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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 September 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.

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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	-	96	1 366	8	3	47	3 105	4 625
Transfers	-	61	318	277	1 163	-	(1 819)	-
Disposals	(118)	(21)	(47)	(9)	(182)	(20)	(16)	(413)
Balance at 30.09.2024	17 713	106 711	35 088	28 901	16 327	4 147	3 138	212 025
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	-	(980)	(3 068)	(380)	(732)	(109)	-	(5 269)
Disposals	-	-	4	-	168	19	-	191
Balance at 30.09.2024	-	(4 722)	(6 152)	(713)	(11 086)	(3 529)	-	(26 202)
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 September 2024	17 713	101 989	28 936	28 188	5 241	618	3 138	185 823

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 31.12.2024	Additions during the period 1-9/2024	Accrued depreciation for the period 1-9/2024	Net book value as at 30 September 2024
Land and buildings	298	88	(90)	296
Total	298	88	(90)	296

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 September 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	-	(137)	-	(31)	(168)
Balance at 30 September 2024	-	(485)	(740)	(314)	(1 539)
Net book value					
At 31 December 2023	33 335	698	43	86	34 162
At 30 September 2024	33 335	563	43	55	33 996

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 30 September 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 30.09.2024	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 30.09.2024
Gradus-3 AD	4%	1 355	(15)	1 340
Gradus-98 AD	0,066%	30	11	41
		1 385	(4)	1 381

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 September 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;

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10.1 Inventories

<i>In BGN'000</i>	30 September 2024	31 December 2023
Main materials	26 903	34 263
Products	3 703	4 074
Goods	15 699	385
Work in progress	1 184	1 429
Total	47 489	40 151

10.2 Biological assets

<i>In BGN'000</i>	30 September 2024	31 December 2023
<i>Biological assets carriers, incl.:</i>		
Immature biological assets - growing roosters and hens	5 705	6 041
Mature biological assets - roosters and hens	8 219	2 922
Total biological assets carriers	13 924	8 963
<i>Biological assets for consumption, incl.:</i>		
Immature biological assets - growing chickens	2 870	2 292
Total biological assets for consumption	2 870	2 292
Total:	16 794	11 255

11. Trade receivables

<i>In BGN'000</i>	30 September 2024	31 December 2023
Receivables from counterparties	9 693	8 556
Expected credit losses	(804)	(568)
Trade receivables from counterparties, net	8 889	7 988
Advances to suppliers	21 543	3 542
Total	30 432	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 September 2024	31 December 2023
<i>B In BGN'000</i>					
Company B	12.2024	No	3.2%	812	-
Company D	12.2024	No	3.2%	417	421
Company E	12.2024	No	3.2%	146	219
Total				1 375	640

13. Other current receivables and prepayments

<i>In BGN'000</i>	30 September 2024	31 December 2023
Receivables from the financed	359	-
Taxes refundable	957	1 614
Court and awarded receivables	73	177
Prepayments	443	339
Other receivables	271	641
Total	2 103	2 771

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14. Cash and cash equivalents

<i>In BGN'000</i>	30 September 2024	31 December 2023
Cash on hand	209	100
Cash in current accounts	5 131	1 996
Blocked cash	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 September 2024r.	230 950 571	12 658 139	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	8 522 845	(14 475)
Costs of repurchased own shares	-	(6)
Balance on 30 September 2024	230 950 571	223 060

Shareholders of GRADUS AD as at 30 September 2024:

	Number of voting shares	Number of non-voting shares	Total number of shares	Shareholding %
Gradus	-	12 658 139	12 658 139	5,20
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	26 708 058	-	26 708 058	10,96
Individual shareholders	4 179 986	-	4 179 986	1,71
Total:	230 950 571	12 658 139	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>	30 September 2024	31 December 2023
Share capital	243 609	243 609
Treasury ordinary shares	(12 658)	-
Issue premium	44 200	44 200
Issue premium from the issue of securities	10 196	18 087
Reserve from transformation	(247)	(247)
Revaluation reserve	4 617	13 009
Reserve from actuarial revaluations	(473)	(286)
Accumulated profit	18 905	(1 494)
Capital attributable to the company's owners - parent company	308 149	316 878
Non-controlling interest	1 381	1 593
Total equity	309 530	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>	30.09.2024	31.12.2023	30.09.2024	31.12.2023	30.09.2024	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 1-9/2024

<i>In BGN'000</i>	Balance 31.12.2023	Profits and losses	Other comprehensive income	Balance 30.09.2024
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)

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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 September 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 September	517	517

18. Deferred income from financing

<i>In BGN'000</i>	30 September 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	83	156
Millennium 2000 EOOD	26	103
Total short-term portion of financing for FTAs (Note 23)	109	259
Total deferred income from financing	2 224	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	30.09.2024		31.12.2023	
				Liability BGN'000	Approved limit BGN'000	Liability BGN'000	Approved 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	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	1 000	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	10 000
Loan 2	BGN	Reference interest rate+0.85%	20.03.2026	7 000	10 000	-	-
"Bank 3" - borrower Gradus-1 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	-	-
"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:				18 704	-	3 700	
Total long-term liabilities:				-	-	10 000	

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

<i>In BGN'000</i>	30 September 2024	31 December 2023
Fixed assets	20 534	24 582
Receivables	3 335	3 335
Total	23 869	27 917
20. Trade liabilities		
<i>In BGN'000</i>	30 September 2024	31 December 2023
Payables to suppliers	5 966	4 674
Payables under contracts with customers	2	-
Total	5 968	4 674
21. Tax liabilities		
<i>In BGN'000</i>	30 September 2024	31 December 2023
Corporate income	2 313	43
VAT payable	760	786
Individuals' income tax	242	95
Other taxes	-	20
Total	3 315	944
22. Payables to personnel and social security		
<i>In BGN'000</i>	30 September 2024	31 December 2023
Payables to personnel	2 202	2 108
Payables to social security	724	720
Payables on unused paid leave	323	919
Total	3 249	3 747
23. Other current liabilities		
<i>In BGN'000</i>	30 September 2024	31 December 2023
Deferred income for financing birds	3 363	-
Short-term portion of financing of FTAs	109	259
Insurance liabilities	31	21
Pledge	19	17
Dividends payable to individuals	4	4
Contractual penalty	-	381
Other liabilities	88	177
Total	3 614	859
24. Revenue from contracts with customers		
<i>In BGN'000</i>	1-9/2024	1-9/2023
Sale of products	125 585	102 155
Sale of good	3 188	4 310
Sale of services	533	1 078
Total	129 306	107 543

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Revenue comprises:

<i>In BGN'000</i>	1-9/2024	1-9/2023
Goods and products transferred at a point in time	128 773	106 465
Services transferred over time	533	1 078
Total:	129 306	107 543

25. Other operating income

<i>In BGN'000</i>	1-9/2024	1-9/2023
Revenue from sale of materials and FTAs, net	4 265	472
Rental income	425	435
Income from financing	10 706	8 381
<i>for the humane rearing of poultry</i>	10 091	7 892
<i>for electric energy</i>	352	267
Reversals of write-downs on credit losses of receivables	-	2 025
Other	1 042	161
Total	16 438	11 508

26. Own costs capitalised

<i>In BGN'000</i>	1-9/2024	1-9/2023
Costs of materials, personnel and other	155	347

27. Expenses on materials

<i>In BGN'000</i>	1-9/2024	1-9/2023
Materials	60 539	63 174
Electricity	4 006	4 413
Expenses on fuel and lubricants	1 695	2 144
Expenses on repair and spare parts	1 044	1 028
Heating materials	1 817	2 465
Natural gas	899	1 360
Water and steam	449	401
Other	1 085	1 295
Total	71 534	76 280

28. Hired service expenses

<i>In BGN'000</i>	1-9/2024	1-9/2023
Marketing and advertising	155	160
Transportation services	971	892
Repair and maintenance	741	667
Forwarding services and commissions	209	238
Taxes and charges	452	654
Veterinary services and researches	417	395
Security	292	303
Consulting services	218	299
Insurances	294	306
Subscription fees	220	202
Audit expenses	80	83
Incinerator	190	20
Legal services	30	23
Rents	101	153
Translation / interpretation services	6	9
Service fees	335	333
Other	1 393	637
Total	6 104	5 374

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29. Personnel expenses

<i>In BGN'000</i>	1-9/2024	1-9/2023
Salaries and wages	22 599	22 039
Social security expenses	3 693	3 714
Social benefits expenses	624	674
Total	26 916	26 427

30. Other expenses

<i>In BGN'000</i>	1-9/2024	1-9/2023
Scrap of inventories	1 895	2 026
Entertainment expenses	113	62
Scrap of tangible fixed assets	52	6
Asset Shortages	50	18
Donations	44	32
Business trip expenses	44	23
Fira	-	7
Other expenses	128	218
	2 326	2 392
Impairment of biological assets	7 597	7 604
Total other expenses	9 923	9 996

31. Finance income and finance costs

<i>In BGN'000</i>	1-9/2024	1-9/2023
Interest income	130	168
Total finance income	130	168
Interest expenses on bank loans	(163)	(50)
Bank charges and commissions	(85)	(76)
Foreign exchange costs	(12)	(42)
Lease interest expense	(5)	-
Other	(3)	-
Total finance costs	(268)	(168)
Total finance income/finance costs, net	(138)	-

32. Tax expenses

	1-9/2024	1-9/2023
Current income tax expense – 10% (2023 r.: 10%)	(3 862)	(377)
Deferred income taxes relating to:		
Origination and reversal of temporary differences	(231)	(256)
Total income tax expense	(4 093)	(633)

33. Financial instruments

Categories of financial instruments

Financial assets at amortised cost	30.09.2024	31.12.2023
<i>In BGN'000</i>		
Trade receivables	8 889	7 988
Related party receivables	3 264	5 878
Loans to unrelated parties	1 375	640
Cash and cash equivalents	7 742	1 996
Total	21 270	16 502

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Financial liabilities at amortised cost

	30.09.2024	31.12.2023
<i>In BGN'000</i>		
Bank loans	18 704	13 700
Payables to related parties	26	614
Lease liabilities	300	302
Trade payables	5 968	4 674
Total	24 998	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 30.09.2024.

Loans and financial guarantees granted

The Group measures the credit risk of loans to related parties by using the probability of default (PD), exposure at default (EAD) and loss given default (LGD). To determine the credit risk, the Group's management uses internal estimates that reflect the probability of default for individual counterparties. The activity, financial performance of the borrower and the value of the collateral received is included in the risk assessment.

The Group considers that a financial instrument has undergone a significant increase in credit risk (migration from phase 1 to phase 2) when one or more of the following quantitative or qualitative criteria are met:

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- the borrower is past due by more than 60 days;
- significant adverse changes in business, financial and economic conditions in which the borrower operates;
- actual or expected significant adverse changes in the operating results of the borrower;

The criteria used to determine whether there is a significant increase in credit risk are monitored and reviewed periodically.

The Group considers a financial instrument as being in default and exposed to a credit loss (migration from phase 1 or phase 2 to phase 3) when one or more of the following quantitative or qualitative criteria are met:

- the borrower is past due by more than 90 days;
- the borrower experiences significant financial difficulties;
- the borrower is in an insolvency / liquidation procedure.

Calculation of expected credit losses

Expected credit losses are calculated by discounting the resulting value of the product of: the probability of default (PD), exposure at default (EAD) and loss given default (LGD), determined as follows:

- PD the probability of that the borrower would fail to perform its financial obligation either in the next 12 months or for the entire lifetime of the financial asset;
- EAD is the amount due by the Group at the time of default;
- LGD is the expectation of the Group for the amount of the loss in case of exposure at default. The LGD amount has been reduced by the insured portion of the financial asset.

The discount rate used to calculate the expected credit loss (ECL) is the instrument's original effective interest rate.

When determining the 12-month and lifetime PD, EAD and LGD for the instrument, forecast information has been employed as well. The Group's management has conducted an historical analysis and has identified the main economic variables affecting credit risk and expected credit losses.

The expected credit losses on certain loans classified in Phase 1 are determined on the basis of expected credit losses resulting from possible default events which could occur within the next 12 months of the lifetime of the relevant asset (12-month expected credit losses for the instrument).

Analysis of the expected losses on loans granted as at 30 September 2024:

	Loan granted as at 30.09.2023	Interest rate	Probability of default in %	Loss given default	Expected credit losses	Discounted credit loss	Loan granted, net
In BGN'000							
Company B	828	3,20%	1,90%	828	1,9%	16	812
Company D	421	3,20%	1,00%	421	1%	4	417
Company E	148	3,20%	1,35%	148	1,35%	2	146
Total loans to non-related parties (note 12)							1 375
Energy-2 OOD	180	3,20%	1,00%	180	1%	2	178
M.O. Stara Zagora OOD	2 577	2,50%+3m Euribor	73,54%	2 577	73,54%	1 895	682
Total loans to related parties (note 37)							860
Total	4 154			4 154		1 919	2 235

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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.

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 September 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	18 704	18 704	-	18 704	-	-	-
Lease liabilities	300	314	64	35	70	145	-
Payables to related parties	26	26	26	-	-	-	-
Trade payables	5 968	5 968	5 968	-	-	-	-
Total	24 998	25 012	6 058	18 739	70	145	-

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 September 2024				
Related party receivables	178	682	2 404	3 264
Trade receivables	-	-	8 889	8 889
Loans granted	1 375	-	-	1 375
Cash and cash equivalents	-	7 742	-	7 742
Total financial assets	1 553	8 424	11 293	21 270

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Bank loans	-	18 704	-	18 704
Lease liabilities	300	-	-	300
Trade payables	-	-	5 968	5 968
Payables to related parties	-	-	26	26
Total financial liabilities	300	18 704	5 994	24 998

In BGN'000

	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:

	30 September 2024		31 December 2023	
<i>In BGN'000</i>	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	26	26	614	614
Lease liabilities	300	300	302	302

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Trade payables	5 968	5 968	4 674	4 674
Bank loans	18 704	18 704	13 700	13 700
Total liabilities	24 998	24 998	19 290	19 290

34. Related party transactions
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	

Related party transactions for the period 1-9/2024

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<i>In BGN'000</i>	Type of transaction	Transaction amount for the period 1-9/2024	Total receivables 30.09.2024	Total payables 30.09.2024
At 30 September 2024				
Agro Invest-7 OOD	Sales	244	57	-
Energy- 2 OOD	Sales	560	2 328	-
Energy- 2 OOD	Loan granted	-	178	-
M.O. Stara Zagora OOD	Loan granted	-	682	-
Biser Oliva AD	Sales	2 722	-	-
Equity Invest-1 AD	Sales	1	-	-
Equity Invest-2 OOD	Sales	1	-	-
Farmpro OOD	Sales	22	-	-
Ivan Angelov	Sales	20	19	-
Agro Invest-7 OOD	Purchases	98	-	1
Biser Oliva AD	Purchases	2 106	-	25
Total balances related parties outside the Group:			3 264	26
Including:				
Loans granted			860	-
Trade receivables			2 404	-
Trade payables			-	26

Related party transactions for the period 1-9/2023

<i>In BGN'000</i>	Type of transaction	Transaction amount for the period 1-9/2023	Total receivables 31.12.2023	Total payables 31.12.2023
At 31 December 2023				
Agro Invest-7 OOD	Sales	123	100	-
Energy- 2 OOD	Sales	1 122	2 101	-
Energy- 2 OOD	Loan granted	-	179	-
M.O. Stara Zagora OOD	Loan granted	-	605	-
Biser Oliva AD	Sales	3	-	-
Equity Invest-1 AD	Sales	1	-	-
Equity Invest-2 OOD	Sales	1	-	-
Farmpro OOD	Sales	-	1 263	-
Farmpro OOD	Loan granted	-	1 628	-
Ivan Angelov Angelov	Sales	64	2	-
Farmpro OOD	Purchases	-	-	12
Agro Invest-7 OOD	Purchases	803	-	-
Biser Oliva AD	Purchases	4 176	-	602
Total balances related parties outside the Group:			5 878	614
Including:				
Loans granted			2 412	-
Trade receivables			3 466	-
Trade payables			-	614