.....	13
24. Revenue from contracts with customers.....	13
25. Other operating income	14
26. Own costs capitalised	14
27. Expenses on materials	14
28. Hired service expenses	14
29. Personnel expenses.....	15
30. Other expenses	15
32. Tax expenses	15
33. Financial instruments	15
34. Related party transactions	18

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

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 30 June 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 Kocева - 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.

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

3. Property, plant and equipment

<i>In BGN'000</i>	Lands	Buildings	Machinery and equipment e	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	-	88	1 165	3	3	37	1 998	3 294
Transfers	-	61	318	183	435	-	(997)	-
Disposals	(118)	(21)	(47)	(7)	(182)	(20)	-	(395)
Balance at 30.06.2024	17 713	106 703	34 887	28 804	15 599	4 137	2 869	210 712
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	-	(651)	(2 036)	(252)	(482)	(74)	-	(3 495)
Disposals	-	-	4	-	151	36	-	191
Balance at 30.06.2024	-	(4 393)	(5 120)	(585)	(10 853)	(3 477)	-	(24 428)
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 30 June 2024	17 713	102 310	29 767	28 219	4 746	660	2 869	186 284

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.

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

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 31.12.2024	Additions during the period 1-6/2024	Accrued depreciation for the period 1-6/2024	Net book value as at 30 June 2024
Land and buildings	298	88	(61)	325
Total	298	88	(61)	325

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
Additions	-	2	-	-	2
Balance at 30 June 2024	33 335	1 048	783	369	35 535
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	-	(87)	-	(31)	(118)
Balance at 30 June 2024	-	(435)	(740)	(314)	(1 489)
Net book value					
At 31 December 2023	33 335	698	43	86	34 162
At 30 June 2024	33 335	613	43	55	34 046

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".

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

5. Goodwill

As of 30 June 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 30.06.2024	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 30.06.2024
Gradus-3 AD	4%	1 355	(20)	1 335
Gradus-98 AD	0,066%	30	6	36
		1 385	(14)	1 371

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 30 June 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

Investments with minority participation – 1 thousand BGN;

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

10.1 Inventories

<i>In BGN'000</i>	30 June 2024	31 December 2023
Main materials	26 632	34 263
Products	4 343	4 074
Goods	424	385
Work in progress	1 883	1 429
Total	33 282	40 151

10.2 Biological assets

<i>In BGN'000</i>	30 June 2024	31 December 2023
<i>Biological assets carriers, incl.:</i>		
Immature biological assets - growing roosters and hens	5 497	6 041
Mature biological assets - roosters and hens	3 542	2 922
Total biological assets carriers	9 039	8 963
<i>Biological assets for consumption, incl.:</i>		
Immature biological assets - growing chickens	2 668	2 292
Total biological assets for consumption	2 668	2 292
Total:	11 707	11 255

11. Trade receivables

<i>In BGN'000</i>	30 June 2024	31 December 2023
Receivables from counterparties	9 674	8 556
Expected credit losses	(807)	(568)
Trade receivables from counterparties, net	8 867	7 988
Advances to suppliers	13 241	3 542
Total	22 108	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	30 June 2024	31 December 2023
<i>B In BGN'000</i>					
Company B	12.2024	No	3.2%	1 030	-
Company D	12.2024	No	3.2%	414	421
Company E	12.2024	No	3.2%	151	219
Total				1 595	640

13. Other current receivables and prepayments

<i>In BGN'000</i>	30 June 2024	31 December 2023
Receivables from the financed	359	-
Taxes refundable	375	1 614
Court and awarded receivables	72	177
Prepayments	706	339
Other receivables	358	641
Total	1 870	2 771

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

14. Cash and cash equivalents

<i>In BGN'000</i>	30 June 2024	31 December 2023
Cash on hand	209	100
Cash in current accounts	5 131	1 996
Other	704	-
Total	6 044	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 30 June 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 30 June 2024	230 952 506	223 063

Shareholders of GRADUS AD as at 30 June 2024:

	Number of voting shares	Number of non-voting shares	Total number of shares	Shareholding %
Gradus	-	12 656 204	12 653 204	5,19
Ivan Agnelov Agnelov	50 373 165	-	50 373 165	20,68
Angel Ivanov Angelov	50 372 417	-	50 372 417	20,68
Luka Agnelov Agnelov	99 316 945	-	99 316 945	40,77
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

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

Equity

<i>In BGN'000</i>	30 June 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	4 619	13 009
Reserve from actuarial revaluations	(473)	(286)
Accumulated profit	2 352	(1 494)
Capital attributable to the company's owners - parent company	291 601	316 878
Non-controlling interest	1 371	1 593
Total equity	292 972	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>	30.06.2024	31.12.2023	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Property, plant and equipment	-	-	(12 238)	(12 372)	(12 238)	(12 372)
Intangible assets	-	-	(3 333)	(3 333)	(3 333)	(3 333)
Investment property	-	-	(732)	(732)	(732)	(732)
Tax loss	629	884	-	-	629	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	1 687	1 797	-	-	1 687	1 797
Compensated leaves	90	90	-	-	90	90
	2 997	3 362	(16 303)	(16 437)	(13 306)	(13 075)

Movements in temporary differences for the period 1-6/2024

In BGN'000

	Balance 31.12.2023	Profits and losses	Other comprehensive income	Balance 30.06.2024
Property, plant and equipment	(12 372)	133	1	(12 238)
Intangible assets	(3 333)	-	-	(3 333)
Investment property	(732)	-	-	(732)
Tax loss	884	(255)	-	629
Trade receivables and loans granted	475	-	-	475
Employee benefits	24	-	-	24
Long-term retirement benefits	92	-	-	92
Inventories and biological assets	1 797	(110)	-	1 687
Compensated leaves	90	-	-	90
Total:	(13 075)	(232)	1	(13 306)

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

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>	30 June 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 30 June	517	517

18. Deferred income from financing

<i>In BGN'000</i>	30 June 2024	31 December 2023
Gradus - 1 EOOD	1 416	589
Millennium 2000 EOOD	699	699
Total long-term portion of financing for FTAs	2 115	1 288
Gradus - 1 EOOD	144	156
Millennium 2000 EOOD	52	103
Total short-term portion of financing for FTAs (Note 23)	196	259
Total deferred income from financing	2 311	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

				30.06.2024		31.12.2023		
Bank	Currency	Interest rate %	Maturity	Liability BGN'000	Approved limit BGN'000	Liability BGN'000	Approved limit BGN'000	Liability 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	704	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%	20.08.2025	3 800	10 000		3 700	10 000
"Bank 3" - borrower Gradus-3 AD								
Loan 1	BGN	Reference interest rate+0.85%	20.02.2025	-	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	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:				5 304	-		3 700	
Total long-term liabilities:				-	-		10 000	

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

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

<i>In BGN'000</i>	30 June 2024	31 December 2023
Fixed assets	20 969	24 582
Receivables	3 335	3 335
Total	24 304	27 917
20. Trade liabilities		
<i>In BGN'000</i>	30 June 2024	31 December 2023
Payables to suppliers	3 966	4 674
Payables under contracts with customers	-	-
Total	3 966	4 674
21. Tax liabilities		
<i>In BGN'000</i>	30 June 2024	31 December 2023
Corporate income	626	43
VAT payable	761	786
Individuals' income tax	226	95
Other taxes	30	20
Total	1 643	944
22. Payables to personnel and social security		
<i>In BGN'000</i>	30 June 2024	31 December 2023
Payables to personnel	2 059	2 108
Payables to social security	732	720
Payables on unused paid leave	412	919
Total	3 203	3 747
23. Other current liabilities		
<i>In BGN'000</i>	30 June 2024	31 December 2023
Short-term portion of financing of FTAs	6 728	259
Insurance liabilities	196	21
Pledge	28	17
Dividends payable to individuals	17	4
Contractual penalty	-	381
Other liabilities	212	177
Total	7 185	859
24. Revenue from contracts with customers		
<i>In BGN'000</i>	1-6/2024	1-6/2023
Sale of products	79 544	64 294
Sale of good	3 122	1 991
Sale of services	447	770
Total	83 113	67 055

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

Revenue comprises:

<i>In BGN'000</i>	1-6/2024	1-6/2023
Goods and products transferred at a point in time	82 666	66 285
Services transferred over time	447	770
Total:	83 113	67 055

25. Other operating income

<i>In BGN'000</i>	1-6/2024	1-6/2023
Revenue from sale of materials and FTAs, net	4 064	247
Rental income	219	228
Income from financing	6 902	5 689
<i>for the humane rearing of poultry</i>	6 727	5 170
<i>for electric energy</i>	-	267
Reversals of write-downs on credit losses of receivables	-	1 610
Other	186	128
Total	11 371	7 902

26. Own costs capitalised

<i>In BGN'000</i>	1-6/2024	1-6/2023
Costs of materials, personnel and other	135	208

27. Expenses on materials

<i>In BGN'000</i>	1-6/2024	1-6/2023
Materials	42 675	41 398
Electricity	2 199	2 957
Expenses on fuel and lubricants	1 111	1 434
Expenses on repair and spare parts	774	788
Heating materials	1 556	2 110
Natural gas	740	1 204
Water and steam	267	241
Other	616	660
Total	49 938	50 792

28. Hired service expenses

<i>In BGN'000</i>	1-6/2024	1-6/2023
Marketing and advertising	41	108
Transportation services	627	620
Repair and maintenance	491	448
Forwarding services and commissions	114	85
Taxes and charges	482	398
Veterinary services and researches	84	113
Security	179	220
Consulting services	138	82
Insurances	197	195
Subscription fees	206	255
Audit expenses	76	83
Incinerator	93	13
Legal services	8	19
Rents	40	34
Translation / interpretation services	4	7
Service fees	433	263
Other	549	421
Total	3 762	3 364

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

29. Personnel expenses

<i>In BGN'000</i>	1-6/2024	1-6/2023
Salaries and wages	14 949	14 415
Social security expenses	2 458	2 425
Social benefits expenses	420	457
Total	17 827	17 297

30. Other expenses

<i>In BGN'000</i>	1-6/2024	1-6/2023
Scrap of inventories	1 423	1 335
Entertainment expenses	80	62
Asset Shortages	5	1
Donations	25	23
Business trip expenses	27	17
Fira	-	6
Other expenses	69	152
	1 629	648
Impairment of biological assets	7 597	7 604
Total other expenses	9 226	9 200

31. Finance income and finance costs

<i>In BGN'000</i>	1-6/2024	1-6/2023
Interest income	92	155
Total finance income	92	155
Interest expenses on bank loans	(134)	(45)
Bank charges and commissions	(64)	(52)
Foreign exchange costs	(3)	(80)
Lease interest expense	(8)	-
Other	(2)	-
Total finance costs	(211)	(177)
Total finance income/finance costs, net	(119)	(22)

32. Tax expenses

	1-6/2024	1-6/2023
Current income tax expense – 10% (2023 r.: 10%)	(1 987)	(377)
Deferred income taxes relating to:		
Origination and reversal of temporary differences	(233)	(256)
Total income tax expense	(2 220)	(633)

33. Financial instruments

Categories of financial instruments

Financial assets at amortised cost	30.06.2024	31.12.2023
<i>In BGN'000</i>		
Trade receivables	8 867	7 988
Related party receivables	3 014	5 878
Loans to unrelated parties	1 595	640
Cash and cash equivalents	5 131	1 996
Total	18 607	16 502

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

Financial liabilities at amortised cost	30.06.2024	31.12.2023
<i>In BGN'000</i>		
Bank loans	5 304	13 700
Payables to related parties	53	614
Lease liabilities	331	302
Trade payables	3 966	4 674
Total	9 654	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 30.06.2024.

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.

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

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:

30 June 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	5 304	5 304	5 304	-	-	-	-
Lease liabilities	325	346	64	50	69	163	-
Payables to related parties	53	53	53	-	-	-	-
Trade payables	3 966	3 966	3 966	-	-	-	-
Total	9 648	9 669	9 387	50	69	163	-

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>		
30 June 2024				
Related party receivables	178	658	2 178	3 014
Trade receivables	-	-	8 867	8 867
Loans granted	1 595	-	-	1 595
Cash and cash equivalents	-	5 131	-	5 131
Total financial assets	1 773	5 789	11 045	18 607
Bank loans	-	5 304	0	5 304
Lease liabilities	331	0	0	331
Trade payables	0	0	3 966	3 966
Payables to related parties	0	0	53	53
Total financial liabilities	331	5 304	4 019	9 654

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

<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>	30 June 2024		31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Related party receivables	3 014	3 014	5 878	5 878
Trade receivables	8 867	8 867	7 988	7 988
Loans granted	1 595	1 595	640	640
Cash and cash equivalents	5 131	5 131	1 996	1 996
Total assets	18 607	18 607	16 502	16 502
Payables to related parties	53	53	614	614
Lease liabilities	331	331	302	302
Trade payables	3 966	3 966	4 674	4 674
Bank loans	5 304	5 304	13 700	13 700
Total liabilities	9 654	9 654	19 290	19 290

34. Related party transactions

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

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	

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

Related party transactions for the period 1-6/2024

<i>In BGN'000</i>	Type of transaction	Transaction amount for the period 1-6/2024	Total receivables 30.06.2024	Total payables 30.06.2024
At 30 June 2024				
Agro Invest-7 OOD	Sales	126	75	-
Energy- 2 OOD	Sales	330	2 101	-
Energy- 2 OOD	Loan granted	-	178	-
M.O. Stara Zagora OOD	Loan granted	-	658	-
Biser Oliva AD	Sales	2 723	-	-
Farmpro OOD	Sales	22	-	-
Ivan Angelov	Sales	3	2	-
Biser Oliva AD	Purchases	1 502	-	53
Total balances related parties outside the Group:			3 014	53
Including:				
Loans granted			836	-
Trade receivables			2 178	-
Trade payables			-	53

Related party transactions for the period 1-6/2023

<i>In BGN'000</i>	Type of transaction	Transaction amount for the period 1-6/2023	Total receivables 31.12.2023	Total payables 31.12.2023
At 31 December 2023				
Agro Invest-7 OOD	Sales	171	100	-
Energy- 2 OOD	Sales	817	2 101	-
Energy- 2 OOD	Loan granted	-	179	-
M.O. Stara Zagora OOD	Loan granted	-	605	-
Biser Oliva AD	Sales	2	-	-
Equity Invest-1 AD	Sales	1	-	-
Equity Invest-2 OOD	Sales	1	-	-
Farmpro OOD	Sales	347	1 263	-
Farmpro OOD	Loan granted	-	1 628	-
Ivan Angelov Angelov	Sales	56	2	-
Farmpro OOD	Purchases	-	-	12
Agro Invest-7 OOD	Purchases	775	-	-
Biser Oliva AD	Purchases	2 340	-	602
Total balances related parties outside the Group:			5 878	614
Including:				
Loans granted			2 412	-
Trade receivables			3 466	-
Trade payables			-	614