

**Additional information under art. 33, par. 1, item 7
of Ordinance № 2 from 17 September 2003 of
Sopharma Group as at 30 September 2017**

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 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 2017 and have been accepted by the Commission of the European Union.

More detailed information about the Company's accounting policies can be found in the notes to the interim consolidated financial statements for the period 1 January 2017 – 30 September 2017.

7. b) Information about changes in the economic group of the issuer as at 30 September 2017: N/A

7 c) 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:

On 1 February 2017, pursuant to Art. 151, para. 3 of POSA, Sopharma Group submitted a revised offer under Art. 149, para. 6 of POSA to purchase shares of the remaining shareholders of Unipharm price of 4.35 BGN per share. Sopharma Group as a tender offeror states that it does not 1 342 234 shares, representing 22.37% of total ordinary shares ISIN code BG1100154076 from the shares with voting rights in the General Meeting of Shareholders of Unipharm AD and makes this offer to the remaining shareholders for their acquisition. At the date of issue of this report the Financial Supervision Commission (FSC) has not taken a position on the tender offer

On 31 January 2017 under art. 262e of the CA for Medika AD transformation through merger between Sopharma Group, Sofia, UIC 831902088 and Medika AD, Sofia, UIC 000000993 were filed with the FSC for approval pursuant to art. 124, par. 1 of the Public Offering of Securities Act (POSA). As a result of the merger, all assets of Medika AD shall be transferred to Sopharma Group and the latter shall become its legal successor. Medika AD shall be terminated without liquidation. On 20 March 2017 Sopharma Group, Sofia, UIC 831902088 and Medika AD, Sofia, UIC 000000993 signed an annex to the Contract for transformation through merger

reflecting the comments by the FSC. All documents will be filed with the FSC for approval pursuant to art. 124, par. 1 of the Public Offering of Securities Act (POSA) after an independent certified evaluator prepares a report. As a result of the merger, all shareholders of the transferring Group Medica AD, with the exception of the receiving Group Sopharma Group, which is also a shareholder of the transferring Group, will receive shares of Sopharma Group and become shareholders of it. Against one share of Medica AD each shareholder pursuant to art. 261b, app. 1 of the CA shall receive 0.8831 treasury shares of the capital of Sopharma Group. All other conditions concerning the merger procedure are included in the Contract. The two companies are about to vote the merger on their respective AGMs.

On February 22, 2017, the deletion of Medica - Health Ltd in the Commercial Register of the Registry Agency.

As a result of the restructuring, the Group acquires a controlling share in the capital of SalusLine OOD, Belarus, the latter being transformed from an associate into a subsidiary.

On March 15, 2017, Sopharma 7 Ltd., UIC 204501313 was registered in the Commercial Register. The company has a capital of 5000 BGN and the sole shareholder of the capital is the subsidiary of Sopharma Trading AD - Sopharmaci EOOD. The subject of activity of Sopharma 7 Ltd. is the retail of medicinal products.

On 04.04.2017 a contract was signed for the sale of the Group's participation through the subsidiary SEA Briz, Latvia in the amount of 50% in the joint venture OOO Vivaton Plus, Belarus. Under the terms of the contract, the transaction should be finalized within 30 days of the date of its conclusion.

On 05.04.2017 Sopharma AD received a decision of the CPC that the acquisition by Sopharma AD of shares of the capital of Doverie United Holding AD at this stage is not subject to prior notification under Art. 24, para. 2 of the LPC. Sopharma AD will take appropriate action in reaching the established thresholds requiring a tender offer to the other shareholders of Doverie United Holding AD.

On April 14, 2016, Sopharma AD announced that the Company acquired 51% of the capital of the Moldovan distributor of medicinal products RAP Pharma International after obtaining permission from the Moldovan Competition Commission to realize the acquisition

On 18.04.2017, the Group acquires an additional 50% of the shares in ZAO Interfarm, Belarus through its subsidiary SOOO Britetrade, Belarus, as a result of which it acquires control of the company.

Pursuant to Art. 100k., Para. 1 of the Public Offering of Securities Act, please be informed that on 25.04.2017 Sopharma AD received approval of the Financial Supervision Commission of the Contract for transformation by merger and an additional agreement with it from 20.03.2017, signed on 31.01.2017 between "SOPHARMA" AD, hereinafter referred to as "Receiving Company" and "MEDICA" AD, hereinafter referred to as "Transforming Company", in accordance with the requirements of Art. 262e and ff of the Commercial Law as a result of which all the assets of Medica JSC will be transferred to Sopharma AD and the latter will become its successor. Medica AD will cease without liquidation. The Financial Supervision Commission also approved the reports of the management bodies of the two companies prepared in accordance with the provisions of Art. 262 and of the Commerce Act and the record of the appointed examiners of

the participants in the transformation under Art. 262m of the Commercial Law. As a result of the merger, all shareholders of the transforming Medica AD, with the exception of the receiving company Sopharma AD, which is also a shareholder in the transforming company, will acquire shares in the capital of Sopharma AD and become shareholders in it. Against each of its shares by Medica AD each shareholder of the company on the grounds of Art. 261b, ap. 1 of the Commercial Code will acquire 0.8831 of the repurchased shares of the capital of Sopharma AD. A vote on the transformation of the GMS of the two companies is forthcoming. Please, on the grounds of Art. 100k, para. 1 of the Public Offering of Securities Act to make the above information public.

On 25 April 2017 Sopharma AD presented an adjusted tender offer under Art. 149, para. 6 of the Public Offering of Securities Act for the purchase of the shares of the remaining shareholders of Unipharm AD at a price of BGN 4,350 per share. The Financial Supervision Commission (FSC) has not taken any interest in the submitted draft tender offer.

Sopharma Trading AD has reached agreement to acquire PharmaStor pharmacies with the intention of their subsequent joining Sopharmacy's family. The merger of SOpharmacy and PharmaStor will provide a stronger market position for the two chains so that they can meet the increasing needs of Bulgarian patients for quality health services. The merger will also bring a larger scale for the operations of Sopharma Trading AD in the retail segment of the pharmacy market. The acquisition is subject to prior approval by the Commission for the Protection of Competition.

On 15.06.2017 г. Sopharma AD announces that the next step in the process of merging Achieve Lifesciences and Oncogenex has been completed with the approval of the merger by the US SEC. OncoGenex will hold a special shareholder meeting on 1 August 2017 to vote the merger. Shortly after the newly formed entity will trade on NASDAQ stock exchange under the ticker symbol ACHV.

On 21.06.2017 Sopharma AD informs about the results of the tender offering submitted by Sopharma AD for the purchase of the shares of the other shareholders of Unipharm AD. Company, object of the offer: Unipharm AD, with management address Sofia 1797, Studentski grad, zh.k. Darvenitsa, Trayko Stanoev Str. Tender offeror: Sopharma AD, with address: Sofia, Nadezhda district, 16, Iliensko shose Str. Authorized investment intermediary: Elana Trading AD, with management address: Sofia, Sredets, 4, Kuzman Shapkarev Str., and license issued by FSC for carrying out activity as an investment intermediary on the basis of Decision No. 171 -IP / 08.03.2006 Price offered per share: BGN 4.35 (four leva thirty-five stotinki) Number of persons accepted the tender offer: 65 Shareholder with total number of shares: 1 125 021, representing 18.75% of the capital of Unipharm AD. As a result of the tender offer and after the conclusion of the transactions with the shareholders that have accepted it, Sopharma AD will directly own 96.63% of the shares of Unipharm AD.

On 28 June 2017 the company Sopharmacy 8 EOOD, a subsidiary of the Group through the subsidiary Sopharmacy EOOD was registered in the Commercial Register.

The Commission for the Protection of Competition of the Republic of Serbia has allowed Sopharma Trading AD to acquire a majority share in Lekovit - the fastest growing Serbian wholesaler of medicines for the last 3 years. The Regulator's decision comes just weeks after the two companies announced their intentions for a joint partnership. On August 4, 2017, the

transaction was completed, with the acquisition of 70% of the shares of the Shabaz-based company, Sopharma Trading became the majority owner, and Dr. Dragan Petrovic, the current owner of Lekovit will retain the remaining 30% of the shares.

“Sopharma” AD acquired 75% from the capital of the successful start-up for development and registration of food additives “Aromania” (www.arolife.bg).

On 04.07.2017, a merger of OSO MobilLine, Belarus with ODO Mingel, Belarus was registered by merging the assets and liabilities of the two companies. The activity of the merged entity, OOO MobilLine, is terminated and all its rights and obligations at the moment of merger is taken over by ODO Mijel, Belarus.

On 1 August 2017 a merger of ODO BelAgroMed, Belarus and ODO Vestfarm, Belarus in ODO SaliusLine, Belarus, the merger united the assets and liabilities of both companies. The activities of the merged companies ODO BelAgroMed, Belarus and ODO Vestfarm, Belarus are ceased and all its rights and obligations as of the moment of merger are transferred to ODO SaliusLine, Belarus;

On 08.08.2017 the transformation through merger of Medika AD in Sopharma AD was entered in the Commercial Register. As a result of the transaction all assets of Medika AD are transferred to Sopharma AD and Medika AD is ceased without liquidation. The assets and liabilities of both companies are united as of 1 January 2017 – the date of merger for accounting purposes;

On 31 August 2017 a merger of ODO Alean, Belarus in ODO Medjel, Belarus was registered, the merger united the assets and liabilities of both companies. The activities of the merged company ODO Alean, Belarus are ceased and all its rights and obligations as of the moment of merger are transferred to ODO Medjel, Belarus;

On 11 September 2017 Sopharmacy 9 EOOD and Sopharmacy 10 EOOD, subsidiary companies for the group through Sopharmacy EOOD, were registered in the Commercial Register.

On 12 September 2017 Sopharma notifies that it took a decision to initiate a procedure for merging Unipharm AD, VAT number 831537465 based in the city of Sofia on 3, “Trayko Stanoev” Str. into Sopharma AD, under the regulation of the Commercial Code and art. 122 and the following of the Law on Public Offering of Securities and chooses “Elana Trading” AD VAT number 831470130, based on 5, Lachezar Stanchev Str. for a consultant in relation to the merger.

On 14 September, 2017 in accordance with art. 262e and the following from the Commercial Code Unipharm AD and Sopharma AD signed a contract for transformation through merger of Unipharm AD in Sopharma AD and the respective consequences following that decision. The fair price of the participants in the transformation is based on widely accepted evaluation methods. Based on the fair price the participants in the transformation reached a ratio of exchange of 0.891512, meaning that one share of Unipharm AD will be exchanged for 0.891512 shares of Sopharma AD. The companies have hired the services of certified appraisers whose reports are a necessary prerequisite for the filing of the documents for transformation with the FSC. As of this moment the responsible Deputy Chairman of the FSC has not issued an approval in accordance with art. 124 from the LPOS of the transformation contract, of the reports of the BoD according to art. 262k from the Commercial code and the report of the appraiser under art. 262o from the Commercial Code.

Sopharma AD notifies that in conjunction with the tender offering made on the grounds of Art. 149 para. 6 of the Public Offering of Securities Act and the right of the shareholders who have not accepted the offer under Art. 157b, we provide information for the fulfillment of the obligation of Sopharma AD under this Article:

1. The offeror has bought a total of 125 530 shares with voting right of Unipharm AD;
2. 17 shareholders have applied for share buy-back under the right given to them by Art. 157b of POSA.

On 07.11.2017 the Commission for the Protection of Competition of Bulgaria authorized the merger by acquiring the activity of PharmaStor pharmacies of Sopharma Trading AD. The transaction is due to close.

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 management does not publish estimates.

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 quarter, and changes in ownership of those voting rights since the end of the preceding quarter;

Company	Share	Share
	30.09.2017	31.12.2016
Donev Investments Holding AD	25.19%	24.78%
Telekomplekt invest AD	20.41%	20.15%
Rompharm companyAD	17.68%	18.04%
ZUPF Allianz Bulgaria	5.17%	5.17%

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 the quarter, and changes in ownership of those voting rights since the end of the preceding quarter:

Name	Board of directors	Number of shares	Number of shares
		30.09.2017	31.12.2016

Ognian Donev	Председател	434 433	246 600
Vessela Stoeva	Member	0	0
Ognian Palaveev	Member	160 430	120 430
Alexander Chaushev	Member	109 042	59 462
Andrey Breshkov	Member	0	0

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 – None;

7 h) 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 as at 30 September include:

	<i>Jan-Sept 2017</i>	<i>Jan-Sept 2016</i>
	<i>BGN '000</i>	<i>BGN '000</i>
Long-term loans granted to related parties	11,998	9,797
Receivable under a long-term rental deposit granted	235	231
Total	12,233	10,028

The long-term loans are granted to associated companies (as at 31 December 2016 long-term loans are granted to companies related through key management personnel).

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

<i>Type of currency</i>	<i>Contractual amount</i>	<i>Due date</i>	<i>Interest %</i>	<i>30.9.2017</i>		<i>31.12.2016</i>	
				<i>BGN'000</i>	<i>BGN'000 incl. interest</i>	<i>BGN'000</i>	<i>BGN'000 incl. interest</i>
<i>EUR</i>	<i>17,915</i>	<i>31.12.2019</i>	<i>3.50%</i>	<i>7,962</i>	<i>2</i>	<i>9,797</i>	<i>48</i>

<i>BGN</i>	4,000	11.06.2019	3.00%	<u>4,036</u>	<u>36</u>	<u>-</u>	<u>-</u>
				<u>11,998</u>	<u>38</u>	<u>9,797</u>	<u>48</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).

The deposit receivable, received from company related through main shareholder, related with a rent under a concluded rental contract for administrative offices with validity term on 1 August 2022.

Receivables from related parties by type

are as follows:

	<i>Jan-Sept 2017</i>	<i>Jan-Sept 2016</i>
	<i>BGN'000</i>	<i>BGN'000</i>
Trade loans granted	12,454	11,818
Receivables on sales of finished products and materials	1,528	3,122
Advances granted	-	42
Total	<u>13,982</u>	<u>14,982</u>

The *trade loans granted to related parties* are unsecured and are to companies related through key management personnel and companies under a common indirect control and companies, controlled by an associate. They amount to BGN 12,454 thousand (31 December 2016: BGN 11,818 thousand).

The *granted loans* are as follows:

<i>Type of currency</i>	<i>Contractual amount</i>	<i>Due date</i>	<i>Interest rate</i>	<i>30.9.2017</i>		<i>31.12.2016</i>	
				<i>BGN '000</i>	<i>BGN '000 incl. interest</i>	<i>BGN '000</i>	<i>BGN '000 incl. interest</i>
<i>To company controlled through an associate</i>							
<i>BGN</i>	190	31.12.2017	3.50%	84	-	96	-
<i>to companies related through key management personnel</i>							
<i>BGN</i>	66,000	31.12.2017	3.50%	6,317	20	4,472	72
<i>EUR</i>	8,148	31.12.2017	4.10%	6,053	-	6,292	5
<i>EUR</i>	12,731	31.12.2017	3.05%			560	1
<i>to companies under a common indirect control</i>							
<i>BYN</i>	186	08.06.2018	27.50%	-	-	146	-
<i>BYN</i>	122	28.01.2018	27.50%	-	-	104	-
<i>BYN</i>	70	24.03.2018	20.00%	-	-	67	1
<i>BYN</i>	126	25.11.2017	27.50%	-	-	59	-
<i>BYN</i>	23	28.04.2018	20.00%	-	-	22	1
Total:				<u>12,454</u>	<u>20</u>	<u>11,818</u>	<u>80</u>

The *receivables on sales of finished products and materials* are interest-free and denominated in BGN and in Belarusian rubles.

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). The Group has set a maximum credit period of up to 365 days for sales counterparts – related parties. Any delay after this period is regarded by the Group as an indicator for impairment. The managing bodies of the Group companies assess collectability by analysing the specific receivables and the position of the debtor company as well as the circumstances for the delay and the opportunities for repayment and after that, they take a decision on whether impairment shall be recognised and charged on an individual basis and at what amount.

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

	<i>Jan-Sept 2017</i>	<i>Jan-Sept 2016</i>
	<i>BGN'000</i>	<i>BGN'000</i>
up to 30 days	215	1,597
from 31 to 90 days	270	686
from 91 to 180 days	88	70
Total	573	2,353

The *age structure* of past due but not impaired trade receivables from related parties is as follows:

	<i>Jan-Sept 2017</i>	<i>Jan-Sept 2016</i>
	<i>BGN'000</i>	<i>BGN'000</i>
from 31 to 90 days	-	194
from 91 to 180 days	-	219
Total	-	413

The *age structure* of past due impaired receivables from related parties is as follows:

	<i>Jan-Sept 2017</i>	<i>Jan-Sept 2016</i>
	<i>BGN'000</i>	<i>BGN'000</i>
over 1 year	1,011	412
Allowance for impairment	(56)	(56)
Total	955	356

Movement in the allowance for impairment

	<i>Jan-Sept 2017</i>	<i>Jan-Sept 2016</i>
	<i>BGN'000</i>	<i>BGN'000</i>

Balance at 1 January	56	24
Impairment amount	-	32
Balance at 30 September	56	56

CONTINGENT LIABILITIES AND COMMITMENTS

Litigations

Sopharma AD

In relation to the amount of EUR 1,034 thousand (BGN 2,022 thousand) awarded by the Court of Arbitration in Paris, Sopharma AD initiated cases in Poland against former members of the Management Board of the convicted company for caused damages and non-performance of the obligations regarding the bankruptcy of the said company. As at 30 September 2017, the cases are pending in the District Court and the Regional Court of Warsaw.

Issued and granted guarantees

Sopharma AD

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	Currency	Amount	Debt status	
			Original	Jan-Sept 2017	
			Currency	BGN'000	BGN'000
Sopharma Properties REIT	2024	EUR	22,619	44,240	24,335
Mineralcommerce AD	2017 – 2021	BGN	726	726	639
Total					24,974

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

(a) *under loans of companies related through key management personnel:*

- Mortgages of real estate – none (31 December 2016: BGN 1,119 thousand);

(b) *under loans of third parties:*

- Special pledge on inventories – none (31 December 2016: BGN 2,623 thousand).

Bank guarantees

Sopharma Trading AD

The bank guarantees issued for the Company 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:

	<i>Jan-Sept 2017</i>	<i>Jan-Sept 2016</i>
	<i>BGN '000</i>	<i>BGN '000</i>
Raiffeisenbank EAD	5,278	4,664
SG Expressbank AD	4,464	4,049
ING Bank N.V.	3,239	1,883
	<u>12,981</u>	<u>10,596</u>

The collateral for issued bank guarantees is as follows:

- Special pledge on goods in circulation at the amount of BGN 8,997 thousand (31 December 2016: BGN 9,801 thousand).
- Special pledge on receivables from clients with a carrying amount of BGN 2,347 thousand (31 December 2016: BGN 2,347 thousand).

Unipharm AD

The following have been issued as at 30 September 2017: bank guarantees at the amount of BGN 127 thousand within the loan agreement limit.

Under a contract for issuing multiple bank guarantees, dated 23 February 2012, special pledges have been established on Company's assets as follows:

- Pledge on current and future movables (materials, finished products, goods) with a carrying amount of BGN 400 thousand;
- Pledge on current and future payment accounts opened with DSK Bank EAD.

Electroncommerce EOOD

The bank guarantees issued for the company amount to BGN 32 thousand as at 30 September 2017 (31 December 2016: BGN 74 thousand).

Assets held under safe custody

Sopharma Trading AD

According to concluded pre-distribution contracts, the Company has received goods for safe custody amounting to BGN 4,071 thousand as at 30 September 2017 (31 December 2016: BGN 4,046 thousand).

Significant irrevocable agreements and commitments

Sopharma AD

The Company received three government grants under Operational Programme "Development of the Competitiveness of the Bulgarian Economy" 2007 – 2013, related to technological renovation and modernisation of tablet production facilities and implementation of innovative products in the ampoule production section. 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.

Unipharm AD

The company is a beneficiary under three grant contracts for acquisition of assets. In accordance with the contractual provisions, the tangible and intangible fixed assets, acquired with project funds, should remain within the assets of the beneficiary and the receiving region (Republic of Bulgaria) for a period of minimum five years after execution of the total investment. 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 hermetisation 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 January-September 2016 (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.

Sopharma Trading AD

The company is a beneficiary under a government grant contract under Operational Programme "Development of the Competitiveness of the Bulgarian Economy" for the project on Development and Implementation of Information Security Management System Project in accordance with ISO 27001:2007 in the amount of BGN 82 thousand.