

**Additional information under art. 33, par. 1, item 7
of Ordinance №2 from 17 September 2003 of
“Sopharma” AD as at 30 September 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 – 30 September 2021.

2. Information about changes in the economic group of the issuer as at 30 September 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.

On 7 June 2021 “Sopharma” AD reduced its share in the capital of the subsidiary “Sopharma Buildings” REIT to 12.67%. As a result, the investment in “Sopharma Buildings” REIT as at 30 June 2021 is classified as another capital investment.

On 3 August 2021 in accordance with Art. 25 of the Articles of Association of the Company, at its meeting the Board of Directors approves a prospectus for initial public offering of warrants with an issue price of BGN 0.28 and a total number of warrants of 44 932 633. The prospectus was submitted to the Financial Supervision Commission.

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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 included in the Sopharma Group:

1. SIA "Briz Trading", Latvia since 15 February 2021.

As of 30 September 2021 the tangible fixed assets of the company include:

The property, plant and equipment of the company are as follows:

As at 30 September / 31 December the lands and buildings of the Company are as follows:

- Buildings with carrying amount of BGN 77,793 thousand (31.12.2020: BGN 83,270 thousand);
- Land of BGN 43,571 thousand (31.12.2020: BGN 43,583 thousand).

The company's other tangible fixed assets as at 30 September / 31 December include:

- Vehicles with carrying amount of BGN 2,278 thousand (31.12.2020: BGN 2,467 thousand);
- Inventory with carrying amount of BGN 1,489 thousand (31.12.2020: BGN 1,886 thousand);
- Biological assets (carriers) with carrying amount of BGN 294 thousand (31.12.2020: BGN 315 thousand).

The cost of acquisition of tangible fixed assets as at 30 September / 31 December include:

- Advances granted for the purchase of machinery and equipment – BGN 851 thousand (31 December 2020: BGN 840 thousand);
- Expenses on new buildings construction - BGN 866 thousand (31.12.2020: BGN 816 thousand);
- Biological assets (unfruitful) - BGN 316 thousand (31.12.2020: BGN 318 thousand);
- Buildings reconstruction - BGN 71 thousand (31.12.2020: 545 thousand);
- Other - BGN 221 thousand (31.12.2020: BGN 61 thousand).

As at 30 September / 31 December 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" (Note 29), as follows:

- for tablet production facility at the amount of BGN 6,007 thousand (31.12.2020: BGN 6,513 thousand);
- for ampoule production at the amount of BGN 3,537 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 549 thousand (31.12.2020: BGN 595 thousand);

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- for the production of innovative "artificial tears" eye drops of value BGN 166 thousand (31.12.2020: BGN 186 thousand).

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

		30.09.2021	Interest	31.12.2020	Interest
		BGN '000	%	BGN '000	%
"Sopharma Trading"					76.17
AD	Bulgaria	44,287	76.35	43,974	
"Briz" OOD	Latvia	11,347	100.00	11,347	100.00
"Sopharma Ukraine"			100.00		100.00
EOOD	Ukraine	9,669		9,669	
"Biopharm			97.15		97.15
Engineering" AD	Bulgaria	7,111		7,111	
"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			80.00		80.00
International" OOD	Moldova	1,183		1,183	
"Pharmalogistica" AD	Bulgaria	961	89.39	961	89.39
"Sopharma			100.00		100.00
Kazakhstan" EOOD	Kazakhstan	502		502	
"Electroncommerce"			100.00		100.00
EOOD	Bulgaria	384		384	
"Sopharma Warsaw"			100.00		100.00
EOOD	Poland	323		323	
"Phyto Palauzovo"			95.00		95.00
AD	Bulgaria	104		104	
"Sopharma Buildings"					
REIT	Bulgaria	-	-	459	40.38
"Momina Krepost"			-		60.93
AD	Bulgaria	-		2,755	
Total		83,908		86,809	

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	30.09.2021		31.12.2020	
	Shares	%	Shares	%
„Donev Investments Holding“ AD, UIC 831915121, Sofia, Positano Str. №12	35 922 743	26.65%	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	10 111 467	7.50%	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	30.09.2021 Number of shares	31.12.2020 Number of shares
1. Ognian Ivanov Donev	3 850 063	3 038 940
2. Vessela Liubenova Stoeva	150	150
3. Bissera Nikolaeva Lazarova	-	-
4. Alexander Viktorov Tchaushev	111 142	111 142
5. Ivan Venetskov Badinski	350	350
6. Simeon Ognianov Donev	195 450	200 450

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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 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:

	30.09.2021	31.12.2020
	BGN '000	BGN '000
Long-term loans granted	51,411	59,843
Provision for impairment of credit losses	(135)	(118)
Total	51,276	59,725

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

	30.09.2021	31.12.2020
	BGN '000	BGN '000
Companies controlled by an associate	51,276	59,725
Total	51,276	59,725

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

Currency	Contracted amount	Maturity	Interest %	30.09.2021		31.12.2020	
				BGN'000	BGN'000	BGN'000	BGN'000
	BGN'000			Incl. interest		Incl. interest	
To companies controlled by an associate							
BGN	81,900	31.12.2025	3.00%	51,276	-	58,321	852
EUR	708	31.12.2022	3.33%	-	-	1,404	20
				51,276	-	59,725	872

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

	2021	2020
	BGN '000	BGN '000
Balance on 1 January	118	118
Increase in credit loss adjustment recognized in profit or loss for the year	17	-
Balance on 30 September / 31 December	135	118

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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.

The other long-term receivables of the company include:

	30.09.2021	31.12.2020
	BGN '000	BGN '000
Granted long-term loans	7,785	7,620
Impairment of credit losses	(15)	(12)
Granted long-term loans, net	<u>7,770</u>	<u>7,608</u>
Receivables under transactions in securities	3,378	3,605
Impairment of credit losses	(258)	(297)
Receivables under transactions in securities, net	<u>3,120</u>	<u>3,308</u>
Receivables on long-term rental deposit	189	189
Total	<u>11,079</u>	<u>11,105</u>

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

Currency	Contracted amount '000	Maturity	Interest %	30.09.2021		31.12.2020	
				BGN'000	BGN'000 Incl. interest	BGN'000	BGN'000 Incl. interest
EUR	3,000	29.06.2023	3.05%	6,256	388	6,135	267
EUR	695	12.10.2022	3.05%	<u>1,514</u>	<u>155</u>	<u>1,473</u>	<u>114</u>
				<u>7,770</u>	<u>543</u>	<u>7,608</u>	<u>381</u>

The movement in the allowance for impairment of receivables from third parties under long-term loans granted is as follows:

	2021	2020
	BGN '000	BGN '000
Balance on 1 January	<u>12</u>	<u>149</u>
Increase in the credit loss allowance recognised in profit or loss for the year	3	-
Decrease in the credit loss allowance recognised in profit or loss for the year	-	(137)
Balance at 30 September/ 31 December	<u>15</u>	<u>12</u>

Long-term loans granted to third parties are intended to support the financing of activities of these enterprises under common strategic objectives. They are secured by bets on securities (shares), bets on receivables and promissory notes.

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Receivables from securities transactions are receivables from sold investments in subsidiaries and are as follows:

Currency	Receivables '000	Maturity	30.09.2021 BGN'000	31.12.2020 BGN'000
USD	2,000	31.03.2024	3,120	2,891
BGN	417	22.06.2023	-	417
			<u>3,120</u>	<u>3,308</u>

The receivable due on 31 March 2024 is related to the completion of statutory actions on registrations of authorisations of medical products.

The movement of the allowance for impairment of receivables from securities transactions is as follows:

	2021 BGN '000	2020 BGN '000
Balance at 1 January	<u>297</u>	<u>268</u>
Increase in the credit loss allowance recognized in profit or loss during the year	<u>-</u>	<u>29</u>
Decrease in the credit loss allowance recognized in profit or loss during the year	<u>(39)</u>	<u>-</u>
Balance at 30 September/ 31 December	<u>258</u>	<u>297</u>

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