

**Additional information under art. 33, par. 1, item 7
of Ordinance №2 from 17 September 2003 of
“Sopharma” AD as at 31 March 2021**

1. Information about changes in accounting policies during the reporting period, the reasons for them and how they affect the financial results and equity of the issuer.

The individual financial statements of “Sopharma” AD have been prepared in accordance with all International Financial Reporting Standards (IFRS), which comprise Financial Reporting Standards and the International Financial Reporting Interpretations Committee (IFRIC) interpretations, approved by the International Accounting Standards Board (IASB), as well as the International Accounting Standards (IAS) and the Standing Interpretations Committee (SIC) interpretations, approved by the International Accounting Standards Committee (IASC), which are effectively in force on 1 January 2016 and have been accepted by the Commission of the European Union.

More detailed information about the Company's accounting policies can be found at 2.1. Basis of preparation of the individual financial statements in the notes to the individual interim financial statements for the period 1 January 2021 – 31 March 2021.

2. Information about changes in the economic group of the issuer as at 31 March 2021:

On 10 March 2021 the Company sold 396,600 of its shares in the capital of “Momina Krepost” AD, as a result of which the share of ownership of “Sopharma” AD became 37.46%. On 15. March 2021 an agreement was concluded between Sopharma AD and Medical Consumables OOD for a common policy in the management of “Momina Krepost” AD through joint exercise of voting rights.

On 23 March 2021 a notification under Art. 151, para 3 of LPOS was received, accompanied by a draft Tender Offer under Art. 149, para. 6 of the Law on Public Offering of Securities for the purchase of all shares by the other shareholders of “Momina Krepost” AD, Veliko Tarnovo by the majority shareholder “Medical Consumables” OOD, Sofia. “Medical Consumables” OOD. offers to buy the shares of the other shareholders in “Momina Krepost” AD at a price of one share in the amount of BGN 3,16. Authorized investment intermediary for the tender offer is Sofia International Securities AD, Sofia. The Financial Supervision Commission is expected to comment on the tender offer.

3. Information about the results of organizational changes within the issuer, such as restructuring, sale of companies from the group, in-kind contributions from companies, rental property, long-term investments, closure of business:

The following subsidiaries are coming out of the Sopharma Group:

1. OOO “NPFK Ariens”, Belarus on 19.09.2019.
2. OOO “Ivem & K”, Belarus on 19.09.2019.
3. OOO “Farmatea”, Belarus on 19.09.2019.
4. “Zabotlivaia apteka” OOO on 19.09.2019.
5. “Aromania” AD, Bulgaria on 23.12.2020.

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6. "Sopharma Trading Pharmaceuticals", Serbia on 04.08.2020

The following subsidiaries are included in the Sopharma Group:

1. UAB "Recesus", Latvia since 26.09.2019.
2. OOO "Zdorovei Pharm", Belarus since 03.03.2020.
3. "Pharmachim" EOOD, Serbia since 14.04.2020.

As at 31 March 2021 the tangible fixed assets of the Company include:

- Land of BGN 43,593 thousand (31.12.2020: BGN 83,270 thousand);
- Buildings with carrying amount of BGN 81,779 thousand (31.12.2020: BGN 83,270 thousand);
- Vehicles with carrying amount of BGN 2,457 thousand (31.12.2020: BGN 2,467 thousand);
- Inventory with carrying amount of BGN 7,735 thousand (31.12.2020: BGN 1,886 thousand);
- Biological assets (carriers) with carrying amount of BGN 308 thousand (31.12.2020: BGN 315 thousand).

The cost of acquisition of tangible fixed assets as at 31 March includes:

- Expenses on new buildings construction - BGN 821 thousand (31.12.2020: BGN 816 thousand);
- Biological assets (unfruitful) - BGN 318 thousand (31.12.2020: BGN 318 thousand);
- Advances for the purchase of machinery and equipment – BGN 598 thousand (31.12.2020: BGN 840 thousand);
- Buildings reconstruction - BGN 1,169 thousand (31.12.2020: 545 thousand);
- Other - BGN 107 thousand (31.12.2020: BGN 61 thousand).

The carrying amount of property, plant and equipment includes machinery and equipment, purchased using grant agreements under Operational Programme "Development of the Competitiveness of the Bulgarian Economy 2007–2013" and operational program "Energy Efficiency", as follows:

- for tablet production facility at the amount of BGN 6,330 thousand (31.12.2020: BGN 6,513 thousand);
- for ampoule production at the amount of BGN 3,739 thousand (31.12.2020: BGN 3,840 thousand);
- exchange installations for ventilation and climatization for the production of medical products at the amount of BGN 579 thousand (31.12.2020: BGN 595 thousand);
- for the production of innovative "artificial tears" eye drops of value BGN 179 thousand (31.12.2020: BGN 186 thousand).

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The carrying amount of the investments by company is as follows:

		31.03.2021	Interest	31.12.2020	Interest
		BGN '000	%	BGN '000	%
"Sopharma Trading"					
AD	Bulgaria	43,974	76.17	43,974	76.17
"Briz" OOD	Latvia	11,347	100.00	11,347	100.00
"Sopharma Ukraine"					
EOOD	Ukraine	9,669	100.00	9,669	100.00
"Biopharm					
Engineering" AD	Bulgaria	7,111	97.15	7,111	97.15
"Veta Pharma" AD	Bulgaria	6,754	99.98	6,754	99.98
"Vitamina" AD	Ukraine	1,283	100.00	1,283	100.00
"Rap Pharma					
International" OOD	Moldova	1,183	80.00	1,183	80.00
"Pharmalogistica" AD	Bulgaria	961	89.39	961	89.39
"Sopharma					
Kazakhstan" EOOD	Kazakhstan	502	100.00	502	100.00
"Sopharma Buildings"					
REIT	Bulgaria	459	40.38	459	40.38
"Electroncommerce"					
EOOD	Bulgaria	384	100.00	384	100.00
"Sopharma Warsaw"					
EOOD	Poland	323	100.00	323	100.00
"Phyto Palauzovo"					
AD	Bulgaria	104	95.00	104	95.00
"Momina Krepost"					
AD	Bulgaria	-	-	2,755	60.93
Total		<u>84,054</u>		<u>86,809</u>	

As at 31 March 2021 the composition of investments in the subsidiaries includes the investment in "Sopharma Poland" OOD – in liquidation, Poland, which is fully impaired (31.12.2020: fully impaired investment in "Sopharma Poland" OOD – in liquidation, Poland).

"Sopharma" AD exercises a direct control on the above-mentioned companies.

4. Opinion of the governing body regarding the feasibility of the published estimates of the results for the current financial year, taking into account the results of the current quarter as well as information on the factors and circumstances that will affect the achieving of the projected results for at least the next quarter - no update of the forecast results.

5. For public companies - data on persons holding directly or indirectly at least 5 percent of the voting rights of the General Meeting at the end of the quarter, and changes in ownership of those voting rights for the period from the beginning of the current financial year to the end of the reporting period:

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SHAREHOLDERS	31.03.2021		31.12.2020	
	Shares	%	Shares	%
„Donev Investments Holding“ AD, UIC 831915121, Sofia, Positano Str. №12	35 779 516	26.54%	35 779 516	26.54%
„Telecomplect Invest“ AD, UIC 201653294, Sofia, Slaveikov Square № 9	27 881 287	20.68%	27 881 287	20.68%
“Sopharma” AD, UIC 831902088 Sofia, Iliensko Shosse Str. №16	9 011 467	6.69%	9 011 467	6.69%
„Rompharm Company“ OOD, UIC 200732874 Sofia, Mladost residential complex, Boian Damianov Str. №7, fl. 1, office 3	8 366 347	6.21%	8 366 347	6.21%
CUPF „Alianz Bulgaria“, UIC 130477720 Sofia, Damyan Gruev Str. №42	7 054 547	5.23%	6 869 871	5.10%

6. For public companies - data about the shares held by the issuer's management and supervisory bodies at the end of the respective quarter as well as the changes that occurred for the period from the beginning of the current financial year to the end of the reporting period for each individual:

Members of the Board of Directors	31.03.2021	31.12.2020
	Number of shares	Number of shares
1. Ognian Ivanov Donev	3 088 602	3 038 940
2. Vessela Liubenova Stoeva	150	150
3. Ognian Kirilov Palaveev	187 520	187 520
4. Alexander Viktorov Tchaushev	111 142	111 142
5. Ivan Venetskov Badinski	350	350
6. Simeon Ivanov Donev	200 450	200 450

7. Information on pending judicial, administrative or arbitration proceedings relating to liabilities or receivables amounting to at least 10 percent of the equity of the company - none.

8. Information on loans granted by the issuer or their subsidiary, provided guarantees or commitments to a single person or a subsidiary thereof, including to related persons with

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indication of the nature of the relationship between the issuer and the person, the amount of the outstanding principal, the interest rate, the maturity, the size of commitment, the terms and conditions.

The long-term receivables from related parties include:

	31.03.2021	31.12.2020
	BGN '000	BGN '000
Long-term loans granted	60,280	59,843
Provision for impairment of credit losses	<u>(118)</u>	<u>(118)</u>
Total	<u>60,162</u>	<u>59,725</u>

Long-term loans are granted to the following related parties:

	31.03.2021	31.12.2020
	BGN '000	BGN '000
Companies controlled by an associate	<u>60,162</u>	<u>59,725</u>
Total	<u>60,162</u>	<u>59,725</u>

The terms and conditions of the long-term loans granted to related parties are as follows:

Currency	Contracted amount	Maturity	Interest %	31.03.2021		31.12.2020	
				BGN'000	BGN'000	BGN'000	BGN'000
	'000				Incl. interest		Incl. interest
To companies controlled by an associate							
BGN	81,900	31.12.2025	3.00%	58,746	1,277	58,321	852
EUR	708	31.12.2022	3.33%	<u>1,416</u>	<u>31</u>	<u>1,404-</u>	<u>20</u>
				<u>60,162</u>	<u>1,308</u>	<u>59,725</u>	<u>872</u>

The long-term loans granted to related parties are intended to support the financing of these companies' activities under common strategic objectives. They are secured by pledges on securities (shares), pledges of receivables and promissory notes.

Receivables from related parties include:

	31.03.2021	31.12.2020
	BGN '000	BGN '000
Receivables from subsidiaries	105,781	117,668
Impairment of credit losses	<u>(9,621)</u>	<u>(9,558)</u>
	96,160	108,110
Receivables from companies controlled by an associate	6,787	6,135

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<i>Impairment of credit losses</i>	(76)	(76)
	<u>6,711</u>	<u>6,059</u>
Total	<u>102,871</u>	<u>114,169</u>

The receivables from related parties by type are as follows:

	31.03.2021	31.12.2020
	BGN '000	BGN '000
<i>Receivables under contracts with customers</i>	91,537	102,760
<i>Impairment of credit losses</i>	<u>(2,634)</u>	<u>(2,634)</u>
Receivables under contracts with customers, net	88,903	100,126
<i>Trade loans granted</i>	19,531	19,114
<i>Impairment of credit losses</i>	<u>(5,770)</u>	<u>(5,707)</u>
Trade loans granted, net	13,761	13,407
Receivables under sureties and guarantees	104	368
Advances granted	103	268
<i>Dividend receivables</i>	1,293	1,293
<i>Impairment for credit losses</i>	<u>(1,293)</u>	<u>(1,293)</u>
	-	-
Total	<u>102,871</u>	<u>114,169</u>

The receivables under contracts with customers - related parties are interest-free and of which BGN 72,986 thousand are in BGN (31.12.2020: BGN 72,972 thousand), and in EUR – BGN 15,917 thousand (31.12.2020: BGN 27,154 thousand).

Loans granted to related parties by type of related party are as follows:

	31.03.2021	31.12.2020
	BGN '000	BGN '000
Subsidiaries	12,802	13,037
<i>Impairment of credit losses</i>	<u>(5,751)</u>	<u>(5,688)</u>
	7,051	7,349
Companies controlled by an associate	6,729	6,077
<i>Impairment of credit losses</i>	<u>(19)</u>	<u>(19)</u>
	6,710	6,058
Total	<u>13,761</u>	<u>13,407</u>

The terms and conditions of the loans granted to related parties are as follows:

Currency	Contracted amount	Maturity	Interest %	31.03.2021		31.12.2020	
				BGN'000	BGN'000	BGN'000	BGN'000
	'000				Incl. interest		Incl. interest

To subsidiaries

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BGN	14,109	31.12.2021	4.10%	5,408	99	5,355	45
BGN	3,050	31.12.2021	3.50%	870	-	889	10
EUR	390	31.12.2021	3.95%	773	10	839	76
EUR	132	31.05.2021	5.00%	-	-	266	7

To companies controlled by an associate

BGN	9,557	31.12.2021	3.10%	6,663	54	6,010	-
BGN	190	31.12.2021	3.50%	47	-	48	-
				13,761	163	13,407	138

The short-term loans granted to related parties are intended to support the financing of these companies' activities under common strategic objectives. They are secured through pledges on corporate shares and securities (shares), pledges of receivables and promissory notes.

The loans granted to third parties are as follows:

	31.03.2021	31.12.2020
	BGN '000	BGN '000
Commercial loans provided	3,903	3,903
Total	3,903	3,903

The loans granted to third parties are intended to provide support for financing of activities, performed by these entities, but having common strategic objectives. They are secured through pledges on securities (shares) and receivables.

The terms and conditions of the loans granted to third parties are as follows:

Currency	Contracted amount	Maturity	Interest %	31.03.2021		31.12.2020	
				BGN'000	BGN'000 including interest	BGN'000	BGN'000 including interest
BGN	4,511	31.12.2021	2.55%	3,178	22	3,158	2
BGN	832	31.12.2021	4.50%	434	1	443	-
BGN	4,184	31.12.2021	4.30%	193	-	199	-
BGN	949	31.12.2021	4.70%	104	2	103	1
				3,909	25	3,903	3

The payables to related parties refer to:

	31.03.2021	31.12.2020
	BGN '000	BGN '000
Payables to companies related through key management personnel	2,058	1,144
Payables to shareholders with significant influence	109	89
Payables to subsidiaries	23	40
Total	2,190	1,273

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The payables to related parties by type are as follows:

	31.03.2021	31.12.2020
	BGN '000	BGN '000
Payables for the supply of inventories	2,058	1,144
Supply of services	132	129
Total	2,190	1,273

The trade payables to related parties are current and interest free. The payables in Bulgarian Levs amount to BGN 2,167 thousand (31.12.2020: BGN 1,233 thousand), in EUR – BGN 11 thousand (31.12.2020: BGN 36 thousand) and in PLN – BGN 12 thousand (31.12.2020: BGN 4 thousand).

The company is a co-debtor and guarantor of received bank loans, issued bank guarantees and concluded lease agreements of the following companies:

Company	Maturity	Currency	Contracted amount		Guarantee amount as at
			Original currency	BGN'000	31.12.2020 BGN'000
"Sopharma Trading" AD	2021 - 2025	EUR	68,728	134,420	103,135
"Sopharma Trading" AD	2021 - 2024	BGN	50,625	50,625	41,677
"Doverie Obedinen Holding" AD	2027	BGN	30,000	30,000	30,000
"Sopharma Trading" D.O.O, Belgrade	2023	EUR	8,000	15,647	12,360
"Doverie Obedinen Holding" AD	2021	EUR	5,000	9,779	9,779
"Sopharma Trading Pharmaceuticals" D.O.O and "Sopharma Trading" D.O.O PAO "Vitamini" and "Sopharma Ukraine" EOOD	2026	EUR	5,210	10,190	8,463
"Sopharma Ukraine" EOOD	2022	EUR	7,000	13,691	5,677
"Momina Krepost" AD	2021 - 2026	BGN	5,000	5,000	3,713
"Biopharm Engineering" AD	2023 - 2028	BGN	7,750	7,750	3,432
"Doverie Capital" AD	2021	EUR	3,000	5,867	2,151
"Energoinvestment" AD	2022	BGN	2,000	2,000	400
"Veta Pharma" AD	2021	BGN	1,000	1,000	734
"Mineralcommerce" AD	2021 - 2022	EUR	451	451	156
"Pharmaplant" AD	2023	BGN	235	460	140
Total					221,083

The Company has provided the following collateral in favor of banks under loans received by related parties:

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a) on loans to subsidiaries:

- mortgages of real estate with a carrying amount as at 31 March 2021: BGN 9,528 thousand (31.12.2020: BGN 9,578 thousand);
- special pledges on:
 - machinery and equipment with a carrying amount as at 31 March 2021: BGN 21,858 thousand (31.12.2020: BGN 22,283 thousand) ;
 - inventories with a carrying amount as at 31 March 2021: BGN 17,000 thousand (31.12.2020: BGN 17,000 thousand) ;
 - trade receivables with a carrying amount as at 31 March 2021: BGN 11,735 thousand (31.12.2020: BGN 11,735 thousand) ;

б) on loans to associates

- mortgages of real estate with a carrying amount as at 31 March 2021: BGN 14,812 thousand (31.12.2020: BGN 14,910 thousand).

/Signature/

Ognian Donev, PhD
/Executive Director/