

**Additional information under art. 12, par. 1, item 4
of Ordinance №2 from 09 November 2021 of
Sopharma Group as at 30 September 2023**

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 consolidated financial statements of Sopharma Group 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 from 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 consolidated financial statements in the notes to the consolidated interim financial statements for the period 1 January 2023 – 30 September 2023.

2. Information about changes in the economic group of the issuer as at 30 September 2023:

On 23.08.2023, the merger of Biopharm Engineering into Sopharma AD was entered in the Commercial Register at the Registration Agency. The merger of Biopharm Engineering AD (merging company) into the parent company Sopharma AD (acquiring company) was implemented through the legal form of transformation regulated in the Commercial Law. As a result of the transaction, all assets of Biopharm Engineering AD are transferred to Sopharma AD, and Biopharm Engineering AD is terminated without liquidation.

The purpose of the transaction on the transformation of the two companies was:

- restructuring of the companies in the Sopharma group in order to eliminate duplicate activities;
- focusing efforts on production and commercial activities, respectively to optimizing administrative costs;
- increasing efficiency and achieving a synergistic effect both for the management and performance of production and commercial activities, as well as for cost optimization.

Accounting method of accounting for the merger

For accounting purposes, 01.01.2023 was accepted as the date of the merger. Until that moment, Biopharm Engineering AD was a subsidiary of Sopharma AD. The transaction was treated as a restructuring of the activities of the two companies.

As of September 8, 2023, Sopharma Buildings REIT is an associated company, with the parent company owning 30.7% of the company's capital.

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:

As of 30 September 2023 the tangible fixed assets of the company include:

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

- Buildings with carrying amount of BGN 177,400 thousand (31.12.2022: BGN 183,604 thousand);
- Land of BGN 54,135 thousand (31.12.2022: BGN 60,252 thousand).

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

- Expenses on new buildings construction – BGN 1,115 thousand (31 December 2022: BGN 1,495 thousand);
- Buildings reconstruction – BGN 996 thousand (31 December 2022: BGN 813 thousand);
- Supply of equipment – BGN 323 thousand (31 December 2022: BGN 488 thousand);
- Advances granted – BGN 3,838 thousand (31 December 2022: BGN 2,567 thousand);
- Other – BGN 24 thousand (31 December 2022: BGN 150 thousand).

As of 30.09.2023, the Group has leased tangible assets to third parties with a book value of BGN 1,195 thousand (31.12.2022: BGN 1,260 thousand).

As of 30.09.2023, Property, plant and equipment include assets with the right to use with a balance sheet value, respectively, in the Land and buildings group - BGN 77,100 thousand. (31.12.2022: BGN 78,470 thousand), in the plant, equipment and equipment group – BGN 1,076 thousand. (31.12.2022: BGN 97 thousand), in the Others group – BGN 7,967 thousand (31.12.2022: BGN 6,449 thousand). The assets with the right of use are disclosed in detail in Note No. 31.

Other long-term equity investments include shares in the following companies:

	Country	30.09.2023	Participation	31.12.2022	Participation
		BGN '000	%	BGN '000	%
Traded securities					
Lavena AD	Bulgaria	2,042	13.21	3,788	13.22
Chemimport AD	Bulgaria	141	0.08	367	0.19
MFG Invest AD	Bulgaria	150	0.46	169	0.46
Achieve Life Sciences Inc - USA	Bulgaria	16	0.01	8	0.01
Bulgarian Stock Exchange AD	Bulgaria	-	-	202	0.34
Sopharma Buildings REIT	Bulgaria	-	-	111	10.25
		2,349		4,645	
Non-traded securities					
Balkanfarma Razgrad AD	Bulgaria	70	0.33	70	-
Imventure I KDA	Bulgaria	50	1.36	50	1.36
Others		13	-	13	-

This is a translation from Bulgarian of the Consolidated financial statements of Sopharma Group.

In case of divergence Bulgarian text should prevail.

	<u>133</u>	<u>133</u>
Total	<u>2,482</u>	<u>4,778</u>

As of September 30, 2023, long-term capital investments amounting to BGN 13,000 were presented as "other". (31.12.2022: BGN 13 thousand), representing small minority holdings of the Group in the capital of a total of four companies (31.12.2022: four 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 - management does not provide forecasts.

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:

SHAREHOLDERS	30.06.2023		31.12.2022	
	Shares	%	Shares	%
„Donev Investments Holding“ AD, UIC 831915121, Sofia, Positano Str. №12	47 528 716	35.26%	37 600 000	27.89%
„Telecomplect Invest“ AD, UIC 201653294, Sofia, Slaveikov Square №9	27 881 287	20.68%	27 881 287	20.68%
CUPF „Alianz Bulgaria“, UIC 130477720 Sofia, Damyan Gruev Str. №42	7 054 547	5.23%	7 054 547	5.23%
“Sopharma” AD, UIC 831902088 Sofia, Iliensko Shosse Str. №16	13 479 188	10.00%	13 479 188	10.00%

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	30.06.2023	31.12.2022
	Number of shares	Number of shares
1. Ognian Ivanov Donev	6 363 657	6 608 350
2. Vessela Liubenova Stoeva	150	150
3. Bissera Nikolaeva Lazarova	-	-
4. Alexander Viktorov Tchaoushev	353 442	262 442
5. Ivan Venetskov Badinski	2 030	2 030
6. Simeon Ognianov Donev	195 450	195 450

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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 the loans granted by the issuer or its subsidiary, by their subsidiaries, the collateral provided or the liabilities assumed in total to one person or its subsidiary, including related parties, indicating the names or titles and UIC of the person, the nature of the relationship between the issuer or its subsidiaries and the borrower, the amount of outstanding principal, interest rate, date of conclusion of the contract, including additional agreements, repayment period, amount of commitment, specific conditions other than those specified in this provision , as well as the purpose for which they are granted, in case they are concluded as targets:

The information is contained in Note 20, 21 and 24 to the preliminary annual consolidated financial statements.