

**Additional information under art. 12, par. 1, item 4
of Ordinance №2 from 09 November 2021 of
Sopharma Group to the preliminary consolidated financial statements
for 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 January 1, 2023 – December 31, 2023.

2. Information about changes in the economic group of the issuer as of December 31, 2023:

On August 23, 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.

For accounting purposes, January 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.

On November 11, 2022, the Group divests itself of its participation in the company Rap Pharma International OOD.

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

In case of divergence Bulgarian text should prevail.

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 December 31, 2023, the "Land and buildings" group includes: lands worth BGN 51,219 thousand. (December 31,2022: BGN 60,252 thousand) and buildings with a book value of BGN 174,439 thousand. (December 31,2022: BGN 183,604 thousand).

The cost of acquisition of tangible fixed assets as of December 31 include:

- costs of construction of new buildings – BGN 1,116 thousand. (December 31,2022: BGN 1,495 thousand);
- reconstruction of buildings – BGN 1,810 thousand. (December 31,2022: BGN 813 thousand);
- supply of equipment – BGN 272 thousand. (December 31,2022: BGN 488 thousand);
- granted advances – BGN 3,733 thousand. (December 31,2022: BGN 2,567 thousand);
- others – BGN 35,000. (December 31,2022: BGN 150 thousand).

As of December 31, 2023, the Group has leased tangible assets to third parties with a book value of BGN 1,244 thousand (December 31, 2022: BGN 1,260 thousand).

As of December 31, 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 76,300 thousand. (December 31, 2022: BGN 78,470 thousand), in the plant, equipment and equipment group – BGN 1,000 thousand. (December 31, 2022: BGN 97 thousand), in the Others group – BGN 9,071 thousand (December 31, 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 | 31.12.2023 BGN '000 | Participation % | 31.12.2022 BGN '000 | Participat |
|---------------------------------|----------------|--------------------------------------|----------------------------------|--------------------------------------|-------------------|
| Traded securities | | | | | |
| Lavena AD | Bulgaria | 3,638 | 13.14 | 3,788 | 13 |
| MFG Invest AD | Bulgaria | 148 | 0.46 | 169 | 0 |
| Achieve Life Sciences Inc - USA | USA | 13 | 0.01 | 8 | 0 |
| Chemimport AD | Bulgaria | 11 | 0.01 | 367 | |
| Bulgarian Stock Exchange AD | Bulgaria | - | - | 202 | 0 |
| Sopharma Buildings REIT | Bulgaria | - | - | 111 | 10 |
| | | 3,810 | | 4,645 | |
| Non-traded securities | | | | | |
| Balkanfarma Razgrad AD | Bulgaria | 70 | 0.33 | 70 | 0 |
| Imventure I KDA | Bulgaria | 50 | 1.36 | 50 | 1 |
| Others | | 12 | - | 13 | |
| | | 132 | | 133 | |

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Total

3,942

4,778

As of December 31, 2023, long-term capital investments amounting to BGN 12,000 were presented as "other". (December 31, 2022: BGN 13 thousand), representing small minority holdings of the Group in the capital of a total of three companies (December 31, 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 | 31.12.2023 | | 31.12.2022 | |
|--|------------|-------|------------|--------|
| | Shares | % | Shares | % |
| „Donev Investments Holding“ AD, UIC 831915121, Sofia, Positano Str. №12 | 66 570 976 | 38.57 | 35 559 169 | 27.86% |
| „Telecomplect Invest“ AD, UIC 201653294, Sofia, Slaveikov Square №9 | 27 881 287 | 16.15 | 27 881 287 | 20.68% |
| “Sopharma” AD, UIC 831902088 Sofia, Iliensko Shosse Str. №16 | 14 328 336 | 8.30% | 13 055 000 | 9.68% |

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 | 31.12.2023 | 31.12.2022 |
|-----------------------------------|------------------|------------------|
| | Number of shares | Number of shares |
| 1. Ognian Ivanov Donev | 14 441 613 | 6 608 350 |
| 2. Vessela Liubenova Stoeva | 150 | 150 |
| 3. Bissera Nikolaeva Lazarova | 30 000 | - |
| 4. Alexander Viktorov Tchaoushev | 390 422 | 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.