

MANAGEMENT REPORT FOR THE FIRST HALF OF 2022



SOPHARMA GROUP

29 August 2022

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I. General information about Sopharma Group

1. Main activities

Sopharma Group (the Group) is a leading Bulgarian producer, exporter and local distributor of pharmaceutical products with a strong presence in Eastern and South-eastern Europe, offering a wide range of prescription medicines and OTC products, food supplements, cosmetics and medical devices.

The Group operates in the following areas:

- production of pharmaceutical products, including medicines, mainly generics, herbal-based substances and food supplements, which is mainly done by “Sopharma” AD (the Company);
- production of medicinal products and medicinal cosmetics, as plasters, bandages and sanitary-hygiene products concentrated on the production site in Sandanski city;
- distribution of pharmaceuticals, medical supplies, sanitary materials, vitamins, food supplements, cosmetics and others, which is mainly performed by “Sopharma Trading” in Bulgaria and Serbia.

2. Registration and activity of the Company

“Sopharma” AD is a company registered in Bulgaria under the Provisions of the Commercial Law, with its registered office in Sofia, 16 Iliensko shose str.

“Sopharma” was established in 1933. The court registration of the Group is from 15 November 1991, decision №1/1991 of Sofia City Court. “Sopharma” AD is a public company under the Law on Public Offering of Securities.

The Group conducts the production and marketing of medicinal substances and dosage forms; research, engineering and implementation activities in the field of phytochemistry, chemistry and pharmacy, production of medical devices and cosmetic products, incl. - plasters, dressings, sanitary - hygiene products, herbal cosmetics, concentrates for hemodialysis. “Sopharma” AD provides services related to production, as well as to ancillary and supporting activities.

3. Controlled companies

Sopharma Group consists of “Sopharma” AD and the following subsidiaries, directly or indirectly controlled by the Company. Additionally, the Group has investments in two associated

Sopharma Group

companies (“Doverie - obedinen holding” AD, 25% stake and “Sopharma Imoti” REIT, 33.34% stake) and in one joint venture (“Momina krepost” AD, 37.46% stake).

Company	Interest as at 30.06.2022 in %
“Sopharma Trading” AD	83.24
“Pharmalogistica” AD	89.39
“Elektroncommerce” EOOD	100.00
“Biopharm Engineering” AD	97.15
“Phyto Palauzovo” AD	95.00
“Veta Pharma” AD	99.98
“Sopharmacy” EOOD **	83.24
“Sopharmacy 2” EOOD **	83.24
“Sopharmacy 3” EOOD **	83.24
“Sopharmacy 4” EOOD **	83.24
“Sopharmacy 5” EOOD **	83.24
“Sopharmacy 6” EOOD **	83.24
“Sopharmacy 7” EOOD **	83.24
“Sopharmacy 8” EOOD **	83.24
“Sopharmacy 9” EOOD **	83.24
“Sopharmacy 10” EOOD **	83.24
“Sopharmacy 11” EOOD **	83.24
“Sopharmacy 12” EOOD **	83.24
“Sopharmacy 13” EOOD **	83.24
“Sopharmacy 14” EOOD**	83.24
“Sopharmacy 15” EOOD**	83.24
“Sopharmacy 16” EOOD**	83.24
“Sopharmacy 17” EOOD**	83.24
“Sopharmacy 18” EOOD**	83.24
“Sanita Franchising” AD **	83.24
“Sopharmacy 19” EOOD (Valentina Vasileva – Lyulin EOOD) **	83.24
“Sopharmacy 20” EOOD (Vasilka Lilovska EOOD) **	83.24
“Sopharmacy 21” EOOD (Venera Mutashka EOOD) **	83.24
“Sopharmacy 22” EOOD (Veselka Vasileva EOOD) **	83.24
“Sopharmacy 23” EOOD (Victoria Angelova EOOD) **	83.24
“Sopharmacy 24” EOOD (Desislava Jordanova EOOD) **	83.24
“Sopharmacy 25” EOOD (Dimka Vladeva EOOD) **	83.24
“Sopharmacy 26” EOOD (Donka Chivganova EOOD) **	83.24
“Sopharmacy 27” EOOD (Ekaterina Mihaylova – Shumen 1 EOOD) **	83.24
“Sopharmacy 28” EOOD (Elka Neykova EOOD) **	83.24

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This is a translation from Bulgarian of the Management report of Sopharma Group for the first half of 2022.

In case of divergence Bulgarian text should prevail.

Sopharma Group

"Sopharmacy 29" EOOD (Emilia Angelova EOOD) **	83.24
"Sopharmacy 30" EOOD (Juliana Kotova EOOD) **	83.24
"Sopharmacy 31" EOOD (Ivan Ivanov 1 EOOD) **	83.24
"Sopharmacy 32" EOOD (Iliana Kalushkova EOOD) **	83.24
"Sopharmacy 33" EOOD (Irina Toncheva EOOD) **	83.24
"Sopharmacy 34" EOOD (Kapka Nikolova – Military Hospital EOOD) **	83.24
"Sopharmacy 35" EOOD (Kostadin Gorchev EOOD) **	83.24
"Sopharmacy 36" EOOD (Krasimira Shunina EOOD) **	83.24
"Sopharmacy 37" EOOD (Lora Doncheva EOOD) **	83.24
"Sopharmacy 38" EOOD (Lyudmila Zlatkova EOOD) **	83.24
"Sopharmacy 39" EOOD (Lyudmila Kovacheva EOOD) **	83.24
"Sopharmacy 40" EOOD (Manik Burgazyan EOOD) **	83.24
"Sopharmacy 41" EOOD (Mariyka Jaigarova EOOD) **	83.24
"Sopharmacy 42" EOOD (Mariya Agova EOOD) **	83.24
"Sopharmacy 43" EOOD (Mariya Gancheva EOOD) **	83.24
"Sopharmacy 44" EOOD (Mariya Kenova EOOD) **	83.24
"Sopharmacy 45" EOOD (Mariya Hristova – Motopista EOOD) **	83.24
"Sopharmacy 46" EOOD (Mariyana Markova EOOD) **	83.24
"Sopharmacy 47" EOOD (Mary Ivanova EOOD) **	83.24
"Sopharmacy 48" EOOD (Nelly Stavreva EOOD) **	83.24
"Sopharmacy 49" EOOD (Preslava Becheva EOOD) **	83.24
"Sopharmacy 50" EOOD (Rayna Madzharova-St. Georgi Sofiyski EOOD) **	83.24
"Sopharmacy 51" EOOD (Rumyana Ignatova – Gancheva EOOD) **	83.24
"Sopharmacy 52" EOOD (Sashka Todorova EOOD) **	83.24
"Sopharmacy 53" EOOD (Svetla Harizanova EOOD) **	83.24
"Sopharmacy 54" EOOD (Svetlana Pirpirova EOOD) **	83.24
"Sopharmacy 55" EOOD (Ceiba-Blagoevgrad-1 EOOD) **	83.24
"Sopharmacy 56" EOOD (Silviya Veneva EOOD) **	83.24
"Sopharmacy 57" EOOD (Siyana Milanova EOOD) **	83.24
"Sopharmacy 58" EOOD (Stoyanka Radenkova EOOD) **	83.24
"Sopharmacy 59" EOOD (Avdzhieva EOOD) **	83.24
"Sopharmacy 60" EOOD (Radina Bekova EOOD) **	83.24
"Sopharmacy 61" EOOD (Rumen Raynov EOOD) **	83.24
"Sopharmacy 62" EOOD (Hani Modhi EOOD) **	83.24
"Sopharmacy 63" EAD (SCS Franchise EAD) **	83.24
"Sopharmacy 55" EOOD (Ceiba Blagoevgrad-1 EOOD)**	83.24
"Sopharmacy 56" EOOD (Silvia Veneva EOOD)**	83.24
"Sopharmacy 57" EOOD (Siyana Milanova EOOD)**	83.24
"Sopharmacy 58" EOOD (Stoyanka Radenkova EOOD)**	83.24
"Sopharmacy 59" EOOD (Anna Avdzhieva EOOD)**	83.24

Sopharma Group

"Sopharmacy 60" EOOD (Radina Bekova EOOD)**	83.24
"Sopharmacy 61" EOOD (Rumen Raynov EOOD)**	83.24
"Sopharmacy 62" EOOD ("Hani Modhi" EOOD)**	83.24
"Sopharmacy 63 EAD (SCS Franchise EAD)**	83.24
"Sopharmacy 64" EOOD (Sanita Franchising AD) **	83.24
PAO "Vitamini"	100.00
"Sopharma" Warsaw Sp. z. o. o	100.00
"Sopharma" Poland Sp. z. o. o - in liquidation	60.00
OOO "Sopharma" Ukraine	100.00
TOO "Sopharma" Kazakhstan	100.00
"Rap Pharma International" OOD	80.00
"Sopharma Trading" D.o.o. (Lekovit D.o.o.) **	83.24
"Pharmachim" EOOD	100.00

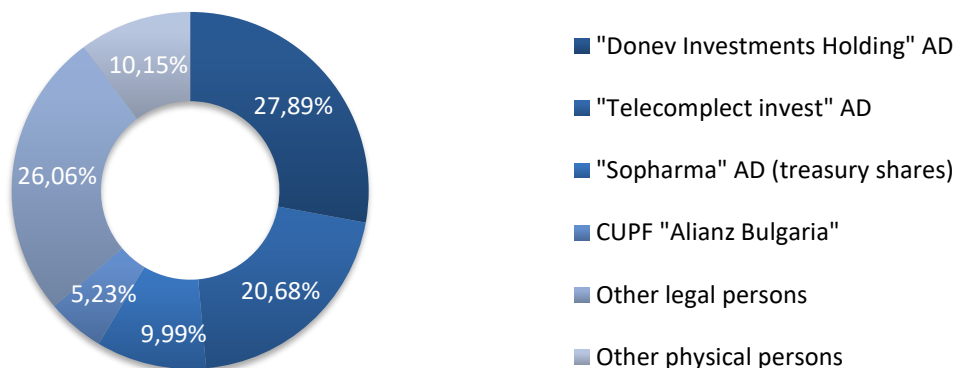
*effective interest in percent

**indirect interest

4. Board of directors

"Sopharma" AD has a one tier management system with a Board of Directors of five members as follows: Ognian Donev, PhD – Chairman, Vessela Stoeva – Deputy Chairman and members – Alexander Tchaoushev, Bissera Lazarova and Ivan Badinski. The company has two procurators - Simeon Donev and Ivan Badinski. The company is represented and managed by the Executive Director Ognian Donev, PhD.

5. Shareholder structure as at 30 June 2022



6. Information about the shares and other securities issued by the Company

The total number of shares issued on 30 June 2022 by "Sopharma" AD is 134 797 899 with a nominal value of BGN 1 per share. All issued shares are registered, dematerialized, ordinary and

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indivisible, according to the Articles of Association of the Company. All issued shares are of one class. Each share gives equal rights to its holder in proportion to the nominal value of the share.

By Decision № 804 - E of 4 November 2021 the Financial Supervision Commission entered an issue in the amount of 44,932,633 dematerialized, freely transferable and registered warrants, with an issue value of BGN 0.28, issued by "Sopharma" AD under Art. 112 b, para. 11 of the LPOS. The underlying asset of the issued warrants are future ordinary, registered, dematerialized, freely transferable shares, giving the right to one vote in the General Meeting of Shareholders, which will be issued by the company on condition only in favor of the owners of warrants. Each subscribed warrant entitles its holder to subscribe for one share of a future issue. Holders of warrants may exercise their right to subscribe for the respective number of shares from a future increase in the company's capital within 3 years at a fixed price of BGN 4,13 per share.

II. Recent developments

Key financial indicators

Indicators	1-6/2022 BGN '000	1-6/2021 BGN '000	change %
Revenues	802 909	759 044	5.8%
EBITDA	69 474	60 826	14.2%
Operating profit	43 821	33 897	29.3%
Net profit	46 270	33 856	36.7%
CAPEX*	19 983	21 836	-8.5%
	30.06.2022	31.12.2021	
	BGN '000	BGN '000	
Non-current assets	636 605	633 746	0.5%
Current assets	579 284	571 232	1.4%
Owners' equity	699 839	658 868	6.2%
Non-current liabilities	121 001	122 218	-1.0%
Current liabilities	395 049	423 892	-6.8%

*acquired tangible and intangible fixed asset

Indicators	1-6/2022	1-6/2021
EBITDA/Sales revenues	8.7%	8.0%
Operating profit / Sales revenues	5.5%	4.5%
Net profit/Sales revenues	5.8%	4.5%
	30.06.2022	31.12.2021
Debt/ Equity	0,74	0,83
Net debt*/ EBITDA on annual basis	2,1x	2,5x

* net debt includes bank loans and leasing and factoring liabilities less cash, taking into account the effects of the adoption of IFRS 16 Leasing, effective from 1 January 2019.

Operating revenues

Sales revenues of the Group increased with BGN 43,9 million or 5.8%, reaching BGN 802,9 million in the first half of 2022 compared to BGN 759 million in the first half of 2021. Adjusted for the deconsolidation of the companies sold at the end of last year in Latvia and Belarus, sales growth was 12%. Sales of goods increased with BGN 30,1 million or 4.7%, reaching BGN 667,8 million in the first half of 2022 compared to BGN 637,7 million in the first half of 2021. After adjustment for the deconsolidation of distribution companies and pharmacy chains in Latvia and Belarus, the growth of sales of goods for the first half of 2022 was 12%. Sales of finished products increased by BGN 13,8 million, or 11.4%, to BGN 135,1 million in the first half of 2022 compared to BGN 121,3 million in the first half of 2021.

On a consolidated basis, the growth in sales of finished products in Bulgaria for the first half of 2022 was 8% compared to the previous period. "Sopharma" AD retains its market share and by the end of the first half of 2022 it occupies 2.57% of the total volume of the Bulgarian pharmaceutical market in terms of value and 9.71% of sales in kind terms. The positions of the main competitors of the Company in the country are as follows: Novartis –7.14% (4.20% in kind), Roche – 5.34% (0.16% in kind), Merck Sharp Doh – 4.11% (0.16% in kind), Pfizer – 3.76% (0.70% in kind), Teva – 3.51% (8.57 % in kind), Astrazeneca – 3.13% (0.49% in kind), Swixx Biopharma – 3.03% (0.90% in kind), Abbvie – 3.01% (0.06% in kind), Bayer – 2.74% (2.07% in kind). The products with the largest share of sales in the country are Analgin, Sophazolon, Vicetin, Fomotidine, Vitamin C, Paracetamol, Bromhexine, Methylprednisolone.

On a consolidated basis for the first half of 2022, a growth in revenues from sales of finished products is reported in the countries of the Eurasian Union by 27%, in the Caucasus region by 30%, in Ukraine by 1%, in Serbia by 136%, in Moldova by 15%, in Uzbekistan with 5%.

Sales in Poland decreased by 15%, in Vietnam by 45%, in the Baltic States by 14%. A 240% increase was also recorded in sales from contract and contract manufacturing, reaching BGN 4.6 million.

Other operating revenues decreased by BGN 1,2 million to BGN 5,4 million in the first half of 2022 compared to BGN 6,6 million in first half of 2021.

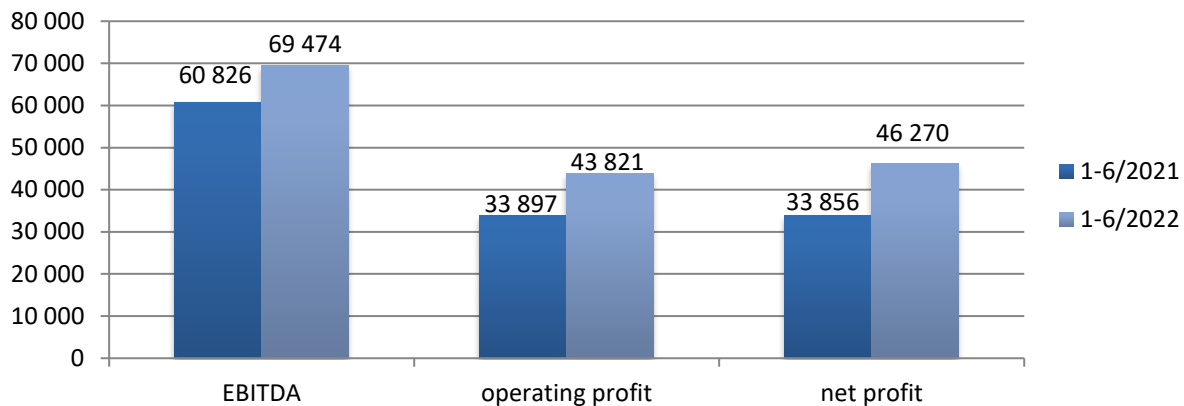
Operating expenses

For the current period the expenses of materials increased by BGN 9 million to BGN 48,1 million, as the most significant change was registered in the expenses of substances, which increased by BGN 3,2 million, as well as in the expenses for electricity and heat, increasing by BGN 1,5 million and BGN 2 million, respectively. Personnel expenses decreased by BGN 1,3 million to BGN 73,1 million as a result of the decrease in the average number of personnel in the Group, mainly as a result of the sale of the companies in Latvia and Belarus at the end of 2021, (4,740 workers and employees compared to 5,507 for 2021). The external service expenses decreased by BGN 0,4 million to BGN 32,9 million with the most significant change in construction costs, which decreased by BGN 0,9 million.

Financial income and expenses

Financial income and expenses in the first half of 2022 net registered a loss of BGN 1,6 million, which is a decrease of the loss by BGN 0,9 million compared to the same period of the last year. Financial income decreased by BGN 2,2 million, interest income from overdue receivables decreased by BGN 0,6 million and net foreign exchange gains on foreign currency loans and leases decreased by BGN 1,4 million. Financial expenses decreased by a total of BGN 3,1 million, while interest expenses on loans received for the current period decreased by BGN 2,5 million as a result of a decrease in the Group's bank exposure due to the sale of shares in the Baltic States and Belarusian companies at the end of last year, as well as the ongoing trend in the current year of reducing bank debt through the generated positive free cash flow in the Group.

Financial result



Earnings before interest, taxes and depreciation (EBITDA) increased by BGN 8,6 million or by 14%, while in the first half of 2022 it amounted to BGN 69,5 million compared to BGN 60,8 million in the first half of 2021. After adjustment due to the deconsolidation of the companies sold at the end of 2021 in Latvia and Belarus, the growth amounted to 41%. The main factors for this adjusted growth are the increase in sales in both main business segments by a total of 12% with insignificant changes in the gross profit margin, as well as the good management of operating expenses (sales, marketing, logistics and administrative expenses), whose increase is below 2% despite severe inflationary pressure.

Profit from operating activities increased by BGN 9,9 million or by 29%, to BGN 43,8 million in the first half of 2022 compared to BGN 33,9 million in the first half of 2021.

Net profit increased by BGN 12,4 million or 37% to BGN 46,3 million in the first half of 2022 compared to BGN 33,9 million in the first half of 2021. In addition to the effect of operating activities, the reduced financial expenses, as well as the increase during the current period from associates in the amount of BGN 5,4 million.

Assets

Non-current assets in the first half of 2022 increased by BGN 2,9 million compared to the end of last year. The acquired tangible and intangible fixed assets for the period amounted to BGN 20 million. Investments in associates and joint ventures increased by BGN 9,7 million as a result mainly of the reported share in current profit and the increased share in the associate "Doverie-obedinen holding" AD.

Current assets in the first half of 2022 increased by BGN 8,1 million compared to the end of last year, which is mainly due to the increase in trade receivables by BGN 16.3 million and

tangible inventories by BGN 13,6 million. Cash and cash equivalents decreased by BGN 18,7 million.

Owners' equity and liabilities

The equity of Sopharma Group increased by BGN 40 million compared to 31.12.2021 as a result of the reported net current profit.

The liabilities decreased by BGN 30,1 million compared to the end of 2021. Total liabilities on bank loans, leasing and factoring of the Group decreased by BGN 43,7 million, as the net debt after deduction of cash and cash equivalents decreased with BGN 24,6 million to BGN 268,3 million. The trade liabilities increased by BGN 12,5 million compared to the end of the last year.

Cash Flows

	30.06.2022 BGN '000	30.06.2021 BGN '000
Net cash flows from operating activities	27 336	(47 161)
Proceeds of amounts by factoring after interest and fees	18 817	109 187
Purchases of property, plant and equipment, intangible assets, net	(8 428)	(13 028)
Payments under lease agreements	(8 602)	(10 608)
Free cash flow (normalized)	29 123	38 390

The free cash flow (normalized with the revenues from factoring and payments under leasing contracts), generated for the first half of 2022, amounts to BGN 29,1 million inflow compared to BGN 38,4 million inflow in the first half of 2021.

New developments and products for the period April - June 2022

During the reporting period **April - June 2022** in the Division "Development and Regulatory Compliance" the following activities were performed:

➤ **New medicines**

During the reporting period, a marketing authorization was obtained for **2** new medicinal products:

- *Dusoppharm 100 mg tables (Russia);*
- *Dusoppharm 200 mg tables (Russia).*

➤ **New registrations and re-registrations/changes**

New registrations of medicinal products

- Documentation for registration of **5** medicinal products has been submitted:
 - Glicerax Pico 7,5mg/ml oral drops, solution (Bulgaria);
 - Suxamethonium Sopharma 10mg/ml sol.for.inj. – (Bulgaria);
 - Suxamethonium Sopharma 20mg/ml sol.for.inj. – (Bulgaria).
- Received **3** Authorizations for the use of medicinal products for new destinations, namely:
 - *Furosemide Sopharma inj (MRP-Georgia);*
 - *Haloperidol Sopharma inj (MRP-Georgia);*

Licensing

- *Gorloin 5 mg/1.5 mg comp. lozenges (Moldova, Kazakhstan, Azerbaijan).*

Re-registrations / changes

- Renewed Marketing Authorizations for **14** medicinal products.
- Submission of documentation for the renewal of the Marketing Authorizations for **8** medicinal products.
- **61** changes for medicinal products approved by agencies.
- **67** changes for medicinal products submitted to agencies.

➤ **Developments**

- Pharmaceutical development of **7** new medicinal products/projects:
 - Citisinicline 3,0 mg tablets – Project with the company Achieve;
 - Keterolac 30 mg/ml solution for injection; 1 ml;
 - Keterolac 10 mg/ml tablets;
 - Dexketoprophenum 25 mg tablets;
 - Betagamma caps.;
 - Valeriana 30 mg tb.;
 - Xylmetazoline/Dexpanthenol nasal spray.

➤ **Transfer and validation of technological processes**

- 6 production processes/technologies are validated/optimized.

➤ **Prepared documentation for qualification/production**

- Documentation for qualification of raw materials for production - **55**;
- Production regulations - **36**;
- Documentation for qualification of finished forms - **58**.

III. Significant events for the first quarter of 2022 and until the date of the consolidated management report

- On February 24, 2022, Russian military forces started hostile invasion in Ukraine. Subsequently, a number of countries imposed sanctions on certain individuals and legal entities in Russia. The war in Ukraine and related economic sanctions and other measures taken by governments around the world have had a significant impact on both local and global economies.

Two of the subsidiaries in the Group are based and operate in Ukraine. As of the date of preparation of the separate financial statements the assets of these subsidiaries companies are not physically affected by military activities, but it may be necessary in the future to reconsider the value of these investments depending on the development of the war and its impact on the activities of companies.

- At the Regular General Meeting of the shareholders of "Sopharma" AD, held on 3 June 2022, the decisions proposed by the Board of Directors on the relevant items of the agenda were adopted.
- On 7 July 2022, at its meeting, the Board of Directors adopted a decision to issue warrants under the conditions of an initial public offering, as follows:

Exercise price: BGN 6.10

Issuance price of one warrant: BGN 0.48

Number of warrants: 26 959 580

Minimum success threshold of the issue: 13 479 790

Term in which the right can be exercised: 5 years

The remaining parameters of the issue will be described in a Prospectus for Public Offering of warrants, which should be adopted by the Board of Directors with a subsequent decision and should receive the relevant approval from the Bulgarian Financial Supervision Commission.

The consultant and investment intermediary selected by the Board of Directors in connection with the issuance of the warrants are respectively: Main Capital AD, UIC 202402882, with registered office in Sofia, and management address Sofia 1404, Triaditsa District, zh.k. "Gotse Delchev", bl. 22, entrance 2 and MK Brokers AD, UIC 175007052, with registered office in Sofia and management address, 8, "Tsar Osvoboditel" Blvd.

IV. Review of the main risks faced by the Group

Risks related to the Company's business and the industry the Company operates in

- The Group faces significant competition.
- Part of the revenues of Sopharma Trading AD in Bulgaria are generated from sales of state hospitals, which predetermines a high degree of business risk;
- The Group is dependent on regulatory approvals.
- Government regulations affecting the Group's business may change, thus possibly increasing compliance costs or otherwise affecting its operations.
- Part of the Group's revenues in particular in Bulgaria, depend on the inclusion of the Group's medicines in reimbursement lists.
- The Group's production facilities and processes are subject to strict requirements and regulatory approvals that may delay or disrupt the Group's operations.
- The Group's ability to pay dividends depends on a number of factors and there can be no guarantee that the Company will be able to pay dividends in accordance with its dividend policy.
- The Group is subject to operational risk, which is inherent to its business activities.
- The Group is subject to multiple laws and regulations on environmental protection and health and safety work conditions and is exposed to potential environmental liabilities.
- Litigations or other out-of-court proceedings or actions may adversely affect the Group's business, financial position and results of operations.

Risks related to Bulgaria and other markets in which the Group operates

- The macroeconomic environment, particularly in Bulgaria, Russia and Ukraine, has a significant effect on the Group's operations;
- The political environment in Bulgaria and in the export markets, especially Russia and the Ukraine, has a significant effect on the Group's operations and financial position;
- Risks related to the Bulgarian legal system;
- Developing legal frameworks in some countries in which the Group sells its products, in particular Russia and Ukraine, may negatively impact the Group's operations in these countries;
- Risks relating to exchange rates and the Currency Board in Bulgaria;
- The interpretations of tax regulations may be unclear and tax laws and regulations applicable to the Group may change.

Currency risk

The Group companies perform their activities in active exchange with foreign suppliers and customers and are therefore exposed to currency risk.

Through the companies in Ukraine and Kazakhstan, the group carries out business operations in these countries and, accordingly, has exposures in Ukrainian hryvnia and Kazakhstani tenge. The currency risk is related to the negative movement of the exchange rates of these currencies against the Bulgarian lev in the future business operations, the recognized assets and liabilities in foreign currency and the net investments in foreign companies. The rest of the companies abroad sell mainly on local markets, leading to currency risk and against their currencies - the Serbian dinar and the Polish zloty.

In order to control the currency risk, a system of planning of import deliveries, for foreign currency sales, as well as procedures for daily monitoring of movements in the dollar exchange rate and control of forthcoming payments, is introduced. The exposure of subsidiaries in Bulgaria in foreign currency is insignificant, as almost all sales are made on the local market in Bulgarian leva. Imports of goods are fully realized in euro. Borrowings denominated in foreign currency are mainly denominated in euro.

V. Information on related party transactions

<i>Related party</i>	<i>Relation type</i>	<i>Relation period</i>	
"Telecomplect invest" AD	Company shareholder with significant influence	2022	2021
"Donev Investments Holding" AD	Company shareholder with significant influence	2022	2021
"Momina krepost" AD	Joint venture	2022	Since 10 March 2021
"Sopharma Imoti" REIT	Associate	2022	Since 8 December 2021
"Doverie-obedinen holding" AD	Associate	2022	2021
Subsidiaries form DOH Group	Companies controlled by an associate	2022	2021
"Sofprint Group" AD	Company related through key management personnel	2022	2021
"Sofconsult Group" AD	Company related through key management personnel	2022	2021
"VES electroinvest systems" EOOD	Company related through key management personnel	2022	2021
"Eco Solar Invest" OOD	Company related through key management personnel	2022	2021
"Sirius" OOD	Company related through key management personnel	2022	Until 14 June 2021
„Mill village Stefanovo“ EOOD	Company related through key management personnel	2022	Until 14 June 2021
"OKP Investments" OOD	Company related through key management personnel	2022	Until 14 June 2021
"Alpha in" EOOD	Company related through key management personnel	2022	2021
"Consumpharm" OOD	Company related through key management personnel	2022	Until 14 June 2021

<i>Supplies from related parties:</i>	<i>1 January – 30 June 2022 BGN '000</i>	<i>1 January – 30 June 2021 BGN '000</i>
<i>Supply of inventories from:</i>		
Companies related through key management personnel	5,408	4,570
Joint ventures	114	50
Associates	55	-
Companies controlled by an associate	18	25
	5,595	4,645

Supply of services from:

Companies controlled by an associate	537	427
Associates	246	-
Companies shareholders with significant influence	198	192
Companies related through key management personnel	131	123
Joint ventures	1	-
	1,113	742

Deliveries of tangible fixed assets from:

Companies controlled by an associate	309	269
	309	269

Other deliveries from:

Companies controlled by an associate	102	96
	102	96

Interest expenses:

Companies shareholders with significant influence	-	87
	-	87

Total deliveries	7,119	5,839
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Sales to related parties

Sales of inventories to:

Companies controlled by an associate	836	404
Companies related through key management personnel	645	346
	1,481	750

Sales of services to:

Companies controlled by an associate	135	135
Companies related through key management personnel	116	129
Associates	4	4
	255	268

Guarantee fees and guarantees of:

Joint ventures	7	1
Companies controlled by associates	-	3
	7	4

Interest on loans granted:

Companies controlled by associates	939	980
Joint ventures		
Associates	23	9

-	2
962	991
2,705	2,013

Leasing contracts

During the reporting period, the company recognized assets, liabilities, expenses, payments in connection with **lease agreements with related parties**, as follows:

The lease obligations as of 30 June in connection with lease agreements with related parties are as follows:

	30.6.2022	31.12.2021
	BGN '000	BGN '000
Recognized lease obligations on January 1	4,314	174
Increases	1,490	4,373
Payments of lease obligations for the period	(1,132)	(233)
Leasing liabilities as of 30 June/ 31 December	4,672	4,314

The assets "right of use" as of 30 June in connection with lease agreements with related parties are as follows:

	30.6.2022	31.12.2021
	BGN '000	BGN '000
Asset "right of use" as of January 1	4,315	172
Increases	1,430	4,427
Depreciation accrued	(1,170)	(284)
Assets "right of use" as of 30 June/31 December	4,575	4,315

The new right-of-use assets and lease obligations arising during the period are under lease agreements with an associate.

The accounts with related parties are presented in Note 19, 23, 28, 35.

The composition of the Group's key management personnel includes the Executive Director disclosed in Note 1.1 and members of the Board of Directors of the Parent Company.

The remuneration and other income of the key management personnel and the executive directors, the members of the Board of Directors and the managers of the subsidiaries of the Group amount to BGN 2,030 thousand (2021: BGN 2,725 thousand), including:

- current remuneration – BGN 1,706 thousand (2021: 2,206 thousand);
- bonuses – 324 thousand (2021: 519 thousand);

29 August 2022
Sofia