

**Additional information under art. 33, par. 1, item 7
of Ordinance №2 from 17 September 2003 on prospecting of publicly offered and
recommended for retail trade in a regulated securities market and for presentation of
information (Title ext. - SN, no. 82 of 2007, amended, no. 63 of 2016)**

7. a) 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 consolidated financial statements for 30 September 2021 should be read in conjunction with the consolidated annual financial statements for the year ending on 31 December 2020, prepared in accordance with 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) and have been accepted by the Commission of the European Union.

More detailed information about the Group's accounting policies can be found in the notes to the consolidated financial statements for the third quarter of 2021.

7. b) Information about changes in a group of enterprises within the meaning of the Accountancy Act of the issuer if it participates in such a group: N/A

7. c) Information about the results of organizational changes within the issuer, such as restructuring, sale of companies within a group of companies within the meaning of the Accountancy Act, in-kind contributions from companies, rental property, long-term investments, closure of business:

On 15 February 2021, a subsidiary of SIA Briz was registered, Latvia - SIA Breeze Trading, as SIA Breeze is the sole owner of its capital.

On 10 March 2021, Momina Krepost AD became a joint venture.

On 7 June 2021, the parent company reduced its share in the capital of Sopharma Buildings REIT, as a result of which the investment in the company was transferred to another long-term capital investment.

7. d) 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;

The Company does not publish forecasts.

7. e) 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 three months, 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;

SHAREHOLDER	30.09.2021	31.12.2020
“Donev Investments Holding” AD	26.65%	26.54%
“Telecomplect invest” AD	20.68%	20.68%
“Sopharma” AD	7.50%	6.69%
“Rompharm company” OOD	6.21%	6.21%
CUPF “Alianz Bulgaria”	5.23%	5.10%

7. f) 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 2020, and changes in ownership of those voting rights incurred for the period from the beginning of the current financial year to the end of the reporting period for each individual:

Name	Board of directors/Procurators	Shares as at 30.09.2021	Shares as at 31.12.2020
Ognian Donev, PhD	Chairman	3 850 063	3 038 940
Vessela Stoeva	Deputy Chairman	150	150
Bissera Lazarova	Member	-	-
Alexandar Tchaoushev	Member	111 142	111 142
Ivan Badinski	Member/Procurator	350	350
Simeon Donev	Procurator	195 450	200 450

7. g) 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; if the total value of the liabilities or receivables of the issuer in all initiated proceedings exceeds 10 percent of the equity, information shall be presented for each production separately:

None.

7. h) Information on loans granted by the issuer or its subsidiary, provided guarantees or commitments to a single person or a subsidiary thereof, including to related persons with 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.

This is a translation from Bulgarian of the Additional regulated information of Sopharma Group for the nine months period ending 30 September 2021.

In case of divergence Bulgarian text should prevail.

The long-term receivables from related parties as at 30 September include:

	30.09.2021	31.12.2020
	BGN '000	BGN '000
Long-term loans granted to related parties	51,411	59,843
<i>Provision for impairment of credit losses</i>	(135)	(118)
Long-term loans granted to related parties, net	<u>51,276</u>	<u>59,725</u>
Receivable under a long-term rental deposit granted	<u>1</u>	<u>1</u>
Total	<u>51,277</u>	<u>59,726</u>

Long-term loans are granted to companies controlled by an associate.

The movement of the allowance for impairment of receivables from related companies on long-term loans is as follows:

	30.09.2021	31.12.2020
	BGN '000	BGN '000
Balance on 1 January	<u>118</u>	<u>118</u>
Increase in credit loss adjustment recognized in profit or loss for the year	<u>17</u>	<u>-</u>
Balance on 30 September / 31 December	<u>135</u>	<u>118</u>

The terms of long-term loans to affiliated companies are as follows:

<i>Type of currency</i>	<i>Contractual amount</i>	<i>Due date</i>	<i>Interest %</i>	30.09.2021		31.12.2020	
				<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
<i>BGN</i>	81,900	31.12.2025	3.00%	51,276	-	58,321	852
<i>EUR</i>	708	31.12.2022	3.33%	-	-	1,404	20
				<u>51,276</u>	<u>-</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.

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RECEIVABLES FROM RELATED PARTIES

Receivables from related parties by type are as follows:

	<i>30.09.2021</i>	<i>31.12.2020</i>
	<i>BGN'000</i>	<i>BGN'000</i>
Trade loans granted	8,764	6,077
<i>Impairment of credit losses</i>	(61)	(19)
Trade loans granted, net	<u>8,703</u>	<u>6,058</u>
Receivables from contracts with customers	594	681
<i>Impairment of credit losses</i>	(58)	(57)
Receivables from contracts with customers, net	<u>536</u>	<u>624</u>
Advances provided	21	-
Receivables under provided guarantees	<u>14</u>	<u>-</u>
Total	<u>9,274</u>	<u>6,682</u>

The trade loans granted to related parties are unsecured and are as follows:

<i>Type of currency</i>	<i>Contractual amount</i>	<i>Due date</i>	<i>Interest rate</i>	<i>30.09.2021</i>		<i>31.12.2020</i>	
				<i>BGN'00</i>	<i>BGN'00</i>	<i>BGN'00</i>	<i>BGN'00</i>
	<i>'000</i>		<i>%</i>	<i>0</i>	<i>0</i>	<i>00</i>	<i>0</i>
					<i>incl. interest</i>		<i>incl. interest</i>
<i>To company controlled through an associate</i>							
<i>BGN</i>	10,637	31.12.2021	3.10%	7,788	100	6,010	22
<i>BGN</i>	190	31.12.2021	3.50%	28	-	48	-
<i>To joint ventures:</i>							
<i>BGN</i>	3,050	31.12.2021	3.50%	<u>877</u>	<u>7</u>	<u>-</u>	<u>-</u>
Total				<u>8,170</u>	<u>104</u>	<u>6,058</u>	<u>22</u>

The receivables on contracts with customers are interest-free and denominated in BGN.

The Group companies usually negotiate payment terms between 90 and 180 days for receivables on sales of finished products and up to 30 days for receivables on sales of materials (including substances – active ingredients).

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The Group applies the simplified approach of IFRS 9 to measure expected credit losses on trade receivables from related parties, recognizing expected loss for the full term of the instrument for all trade receivables from related parties (Note 2.17).

The movement of the corrective (provision) for impairment of receivables from related parties is as follows:

	<i>30.09.2021</i> <i>BGN'000</i>	<i>31.12.2020</i> <i>BGN'000</i>
Balance at 1 January	<u>76</u>	<u>50</u>
Increase in the corrective for credit losses recognised in profit or loss for the year, net	<u>43</u>	<u>26</u>
Balance at 30 September/ 31 December	<u>119</u>	<u>76</u>

The *age structure* of non-matured (regular) trade receivables from related parties is as follows:

	<i>30.09.2021</i> <i>BGN'000</i>	<i>31.12.2020</i> <i>BGN'000</i>
up to 30 days	94	62
from 31 to 90 days	<u>49</u>	<u>55</u>
Total:	<u>143</u>	<u>117</u>

The age structure of the date of invoice of overdue trade receivables from related parties is as follows:

	<i>30.09.2021</i> <i>BGN'000</i>	<i>31.12.2020</i> <i>BGN'000</i>
from 31 to 90 days	186	-
from 91 to 180 days	85	332
from 181 to 365 days	122	174
over 365 days	<u>58</u>	<u>58</u>
<i>Gross value of overdue receivables from related companies</i>	<u>451</u>	<u>564</u>
<i>Impairment provision for credit losses</i>	<u>(58)</u>	<u>(57)</u>
Total	<u>393</u>	<u>507</u>

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CONTINGENT LIABILITIES AND COMMITMENTS

Issued and granted guarantees

“Sopharma” AD

The company has provided in favour of banks on loans received from associates, the following collateral:

In favour of Doverie Obedinen Holding	30.09.2021	31.12.2020
	BGN '000	BGN '000
Buildings	8,174	8,470
Lands	6,440	6,440
Total	14,614	14,910

The Company is a co-debtor under received bank loans, issued bank guarantees and concluded lease agreements as well as a guarantor before banks and suppliers of the following companies:

	Maturity period	Type of Contact currency	Amount	Amount of the guaranteed amount	
			Original	30.09.2021	
			Currency BGN'000	BGN'000	BGN'000
“Doverie Obedinen Holding” AD	2027	BGN	30,000	30,000	27,441
“Doverie Obedinen Holding” AD	2022	EUR	5,000	9,779	9,779
“Momina Krepost” AD	2022-2026	EUR	5,000	5,000	4,308
“Energoinvestments” AD	2022	BGN	2,000	2,000	400
“Mineralcommerce” AD	2022	EUR	200	200	68
“Pharmaplant” AD	2023	BGN	235	460	116
Total					42,112

“Sopharma Trading” AD

The company has entered into a contract for a guarantee under a bank loan of MBAL Doverie AD. The outstanding part of the loan agreement as of 30 September 2021 is of a total value of BGN 448 thousand (31.12.2020: BGN 1,011 thousand).

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Bank guarantees

“Sopharma Trading” AD

The bank guarantees issued for the Company as of 30 September 2021 amounted to BGN 16,342 thousand (31.12.2020: BGN 14,872 thousand) and are to secure payments to suppliers of goods, for good performance – ensuring future deliveries of pharmaceutical and medicinal products to hospitals under concluded contracts, customs office guarantees and tender participation.

The bank guarantees have been issued by:

	30.09.2021	31.12.2020
	BGN '000	BGN '000
“DSK” AD	6,522	5,106
“ING Bank” N.V.	5,586	5,373
“Raiffeisenbank” EAD	4,234	4,393
	16,342	14,872

The collateral for issued bank guarantees is as follows:

- Special pledge on goods in circulation at the amount of BGN 2,934 thousand (31 December 2020: BGN 2,934 thousand) (*Note № 22*).
- Special pledge on receivables from clients with a carrying amount of BGN 2,347 thousand (31 December 2020: BGN 2,347 thousand) (*Note № 23*).

“Sopharma Trading” D.o.o., Serbia

The bank guarantees issued for the company amount to BGN 13,960 thousand (31 December 2020: BGN 9,227 thousand) and are for guaranteeing payment to suppliers of goods, for good performance - guaranteeing future deliveries of medicinal and medical products to hospitals under concluded contracts for delivery, customs guarantee and participation in tenders.

Bank guarantees are issued by:

	30.09.2021	31.12.2020
	BGN '000	BGN '000
“Raiffeisenbank” AD	9,792	5,542
“SG Expressbank” AD	2,221	2,221
“Eurobank” AD Belgrade	1,947	1,464
	13,960	9,227

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Sopharmacy 63 EAD (SCS “Franchise” EAD until 02.02.2021)

As of 30 September 2021, Sopharmacy 63 EAD and its subsidiaries have issued 59 bank guarantees from “DSK Bank” AD in the total amount of BGN 1,110 thousand (31 December 2020: BGN 1,084 thousand), which serve as collateral under lease agreements.

Insurance of performance guarantees

“Sopharma Trading” AD

According to concluded pre-distribution contracts, the company has accepted for responsible custody goods as of 30 September 2021 in the amount of BGN 9,803 thousand. (31 December 2020: BGN 6,222 thousand).

Assets held under safe custody

“Sopharma Trading” AD

According to concluded pre-distribution contracts, the Company has received goods for safe as of 30 September 2021 goods in the amount of BGN 3,366 thousand as at (31 December 2020: BGN 4,352 thousand).

Significant irrevocable agreements and commitments

“Sopharma” AD

The Company received government grants under Operational Program "Development of the Competitiveness of the Bulgarian Economy" 2007 – 2013 and Operational Program “Energy Efficiency” (*Note № 32 and № 40*), related to acquisition of fixed assets, reconstruction of buildings, technological renovation and modernization of tablet production facilities, implementation of innovative products in the ampoule production section, the acquisition of general-purpose ventilation and air-conditioning installations for the production of medical products and the introduction of innovative artificial tear-drops (*Note № 15*).

The Company undertook a commitment that for a period of 5 years after the completion of the respective projects they shall not be subject to significant modifications affecting the essence and the terms and conditions for their execution or giving rise to unjustified benefits to the company, neither modifications resulting from a change in the nature of ownership over the assets acquired in relation to the grants. On non-compliance with these requirements, the financing shall be returned. At the date of preparation of the financial statements, all contractual requirements were being fulfilled.

“Biopharm Engineering” AD

The Company has assumed a commitment under a grant contract with a term of five years after completion of the project for acquisition of:

(a) line for production of amino acid solution for parenteral nutrition, which includes components for inflation, filling and hermitization in aseptic environment, and

(b) clean rooms construction (omega profile ceilings, separation walls, doors, blocking devices, lighting, air conditioning, etc.). The term commenced on 27 April 2015 (the date on which the project was ultimately approved by the financing institution) and according to the contract the project should not suffer significant changes referring to its nature, the conditions of its performance or leading to unjustifiable benefits for the company as well as changes resultant from modification in the nature of ownership of infrastructural component or discontinuance of production activities. On non-compliance with these requirements, the financing shall be returned. At the date of approval for issue of the financial statements, all contractual requirements were being fulfilled.

“Veta Pharma” AD

The Company has received government funding under Operational Program “Development of the Competitiveness of the Bulgarian Economy” 2007-2013” (*Note № 32 and № 40*) related to improving the efficiency of enterprises and developing a favorable business environment (*Note №15*). The Company has undertaken a commitment, for a period of 3 years after the completion of the respective projects, not to undergo significant changes affecting the nature and conditions of fulfillment or giving rise to unjustified benefits for the company, as well as changes resulting from a change in the ownership of the acquired assets related to financing. If these requirements are not met, the funding provided is subject to repayment. At the date of preparation of the report, all contractual requirements were met.