

SOFARMA GROUP
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended March 31, 2026

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1. INFORMATION ABOUT THE GROUP

The Sopharma Group (the Group) comprises the parent company and its ninety (December 31, 2025: ninety) subsidiaries. In addition, the Group has investments in six associates and two joint ventures (December 31, 2025: six associates and two joint ventures).

Parent Company

Sopharma AD (the parent company) is a commercial company registered in Bulgaria with its registered office and principal place of business at 16 Iliensko Shose St., Sofia. The company was entered in the Commercial Register on April 11, 2008, with UIC 831902088.

The company was incorporated on November 15, 1991, by Decision No. 1.1991 of the Sofia City Court.

Subsidiaries

As of March 31, 2026, the subsidiaries in the Group are:

- Sopharma Trading AD – a commercial company registered in Bulgaria by Decision No. 3594 of the Varna District Court dated October 16, 1998, with its registered office and address of management at: Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;
- Sopharmacy EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 201501191300026 dated January 19, 2015, with its registered office and address of management in Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;
- Sopharmacy 2 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20150617110324 dated June 17, 2015, with its registered office and address of management at: Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;
- Sopharmacy 3 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20151202165822 dated December 2, 2015, with its registered office and address of management at: Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;
- Sopharmacy 4 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20160229093338 dated February 29, 2016, with its registered office and address of management at: Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;
- Sopharmacy 5 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20160301155620 dated March 1, 2016, with its registered office and address of management at: Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;
- Sopharmacy 6 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20140127170842 dated January 27, 2014, with its registered office and address of

management at , Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;

- Sopharmacy 7 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20170315161212 dated March 15, 2017, with its registered office and address of management at: Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;
- Sopharmacy 8 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20170627142803 dated June 27, 2017, with its registered office and address of management at: Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;
- Sopharmacy 9 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20170911100706 dated September 11, 2017, with its registered office and address of management at: Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building “A”, 12th Floor;
- Sopharmacy 10 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20170911101412 dated September 11, 2017, with its registered office and address of management at: Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;
- Sopharmacy 11 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20170302125338 dated March 2, 2017, with its registered office and address of management at: Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;
- Sopharmacy 12 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20170306085236 dated March 6, 2017, with its registered office and address of management at: Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;
- Sopharmacy 13 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20170306080850 dated March 6, 2017, with its registered office and address of management at: Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;
- Sopharmacy 14 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20170306081205 dated March 6, 2017, with its registered office and address of management at: Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;
- Sopharmacy 15 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20170302134305 dated March 2, 2017, with its registered office and address of management at: Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;
- Sopharmacy 16 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20180515105543 dated May 15, 2018, with its registered office and address of

management – Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;

- Sopharmacy 17 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20180515130642 dated May 15, 2018, with its registered office and address of management at: Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;
- Sopharmacy 18 EOOD—a commercial company registered in Bulgaria by decision of the Registry Agency No. 20190228133836 dated February 28, 2019, with its registered office and address of management at: Sofia, Izgrev District, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 12th Floor;
- Sopharmacy 19 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090226110235 dated February 26, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th floor.
- Sopharmacy 20 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090518182226 dated May 18, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 21 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090519084124 dated May 19, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 22 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090320091825 dated March 20, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 23 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090604184353 dated June 4, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, "Iztok" Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building "A", 13th Floor.
- Sopharmacy 24 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090604170149 dated June 4, 2009, with its registered office and address of management at: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 25 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090519080611 dated May 19, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 26 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090226120647 dated February 26, 2009, with its registered office and address of

management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.

- Sopharmacy 27 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090604181926 dated June 4, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building "A", 13th floor.
- Sopharmacy 28 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090227145039 dated February 27, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 29 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090605085738 dated June 5, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building "A", 13th floor.
- Sopharmacy 30 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090227160338 dated February 27, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 31 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20080630143914 dated June 30, 2008, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 32 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090319152459 dated March 19, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 33 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090226112827 dated February 26, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 34 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090226165512 dated February 26, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 35 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090513180047 dated May 13, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 36 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090519083827 dated May 19, 2009, with its registered office and address of

management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.

- Sopharmacy 37 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090226102708 dated February 26, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 38 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090519090345 dated May 19, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 39 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090227150054 dated February 27, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 40 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20081220153409 dated December 20, 2008, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 41 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090519080839 dated May 19, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 42 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090518183127 dated May 18, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 43 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090226105948 dated February 26, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 44 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090605134931 dated June 5, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, "Iztok" Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building "A", 13th Floor.
- Sopharmacy 45 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090519091916 dated May 19, 2009, with its registered office and address of management at: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 46 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090519083054 dated May 19, 2009, with its registered office and address of

management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.

- Sopharmacy 47 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090227154137 dated February 27, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 48 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090227155742 dated February 27, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 49 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090518162442 dated May 18, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 50 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090227152516 dated February 27, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 51 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090227153607 dated February 27, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 52 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090518174837 dated May 18, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 53 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090226101122 dated February 26, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 54 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090519085825 dated May 19, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 55 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090414165833 dated April 14, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 56 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090519071228 dated May 19, 2009, with its registered office and address of

management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.

- Sopharmacy 57 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090604164039 dated June 4, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 58 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090227160132 dated February 27, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 59 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090114162615 dated January 14, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 60 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20080422121447 dated April 22, 2008, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 61 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20090114170550 dated January 14, 2009, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 62 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20080512090050 dated May 12, 2008, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 63 EAD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20080410180229 dated April 10, 2008, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 64 AD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20080411103252 dated April 11, 2008, with its registered office and address of management: Sofia 1220, Nadezhda District, 16 Rozen St.
- Sopharmacy 65 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 2023122115545 dated December 21, 2023, with its registered office and address of management at: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.
- Sopharmacy 66 EOOD—a commercial company registered in Bulgaria by decision of the Registry Agency No. 20240108112701 dated January 8, 2024, with its registered office and address of

management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th Floor.

- Sopharmacy 67 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20240109162219 dated January 9, 2024, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th floor.
- Sopharmacy 68 EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20240108112943 dated January 8, 2024, with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 13th floor.
- Sopharma Warsaw SP. Sp. z o.o., Poland – a commercial company registered in Poland by Decision No. DSR 0000372245 of December 17, 2010, of the 12th Commercial Division of the National Court Register in Warsaw, with its registered office and address of management at: Poland, Warsaw, 8 Halubinskiego Street;
- PAO Vitamini, Ukraine – a commercial company registered in Ukraine by Decision No. 133 of April 15, 1994, of the Uman City Court, with its registered office and address of management at: Ukraine, Cherkasy Oblast, Uman, 31 Leninsky Iskry St.;
- OOO Sopharma Ukraine, Ukraine – a commercial company registered in Ukraine by Decision No. 10691020000029051 of August 7, 2012, of the Unified State Register of Legal Entities and Individual Entrepreneurs, with its registered office and address of management at: Ukraine, Kyiv, Obolonskyi District, 9 Moskovskyi Avenue, Building 4, 2nd Floor, Office 4-203;
- Sopharma Trading D.o.o., Serbia - a commercial company registered in Serbia by Decision No. 07829531 of February 5, 1992, of the Agency for Business Registers, with its registered office and address of management at: Serbia, Belgrade, 48b Zoran Djindjic Blvd.;
- TOO Sopharma Kazakhstan, Kazakhstan – a commercial company registered in Kazakhstan by Decision No. 5286-1910-04-TOO dated November 6, 2014, of the Ministry of Justice, Auezov District, with its registered office and address of management at: Kazakhstan, Almaty, Auezov District, Mamir Microdistrict – 4, Building 190;
- Pharmachim EOOD, Serbia – a commercial company registered in Serbia under BD 27219/2020 on April 14, 2020, by the Agency for Business Registers of Belgrade, with its registered office and address of management at: Republic of Serbia, Belgrade, 6 Vladimira Popovića St.;
- Sopharma Rus OOO, Russia—a commercial company registered in Russia by Decision No. 1237700691524 dated October 13, 2023, of the Unified State Register of Legal Entities, with its registered office and address of management at: Russia, Moscow, Letnikovskaya St. No. 10.
- Pharmonova D.O.O., Serbia—a commercial company registered in Serbia by Decision No. 20408642 of April 15, 2008, of the Agency for Business Registers of Belgrade, with its registered office and address of management at: Republic of Serbia, Belgrade, Baye Pivljanina St. No. 1;
- SOOO Brititrade, Belarus—a commercial company registered in Belarus by Decision No. 190567633 of September 24, 2004, of the Minsk Regional Executive Committee, with its registered

office and address of management at: Republic of Belarus, Minsk District, Shchomyslitsky Rural Council No. 18;

- OOO DabradzeyaFarm, Belarus – a commercial company registered in Belarus by Decision No. 591034846 of June 17, 2020, of the Grodno City Executive Committee, with its registered office and address of management at: Republic of Belarus, Grodno, Garbarskaya St., 4;
- OOO Ne Ska, Belarus—a commercial company registered in Belarus by Decision No. 191582872 of April 12, 2011, of the Minsk District Executive Committee, with its registered office and address of management at: Republic of Belarus, Minsk District, Shchomyslitsky Rural Council No. 18;
- OOO Bellerophon, Belarus – a commercial company registered in Belarus by Decision No. 190470316 of July 17, 2003, of the Minsk Regional Executive Committee, with its registered office and address of management at: Republic of Belarus, Minsk District, Shchomyslitsky Rural Council No. 18;
- OOO AlfaApteka, Belarus – a commercial company registered in Belarus by Decision No. 692109178 of December 21, 2018, of the Minsk District Executive Committee, with its registered office and address of management at: Republic of Belarus, Minsk District, Shchomyslitsky Rural Council No. 18;
- OOO FitoBel, Belarus – a commercial company registered in Belarus by Decision No. 100456458 of February 3, 2020, of the Minsk District Executive Committee, with its registered office and address of management at: Republic of Belarus, Minsk District, Shchomyslitsky Rural Council No. 18;
- OOO Tabina, Belarus – a commercial company registered in Belarus by Decision No. 101260261 of December 29, 1999, of the Minsk Regional Executive Committee, with its registered office and address of management at: Republic of Belarus, Minsk District, Shchomyslitsky Rural Council No. 18;
- ODO Salusline, Belarus – a commercial company registered in Belarus by Decision No. 500046184 of May 5, 2006, of the Grodno Regional Executive Committee, with its registered office and address of management at: Republic of Belarus, Grodno, Slavinskogo St. No. 5;
- Sopharmacy D.o.o., Serbia – a commercial company registered in Serbia by decision of the Register of Health Institutions BZU 1160/2024 dated August 30, 2024, and with its registered office and address of management at: Republic of Serbia, Belgrade-Novı Beograd, 29 Marshal Tolbukhin Blvd.;
- AU Sopharmacy Nova , Serbia (former company name until October 3, 2025 Pharmacy (AU) Great Pharmacy) – a commercial company registered in Serbia by decision of the Register of Healthcare Facilities BZU 85/2024 dated January 18, 2024, with its registered office and address of management at: Republic of Serbia, Belgrade-Palilula, Viline Vode St.;
- BOOO SpetsApharmacy, Belarus – a commercial company registered in Belarus by Decision No. 700432245 of March 9, 1998, of the Mogilev Regional Executive Committee, with its registered office and address of management at: Republic of Belarus, Mogilev Region, Bobruisk, Pushkin St., 163;

- SofTech Services EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20250228081900 dated February 28, 2025 and with its registered office and address of management: Sofia 1756, Izgrev District, Iztok Residential Complex, 5 Lachezar Stanchev St., Sopharma Business Towers, Building A, 15th Floor;
- Sopharmacy Plus EOOD – a commercial company registered in Bulgaria by decision of the Registry Agency No. 20250716141706 dated July 16, 2025, with its registered office and address of management: Sofia 1220, Nadezhda District, 16 Rozhen Blvd.;

On January 2, 2025, the subsidiary Sopharma Poland ZOO was liquidated.

On February 28, 2025, the parent company established SofTech Services EOOD.

On July 16, 2025, the subsidiary Sofarma Trading AD established the company Sopharmacy Plus EOOD.

Joint Ventures

As of March 31, 2026, the Group's joint ventures are:

- Momina Krepost AD – a commercial company registered in Bulgaria by decision of the Veliko Tarnovo District Court No. 3426/1991, with its registered office and address of management at 23 Magistralna St., Veliko Tarnovo.
- ZAO Kompaniya Interfarm, Belarus – a commercial company registered in Belarus by Decision No. 300000556 of November 27, 1996, of the Vitebsk Regional Executive Committee, with its registered office and address of management at: Republic of Belarus, 210027, Vitebsk, Stroiteley Blvd., 3/2-162;

Associated companies

As of March 31, 2026, the Group's associated companies are:

- Doverie Obedinen Holding AD – a commercial company registered with the Sofia City Court under Company Case No. 13056 of 1996, with its registered office and address of management at 5 Lachezar Stanchev St., Building A, Sofia 1756, Floor 7.
- Sopharma Properties REIT – a commercial company registered with the Sofia City Court by Decision No. 1 of March 24, 2006, with its registered office and address of management at 5 Lachezar Stanchev St., Sofia 1756.
- Sopharma Buildings REIT – a commercial company registered with the Sofia City Court by Decision No. 1 of August 14, 2007, with its registered office and address of management at 5 Lachezar Stanchev St., Sofia 1756.
- OOO GalenaFarm, Belarus – a commercial company registered in Belarus by Decision No. 291192483 of June 12, 2013, of the Minsk Regional Executive Committee, with its registered office and address of management at: Republic of Belarus, Minsk District, Shchomyslitsky Rural Council No. 18;

- OOO Medjel, Belarus – a commercial company registered in Belarus by Decision No. 100100334 of June 22, 1993, of the Minsk Regional Executive Committee, with its registered office and address of management at: Republic of Belarus, Minsk District, Shchomyslitsky Rural Council No. 18;
- ODO Alenfarm-Plus, Belarus – a commercial company registered in Belarus by Decision No. 191068124 of September 25, 2008, of the Minsk Regional Executive Committee, with its registered office and address of management at: Republic of Belarus, Minsk District, Shchomyslitsky Rural Council No. 18;

1.1. Ownership and Management of the Parent Company

Sopharma AD is a public company under the Bulgarian Public Offering of Securities Act. Since November 2011, the company's shares have also been traded on the Warsaw Stock Exchange.

As of March 31, 2026, the distribution of the parent company's share capital is as follows:

	%
Donev Investments Holding AD	40.25
Telecomplex Invest AD	16.72
Sopharma AD (repurchased shares)	1.99
Other legal entities	25.69
Ognian Ivanov Donev	9.09
Other individuals	6.26
	100.00

Sopharma AD has a single-tier management system with a five-member Board of Directors. The management of the parent company, represented by the Board of Directors, has the following composition as of March 31, 2026:

Ognian Donev, Ph.D.	Chair
Vesela Stoeva	Deputy Chairman
Bisera Lazarova	Member
Alexander Tchaushev	Member
Ivan Badinski	Member

The parent company is represented and managed by the Executive Director, Ognian Donev, PhD.

Pursuant to a commercial management agreement dated June 9, 2020, the company's procurator is Simeon Donev.

The Audit Committee supports the work of the Board of Directors and acts as the body responsible for general management, monitoring, and supervising the company's internal control system, risk management, and financial reporting system.

The Audit Committee has the following composition:

Vasil Naydenov	Chair
Tsvetanka Zlateva	Member
Kristina Atanasova – Elliott	Member

1.2. Group Structure and Scope of Activity

The Group's structure includes Sopharma AD as the parent company and the following subsidiaries:

<i>Subsidiaries</i>	<i>March 31, 2026</i>	<i>12/31/2025</i>	<i>Date of acquisition of control</i>	<i>Date of divestiture/merger</i>
<i>Companies in Bulgaria</i>	<i>Ownership %</i>	<i>% stake</i>		
Sopharma Trading AD	87.22	87.22	June 8, 2006	
Sopharmacy EOOD**	87.22	87.22	January 19, 2015	
Sopharmacy 2 EOOD**	87.22	87.22	June 17, 2015	
Sopharmacy 3 EOOD**	87.22	87.22	December 2, 2015	
Sopharmacy 4 EOOD**	87.22	87.22	February 29, 2016	
Sopharmacy 5 EOOD**	87.22	87.22	March 1, 2016	
Sopharmacy 6 EOOD**	87.22	87.22	12/03/2015	
Sopharmacy 7 EOOD**	87.22	87.22	March 15, 2017	
Sopharmacy 8 EOOD**	87.22	87.22	June 27, 2017	
Sopharmacy 9 EOOD**	87.22	87.22	September 11, 2017	
Sopharmacy 10 EOOD**	87.22	87.22	September 11, 2017	
Sopharmacy 11 EOOD**	87.22	87.22	December 7, 2017	
Sopharmacy 12 EOOD**	87.22	87.22	December 7, 2017	
Sopharmacy 13 EOOD**	87.22	87.22	December 7, 2017	
Sopharmacy 14 EOOD**	87.22	87.22	December 7, 2017	
Sopharmacy 15 EOOD**	87.22	87.22	December 7, 2017	
Sopharmacy 16 EOOD**	87.22	87.22	May 15, 2018	
Sopharmacy 17 EOOD**	87.22	87.22	May 15, 2018	
Sopharmacy 18 EOOD**	87.22	87.22	February 28, 2019	
Sopharmacy 19 EOOD**	87.22	87.22	October 1, 2020	
Sopharmacy 20 EOOD**	87.22	87.22	October 1, 2020	
Sopharmacy 21 EOOD**	87.22	87.22	October 1, 2020	
Sopharmacy 22 EOOD**	87.22	87.22	October 1, 2020	
Sopharmacy 23 EOOD**	87.22	87.22	October 1, 2020	
Sopharmacy 24 EOOD**	87.22	87.22	October 1, 2020	
Sopharmacy 25 EOOD**	87.22	87.22	October 1, 2020	
Sopharmacy 26 EOOD**	87.22	87.22	October 1, 2020	
Sopharmacy 27 EOOD**	87.22	87.22	October 1, 2020	
Sopharmacy 28 EOOD**	87.22	87.22	October 1, 2020	
Sopharmacy 29 EOOD**	87.22	87.22	October 1, 2020	
Sopharmacy 30 EOOD**	87.22	87.22	October 1, 2020	
Sopharmacy 31 EOOD**	87.22	87.22	October 1, 2020	
Sopharmacy 32 EOOD**	87.22	87.22	October 1, 2020	
Sopharmacy 33 EOOD**	87.22	87.22	October 1, 2020	

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Sopharmacy 34 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 35 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 36 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 37 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 38 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 39 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 40 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 41 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 42 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 43 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 44 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 45 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 46 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 47 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 48 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 49 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 50 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 51 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 52 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 53 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 54 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 55 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 56 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 57 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 58 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 59 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 60 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 61 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 62 EOOD**	87.22	87.22	October 1, 2020
Sopharmacy 63 EAD**	87.22	87.22	October 1, 2020
Sopharmacy 64 AD**	87.22	87.22	October 1, 2020
Sopharmacy 65 EOOD**	87.22	87.22	March 13, 2024
Sopharmacy 66 EOOD**	87.22	87.22	February 21, 2024
Sopharmacy 67 EOOD**	87.22	87.22	February 21, 2024
Sopharmacy 68 EOOD**	87.22	87.22	February 21, 2024
SofTech Services EOOD	100.00	100.00	February 28, 2025
Sopharmacy Plus EOOD**	87.22	87.22	July 16, 2025

* effective ownership percentage

** indirect ownership

<i>Subsidiaries</i>	<i>March 31, 2026</i>	<i>December 31, 2025</i>	<i>Date of acquisition of control</i>	<i>Date of divestiture/merger</i>
<i>Foreign companies</i>	<i>Ownership %</i>	<i>% stake</i>		

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PAO Vitamini	100.00	100.00	January 18, 2008
Sopharma Warsaw Sp. z o.o.	100.00	100.00	November 23, 2010
OOO Sopharma Ukraine	100.00	100.00	August 7, 2012
TOO Sopharma Kazakhstan	100.00	100.00	November 6, 2014
Sopharma Trading D.o.o.**	87.22	87.22	August 9, 2017
Pharmachim EOOD	100.00	100.00	April 14, 2020
OOO Sopharma Rus	100.00	100.00	October 13, 2023
Pharmana D.O.O.	100.00	100.00	August 13, 2024
Sopharmacy D.o.o. **	87.22	87.22	August 30, 2024
SOOO Brititrade**	68.90	68.90	July 10, 2024
ODO SalusLine**	44.79	44.79	July 10, 2024
Tabina OOO**	68.15	68.15	July 10, 2024
Bellerophon OOO**	48.92	48.92	July 10, 2024
Ne Ska OOO**	68.90	68.90	July 10, 2024
FitoBel OOO**	68.90	68.90	July 10, 2024
AlfaApteka OOO**	68.90	68.90	July 10, 2024
DabradzeyaPharm OOO**	68.90	68.90	July 10, 2024
AU Sopharmacy Nova (renamed from Pharmacy Establishment (AU) Great Pharmasi as of 10/03/2025) **	87.22	87.22	October 9, 2024
BOOO SpetsApharmacy**	68.90	68.90	December 31, 2024

* *effective ownership percentage*

** *Indirect ownership*

- Sopharmacy EOOD is a subsidiary through Sopharma Trading AD—Sopharma Trading AD owns 100% of the capital of Sopharmacy EOOD;
- Sopharmacy 2 EOOD is a subsidiary through Sopharmacy EOOD—Sopharmacy EOOD owns 100% of the capital of Sopharmacy 2 EOOD;
- Sopharmacy 3 EOOD is a subsidiary through Sopharmacy EOOD—Sopharmacy EOOD owns 100% of the capital of Sopharmacy 3 EOOD;
- Sopharmacy 4 EOOD is a subsidiary through Sopharmacy EOOD—Sopharmacy EOOD owns 100% of the capital of Sopharmacy 4 EOOD;
- Sopharmacy 5 EOOD is a subsidiary of Sopharmacy EOOD—Sopharmacy EOOD owns 100% of the capital of Sopharmacy 5 EOOD;
- Sopharmacy 6 EOOD is a subsidiary through Sopharmacy EOOD—Sopharmacy EOOD owns 100% of the capital of Sopharmacy 6 EOOD;
- Sopharmacy 7 EOOD is a subsidiary through Sopharmacy EOOD—Sopharmacy EOOD owns 100% of the capital of Sopharmacy 7 EOOD;
- Sopharmacy 8 EOOD is a subsidiary through Sopharmacy EOOD—Sopharmacy EOOD owns 100% of the capital of Sopharmacy 8 EOOD;
- Sopharmacy 9 EOOD is a subsidiary through Sopharmacy EOOD—Sopharmacy EOOD owns 100% of the capital of Sopharmacy 9 EOOD;
- Sopharmacy 10 EOOD is a subsidiary through Sopharmacy EOOD—Sopharmacy EOOD owns 100% of the capital of Sopharmacy 10 EOOD;
- Sopharmacy 11 EOOD is a subsidiary through Sopharma Trading AD—Sopharma Trading AD owns 100% of the capital of Sopharmacy 11 EOOD;

- Sopharmacy 12 EOOD is a subsidiary through Sopharma Trading AD – Sopharma Trading AD owns 100% of the capital of Sopharmacy 12 EOOD;
- Sopharmacy 13 EOOD is a subsidiary through Sopharma Trading AD – Sopharma Trading AD owns 100% of the capital of Sopharmacy 13 EOOD;
- Sopharmacy 14 EOOD is a subsidiary through Sopharma Trading AD – Sopharma Trading AD owns 100% of the capital of Sopharmacy 14 EOOD;
- Sopharmacy 15 EOOD is a subsidiary through Sopharma Trading AD – Sopharma Trading AD owns 100% of the capital of Sopharmacy 15 EOOD;
- Sopharmacy 16 EOOD is a subsidiary through Sopharmacy EOOD – Sopharmacy EOOD owns 100% of the capital of Sopharmacy 16 EOOD;
- Sopharmacy 17 EOOD is a subsidiary through Sopharmacy EOOD – Sopharmacy EOOD owns 100% of the capital of Sopharmacy 17 EOOD;
- Sopharmacy 18 EOOD is a subsidiary through Sopharmacy EOOD—Sopharmacy EOOD owns 100% of the capital of Sopharmacy 18 EOOD;
- Sopharmacy 19 EOOD is a subsidiary through Sopharmacy 61 EOOD—Sopharmacy 61 EOOD owns 100% of the capital of Sopharmacy 19 EOOD;
- Sopharmacy 20 EOOD is a subsidiary through Sopharmacy 59 EOOD – Sopharmacy 59 EOOD owns 100% of the capital of Sopharmacy 20 EOOD;
- Sopharmacy 21 EOOD is a subsidiary through Sopharmacy 40 EOOD—Sopharmacy 40 EOOD owns 100% of the capital of Sopharmacy 21 EOOD;
- Sopharmacy 22 EOOD is a subsidiary through Sopharmacy 59 EOOD—Sopharmacy 59 EOOD owns 100% of the capital of Sopharmacy 22 EOOD;
- Sopharmacy 23 EOOD is a subsidiary through Sopharmacy 59 EOOD—Sopharmacy 59 EOOD owns 100% of the capital of Sopharmacy 23 EOOD;
- Sopharmacy 24 EOOD is a subsidiary through Sopharmacy 40 EOOD—Sopharmacy 40 EOOD owns 100% of the capital of Sopharmacy 24 EOOD;
- Sopharmacy 25 EOOD is a subsidiary through Sopharmacy 40 EOOD—Sopharmacy 40 EOOD owns 100% of the capital of Sopharmacy 25 EOOD;
- Sopharmacy 26 EOOD is a subsidiary through Sopharmacy 40 EOOD—Sopharmacy 40 EOOD owns 100% of the capital of Sopharmacy 26 EOOD;
- Sopharmacy 27 EOOD is a subsidiary through Sopharmacy 59 EOOD—Sopharmacy 59 EOOD owns 100% of the capital of Sopharmacy 27 EOOD;
- Sopharmacy 28 EOOD is a subsidiary through Sopharmacy 60 EOOD—Sopharmacy 60 EOOD owns 100% of the capital of Sopharmacy 28 EOOD;
- Sopharmacy 29 EOOD is a subsidiary through Sopharmacy 59 EOOD—Sopharmacy 59 EOOD owns 100% of the capital of Sopharmacy 29 EOOD;
- Sopharmacy 30 EOOD is a subsidiary through Sopharmacy 61 EOOD – Sopharmacy 61 EOOD owns 100% of the capital of Sopharmacy 30 EOOD;
- Sopharmacy 31 EOOD is a subsidiary through Sopharmacy 60 EOOD—Sopharmacy 60 EOOD owns 100% of the capital of Sopharmacy 31 EOOD;
- Sopharmacy 32 EOOD is a subsidiary through Sopharmacy 63 EAD—Sopharmacy 63 EAD owns 100% of the capital of Sopharmacy 32 EOOD;

- Sopharmacy 33 EOOD is a subsidiary through Sopharmacy 61 EOOD – Sopharmacy 61 EOOD owns 100% of the capital of Sopharmacy 33 EOOD;
- Sopharmacy 34 EOOD is a subsidiary through Sopharmacy 59 EOOD—Sopharmacy 59 EOOD owns 100% of the capital of Sopharmacy 34 EOOD;
- Sopharmacy 35 EOOD is a subsidiary through Sopharmacy 59 EOOD—Sopharmacy 59 EOOD owns 100% of the capital of Sopharmacy 35 EOOD;
- Sopharmacy 36 EOOD is a subsidiary through Sopharmacy 40 EOOD—Sopharmacy 40 EOOD owns 100% of the capital of Sopharmacy 36 EOOD;
- Sopharmacy 37 EOOD is a subsidiary through Sopharmacy 40 EOOD—Sopharmacy 40 EOOD owns 100% of the capital of Sopharmacy 37 EOOD;
- Sopharmacy 38 EOOD is a subsidiary through Sopharmacy 40 EOOD—Sopharmacy 40 EOOD owns 100% of the capital of Sopharmacy 38 EOOD;
- Sopharmacy 39 EOOD is a subsidiary through Sopharmacy 59 EOOD—Sopharmacy 59 EOOD owns 100% of the capital of Sopharmacy 39 EOOD;
- Sopharmacy 40 EOOD is a subsidiary through Sopharmacy 63 EAD – Sopharmacy 63 EAD owns 100% of the capital of Sopharmacy 40 EOOD;
- Sopharmacy 41 EOOD is a subsidiary through Sopharmacy 60 EOOD – Sopharmacy 60 EOOD owns 100% of the capital of Sopharmacy 41 EOOD;
- Sopharmacy 42 EOOD is a subsidiary through Sopharmacy 59 EOOD—Sopharmacy 59 EOOD owns 100% of the capital of Sopharmacy 42 EOOD;
- Sopharmacy 43 EOOD is a subsidiary through Sopharmacy 40 EOOD—Sopharmacy 40 EOOD owns 100% of the capital of Sopharmacy 43 EOOD;
- Sopharmacy 44 EOOD is a subsidiary through Sopharmacy 40 EOOD—Sopharmacy 40 EOOD owns 100% of the capital of Sopharmacy 44 EOOD;
- Sopharmacy 45 EOOD is a subsidiary through Sopharmacy 40 EOOD—Sopharmacy 40 EOOD owns 100% of the capital of Sopharmacy 45 EOOD;
- Sopharmacy 46 EOOD is a subsidiary through Sopharmacy 59 EOOD—Sopharmacy 59 EOOD owns 100% of the capital of Sopharmacy 46 EOOD;
- Sopharmacy 47 EOOD is a subsidiary through Sopharmacy 59 EOOD—Sopharmacy 59 EOOD owns 100% of the capital of Sopharmacy 47 EOOD;
- Sopharmacy 48 EOOD is a subsidiary through Sopharmacy 61 EOOD – Sopharmacy 61 EOOD owns 100% of the capital of Sopharmacy 48 EOOD;
- Sopharmacy 49 EOOD is a subsidiary through Sopharmacy 40 EOOD – Sopharmacy 40 EOOD owns 100% of the capital of Sopharmacy 49 EOOD;
- Sopharmacy 50 EOOD is a subsidiary through Sopharmacy 60 EOOD—Sopharmacy 60 EOOD owns 100% of the capital of Sopharmacy 50 EOOD;
- Sopharmacy 51 EOOD is a subsidiary through Sopharmacy 60 EOOD—Sopharmacy 60 EOOD owns 100% of the capital of Sopharmacy 51 EOOD;
- Sopharmacy 52 EOOD is a subsidiary through Sopharmacy 59 EOOD—Sopharmacy 59 EOOD owns 100% of the capital of Sopharmacy 52 EOOD;
- Sopharmacy 53 EOOD is a subsidiary through Sopharmacy 40 EOOD – Sopharmacy 40 EOOD owns 100% of the capital of Sopharmacy 53 EOOD;

- Sopharmacy 54 EOOD is a subsidiary through Sopharmacy 59 EOOD – Sopharmacy 59 EOOD owns 100% of the capital of Sopharmacy 54 EOOD;
- Sopharmacy 55 EOOD is a subsidiary through Sopharmacy 60 EOOD—Sopharmacy 60 EOOD owns 100% of the capital of Sopharmacy 55 EOOD;
- Sopharmacy 56 EOOD is a subsidiary through Sopharmacy 59 EOOD—Sopharmacy 59 EOOD owns 100% of the capital of Sopharmacy 56 EOOD;
- Sopharmacy 57 EOOD is a subsidiary through Sopharmacy 59 EOOD—Sopharmacy 59 EOOD owns 100% of the capital of Sopharmacy 57 EOOD;
- Sopharmacy 58 EOOD is a subsidiary through Sopharmacy 60 EOOD - Sopharmacy 60 EOOD owns 100% of the capital of Sopharmacy 58 EOOD;
- Sopharmacy 59 EOOD is a subsidiary of Sopharmacy 63 EAD—Sopharmacy 63 EAD owns 100% of the capital of Sopharmacy 59 EOOD;
- Sopharmacy 60 EOOD is a subsidiary through Sopharmacy 63 EAD—Sopharmacy 63 EAD owns 100% of the capital of Sopharmacy 60 EOOD;
- Sopharmacy 61 EOOD is a subsidiary through Sopharmacy 63 EAD—Sopharmacy 63 EAD owns 100% of the capital of Sopharmacy 61 EOOD;
- Sopharmacy 62 EOOD is a subsidiary through Sopharmacy 63 EAD—Sopharmacy 63 EAD owns 100% of the capital of Sopharmacy 62 EOOD;
- Sopharmacy 63 EAD is a subsidiary through Sopharma Trading AD—Sopharma Trading AD owns 100% of the capital of Sopharmacy 63 EAD;
- Sopharmacy 64 AD is a subsidiary through Sopharma Trading AD – Sopharma Trading AD owns 100% of the capital of Sopharmacy 64 AD;
- Sopharmacy 65 EOOD is a subsidiary through Sopharmacy EOOD – Sopharmacy EOOD owns 100% of the capital of Sopharmacy 65 EOOD;
- Sopharmacy 66 EOOD is a subsidiary through Sopharmacy EOOD – Sopharmacy EOOD owns 100% of the capital of Sopharmacy 66 EOOD;
- Sopharmacy 67 EOOD is a subsidiary through Sopharmacy EOOD—Sopharmacy EOOD owns 100% of the capital of Sopharmacy 67 EOOD;
- Sopharmacy 68 EOOD is a subsidiary through Sopharmacy EOOD—Sopharmacy EOOD owns 100% of the capital of Sopharmacy 68 EOOD;
- Sopharma Trading d.o.o., Serbia is a subsidiary through Sopharma Trading AD—Sopharma Trading AD owns 100% of the capital of Sopharma Trading d.o.o.;
- Sopharmacy D.o.o., Serbia, is a subsidiary through Sopharma Trading D.o.o.—Sopharma Trading D.o.o. owns 100% of the capital of Sopharmacy D.o.o.;
- SOOO Brititrade, Belarus is a subsidiary through Sopharma Trading AD—Sopharma Trading AD owns 79% of the capital of SOOO Brititrade;
- ODO SalusLine, Belarus is a subsidiary through SOOO Brititrade – SOOO Brititrade holds 65% of the capital of ODO SalusLine;
- Tabina OOO, Belarus, is a subsidiary through Brititrade OOO—Brititrade OOO owns 98.9% of the capital of Tabina OOO;
- Bellerophon OOO, Belarus, is a subsidiary through Brititrade OOO – Brititrade OOO owns 71% of the capital of Bellerophon OOO;

- Ne Ska OOO, Belarus, is a subsidiary through Brititrade OOO – Brititrade OOO owns 100% of the capital of Ne Ska OOO;
- FitoBel OOO, Belarus, is a subsidiary through Brititrade OOO – Brititrade OOO owns 100% of the capital of FitoBel OOO;
- AlfaApteka OOO, Belarus, is a subsidiary through Brititrade OOO – Brititrade OOO owns 100% of the capital of AlfaApteka OOO;
- DabradzeyaFarm OOO, Belarus, is a subsidiary through Brititrade OOO – Brititrade OOO owns 100% of the capital of DabradzeyaFarm OOO;
- AU Sopharmacy Nova (Pharmacy (AU) Great Pharmacy until October 3, 2025), Serbia is a subsidiary through Sopharma Trading D.o.o.—Sopharma Trading D.o.o. owns 100% of the capital of AU Sopharmacy Nova;
- BOOO SpetsApharmacia, Belarus, is a subsidiary through SOOO Brititrade—SOOO Brititrade owns 100% of the capital of BOOO SpetsApharmacia;
- Sopharmacy Plus EOOD is a subsidiary through Sopharma Trading AD – Sopharma Trading AD owns 100% of the capital of Sopharmacy Plus EOOD;

The main business activity of the Group's companies is concentrated in the pharmaceutical sector, with the exception of certain companies whose business activity is in the field of securities investments.

The parent company holds a license for the manufacture of medicinal products/import No. BG/MIA -0543 dated October 30, 2025, issued by the Executive Agency for Medicines (EAM).

The parent company holds a wholesale distribution license for medicinal products No. BG/WDAIMP – 0583 dated August 7, 2025, issued by the Executive Agency for Medicines (EAM).

The scope of business of the Group companies is as follows:

- Sopharma AD – manufacturing and trading in medicinal substances (active ingredients) and dosage forms; research and development and engineering and implementation activities in the field of medicinal products; manufacturing and marketing of veterinary medicinal products and provision of laboratory services related to the analysis of animal blood samples—until January 30, 2026; manufacture and sale of medicinal products, cosmetic products, food supplements, and repackaging of active substances, chemical substances, and mixtures.
- Sopharma Trading AD – trade in pharmaceutical products;
- Sopharmacy EOOD – franchising, know-how, property leasing, trade, and others;
- Sopharma 2 EOOD – Sopharma 5 EOOD, Sopharma 7 EOOD – Sopharma 62 EOOD and Sopharma 65 EOOD – Sopharma 68 EOOD – retail trade in medicinal products;
- Sopharmacy 6 EOOD – online and offline retail trade in medicinal products;
- Sopharmacy 63 EAD and Sopharmacy 64 AD – retail trade in medicinal products, franchising, and other services;
- PAO Vitamini, Ukraine – manufacturing and trade in pharmaceutical products;
- OOO Sopharma Ukraine, Ukraine – trade in pharmaceutical products and market and public opinion research;
- Sopharma Trading D.o.o. – wholesale trade in medicinal products;
- Sopharma Poland Sp. z o.o., Poland, in liquidation – market and public opinion research;
- Sopharma Warsaw SP. Z.O.O., Poland – wholesale trade in pharmaceutical and medical goods, and

- market and public opinion research;
- TOO Sopharma Kazakhstan, Kazakhstan – trade in pharmaceutical products;
 - Pharmachim EOOD, Serbia – consulting services;
 - OOO Sopharma Rus, Russia – wholesale trade in pharmaceutical products and market and public opinion research.
 - Farnanova D.O.O., Serbia – manufacturing and trade in pharmaceutical products.
 - SOOO Brititrade, Belarus – wholesale trade in medicinal products and medical devices.
 - SalusLine OO, Belarus – retail trade in medicinal products.
 - Tabina OOO, Belarus – retail trade in medicinal products.
 - Bellerophon OOO, Belarus – retail trade in medicinal products.
 - OOO Ne Ska, Belarus – retail trade in medicinal products.
 - FitoBel OOO, Belarus – retail trade in medicinal products.
 - AlfaApteka OOO, Belarus – consulting services.
 - DabradzeyaFarm OOO, Belarus – retail trade in medicinal products.
 - Sopharmacy D.o.o., Serbia – retail trade in pharmaceutical products.
 - AU Sopharmacy Nova (Pharmacy (AU) Great Pharmacy until October 3, 2025), Serbia – retail trade in pharmaceutical products.
 - BOOO SpetsApharmacy, Belarus – retail trade in medicinal products
 - SofTech Services EOOD – provision and development of software services and solutions
 - Sopharmacy Plus EOOD – wholesale trade in OTC products.

The parent company and its subsidiaries: Sopharma Trading AD, Sopharmacy EOOD – Sopharmacy 62 EOOD, Sopharma 63 EAD, Sopharmacy 64 AD, Sopharmacy 65 EOOD – Sopharmacy 68 EOOD, SofTech Services EOOD, and Sopharmacy Plus EOOD operate in Bulgaria.

Sopharma Warsaw Sp. z o.o. operates in Poland, PAO Vitamini and OOO Sopharma Ukraine—in Ukraine, Sopharma Trading d.o.o., Pharmachim EOOD, Farmanova d.o.o., Sopharmacy D.o.o. and AU Sofarmasi Nova (Pharmacy (AU) Great Pharmacy until October 3, 2025) – in Serbia, TOO Sofarma Kazakhstan – in Kazakhstan, OOO Sopharma Rus – in Russia, Brititrade OOO, SalusLine ODO, Tabina OOO, Bellerophon OOO, Ne Ska OOO, Fitobel OOO, AlfaApteka OOO, DabradzeyaFarm OOO, and SpetsApharmacy OOO – in Belarus.

As of March 31, 2026, the Group's interest in *joint ventures* is as follows:

- Momina Krepost AD – 37.47% stake held by Sopharma AD. The joint venture's business activity is the development, implementation, and production of medical devices for human and veterinary medicine. The company has been a joint venture for the Group since March 10, 2021.
- ZAO Kompaniya Interfarm – a joint venture through SOOO Brititrade, 50% stake. The joint venture's business activity is the retail trade of pharmaceutical products. The company has been a joint venture of the Group since July 10, 2024.

As of March 31, 2026, the Group's interest in *associated companies is as follows:*

- Doverie Obedinen Holding AD – 20.00% stake held by Sopharma AD. The company’s business activity consists of the acquisition, management, valuation, and sale of shares and/or equity interests in Bulgarian and foreign companies—legal entities.
- Sopharma Properties REIT – 45.65% stake held by Sopharma AD. The company’s business activity consists of investing funds raised through the issuance of securities in real estate by purchasing ownership rights and other real property rights, carrying out construction and improvements to such properties for the purpose of managing, leasing, leasing, renting, and/or selling them.
- Sopharma Buildings REIT – 32.76% stake held by Sopharma AD. The company’s business activity consists of investing funds raised through the issuance of securities in real estate (real estate securitization) by acquiring ownership rights and other real property rights, and by renting, leasing, letting, and/or selling such properties.
- ODO Alenfarm-Plus – an associated company through Brititrade OOO (40.10% stake). The company’s business activity is the retail sale of pharmaceutical products.
- Galenafarm OOO – an associated company through Brititrade OOO (47% stake). The company’s business activity is the retail trade of pharmaceutical products.
- ODO Medjel – an associated company through Brititrade OOO (40% stake). The company’s business activity is the retail trade of pharmaceutical products.

As of the date of these consolidated annual financial statements, the average headcount of the Group is 6,005 employees (2025: 6,099 employees).

1.3. Key Indicators of the Economic Environment

Exchange rates are one of the key indicators of the economic environment that affects the operations of the Group companies for the period 2024–2026. The relevant exchange rates are presented in the table below:

Indicator	2024	2025	2026
USD/EUR average for the year/period	0.92440	0.88670	0.85469
USD/EUR at the end of the year	0.96256	0.85056	0.86970
PLN/EUR average for the year	0.23229	0.23583	0.23614
PLN/EUR at the end of the year/period	0.23392	0.23662	0.23320
RSD/EUR average for the year	0.00854	0.00853	0.00852
RSD/EUR at the end of the year/period	0.00854	0.00853	0.00852
UAH/EUR average for the year	0.02304	0.02128	0.01973
UAH/EUR at the end of the year/period	0.02277	0.02006	0.01988
KZT/EUR average for the year	0.00197	0.00170	0.00172
KZT/EUR at the end of the year/period	0.00183	0.00169	0.00181
RUB/EUR average for the year	0.00999	0.01064	0.01090
RUB/EUR at the end of the year/period	0.00847	0.01086	0.01070

BYN/EUR average for the year	0.28477	0.28906	0.29458
BYN/EUR at the end of the year	0.27621	0.29272	0.29484

Source: BNB, National Banks of: Ukraine, Poland, Serbia, Belarus, Kazakhstan, Russia, Belarus, and Moldova.

1.4. Macroeconomic Environment

The Group maintains a stable capital base and debt ratio.

Management has succeeded in maintaining the sound financial condition of the Group companies by keeping revenues and expenses within reasonable limits.

1.5. War in Ukraine and the Middle East – Impact and Effects

The military conflicts that have arisen in the Middle East, as well as the one between Russia and Ukraine, and the related economic sanctions and other measures taken by governments around the world have a significant effect on both the local economies of individual countries and the global economy. Typically, in such conflicts, pharmaceutical products are not subject to sanctions or other restrictions in order to avoid a humanitarian crisis.

The Group's management has not identified any areas in the consolidated financial statements on which the military conflict in the Middle East has a direct and material impact, including with respect to the valuation of individual assets and liabilities. The Group has no significant operations in the Middle East.

The Group's operations in Russia and Ukraine are and could be restricted primarily due to factors such as logistical difficulties and restrictions on the free movement of funds.

The Group holds investments in two subsidiaries in Ukraine and one subsidiary in Russia. As of the date of preparation of these consolidated financial statements, the assets of these subsidiaries have not been physically affected by military operations, but it is possible that the value of these investments may need to be revised in the future depending on the course of the war and its impact on the companies' operations.

1.6. Climate-related issues

The Group views environmental protection and mitigating the pace of climate change as part of its corporate social responsibility policy and conducts its operations in compliance with environmental protection requirements. The Group implements measures for: separate waste collection, minimization, recovery, and recycling of industrial and household waste; providing appropriate training for staff on issues related to environmental protection and pollution prevention. The Group actively invests in renewable sources of electricity for its own consumption.

The Group has identified insignificant risks caused by climate change that could affect its assets and liabilities. The Group monitors changes in legislation resulting from climate issues and, at this stage, has not identified any potential direct impact on future cash flows, financial results, and financial position.

2. SIGNIFICANT INFORMATION ON THE GROUP'S ACCOUNTING POLICIES

2.1. Basis for the Preparation of the Consolidated Financial Statements

The consolidated financial statements for the period ending March 31, 2026, **have** been prepared in accordance with all IFRS accounting standards, which consist of: financial reporting standards and interpretations of the IFRS Interpretations Committee (IFRIC), as endorsed by the International Accounting Standards Board (IASB), and the International Accounting Standards and Interpretations of the Standing Interpretations Committee (SIC), as endorsed by the International Accounting Standards Committee (IASC), which are effective as of January 1, 2025, and which have been adopted by the European Commission. IFRS

accounting standards adopted by the EU is the generally accepted name for the general-purpose accounting framework equivalent to the framework introduced by the definition under § 1, item 8 of the Supplementary Provisions of the Accounting Act under the name “International Accounting Standards” (IAS).

The Group’s consolidated financial statements have been prepared on a going concern basis, assuming that the Group will continue to exist for the foreseeable future.

For the current fiscal year, the Group has adopted all new and/or revised standards and interpretations issued by the International Accounting Standards Board (IASB) and, respectively, by the IFRS Interpretations Committee, which were relevant to its operations.

Since the adoption of these standards and/or interpretations, effective for annual periods beginning on January 1, 2026, there have been no changes in the company’s accounting policies, except for certain new disclosures and the expansion of existing disclosures, without this leading to other changes in the classification or measurement of individual reporting items and transactions.

The new and/or amended standards and interpretations include:

- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Contracts for Renewable Energy (effective for annual periods beginning on or after January 1, 2026, adopted by the EC). The amendments introduce requirements for the accounting for contracts relating to electricity from renewable sources, namely: a) factors and requirements are added that an entity must consider when applying paragraph 2.4 of IFRS 9 when accounting for contracts for electricity from renewable sources, to clarify under what circumstances the purchase of electricity may be accounted for as “own-use” and benefit from an exemption from the accounting requirements; (b) add requirements for accounting for contracts relating to electricity from renewable sources as hedging instruments; and c) new disclosure requirements are added to enable investors to understand the effect of these contracts on the financial results and cash flows of entities using such contracts.
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments (effective for annual periods beginning on or after January 1, 2026, adopted by the EC). The amendments relate to: a) clarifying the date of initial recognition and derecognition of financial assets and liabilities and introducing a new exception for financial liabilities settled through an electronic payment system; b) adding additional guidance on assessing whether a financial asset meets the “principal and interest only” (PIO) criterion; c) updating the disclosures for equity instruments measured at fair value through other comprehensive income; and d) adding new disclosures for certain instruments with contractual terms that may change the timing or amount of the contractual cash flows.
- Annual Improvements, Part 11 in: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures, Guidance on the Implementation of IFRS 7 Financial Instruments: Disclosures , IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IAS 7 Statement of Cash Flows

(effective for annual periods beginning on or after January 1, 2026, adopted by the EC). These improvements introduce partial amendments to the following standards: a) IFRS 1—in the requirements for hedge accounting by an entity applying IFRS for the first time, to align the terminology between IFRS 1 and IFRS 9 regarding hedge accounting. In IFRS 1, the term “conditions” is replaced with the term “criteria,” and references are made to the paragraphs in IFRS 9 relating to hedge accounting; b) IFRS 7 – in the requirements for disclosing gains or losses on derecognition. The amendment corrects a reference to paragraph 27A of IFRS 7, which was removed from the standard upon the entry into force of IFRS 13 Fair Value Measurement, and makes a new reference to the relevant paragraphs in IFRS 13. The term “material information that was not based on data from an observable market” is replaced with “significant adverse input data”; c) Guidance on the Implementation of IFRS 7: - The “Introduction” clarifies that the guidance does not illustrate all requirements in the cited paragraphs of IFRS 7; - In the disclosure of a deferred difference between fair value and transaction cost upon initial recognition of financial instruments, inconsistencies between paragraph AG14 of the guidance and paragraph 28 of IFRS 7, arising from the effective date of IFRS 13, are corrected; - in the disclosure of credit risk, the wording is amended to make the text easier to understand; d) IFRS 9 – in the derecognition of a lease liability – the improvements add a reference to paragraph 3.3.3 of IFRS 9 to resolve potential confusion for a lessee applying the derecognition requirements in the standard; - transaction price – the term “transaction price” has been deleted from paragraph 5.1.3 and Note A of IFRS 9, and in paragraph 5.1.3, the improvements refer to the definition in IFRS 15, as required by the specific paragraph; e) IFRS 10 – Identification of De Facto Agents – the amendments remove inconsistencies between paragraphs B73 and B74 of IFRS 10 to eliminate potential confusion regarding the determination of whether entities are acting as de facto agents; f) IAS 7 – Cost Method – the improvements remove the term “cost method” from paragraph 37 of IAS 7, as the term no longer exists as a definition in IFRS.

As of the date of approval for issuance of these financial statements, the following new standards, amended standards, and interpretations have been issued but are not yet effective (and/or have not been adopted by the EC):

- IFRS 18 – Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after January 1, 2027, adopted by the EC). IFRS 18 replaces IAS 1 Presentation of Financial Statements. The requirements in IAS 1 that remain unchanged have been transferred to IFRS 18 with minor wording adjustments or to IAS 8 Accounting Policies, Changes in Accounting Estimates, and Errors and IFRS 7 Financial Instruments: Disclosures, again with minor wording adjustments. The new standard introduces minor changes to IAS 7 Statement of Cash Flows, IAS 33 Earnings Per Share, and IAS 34 Interim Financial Reporting. IFRS 18 aims to improve financial reporting by: a) adding certain categories (operating, investing, and financing) and interim totals (operating profit and profit before financial income and expenses and income taxes) to the statement of profit or loss to

facilitate comparability and consistency in financial information; b) requiring disclosure in the notes to the financial statements of management-defined measures related to the statement of profit or loss to enhance transparency regarding their calculation and to provide insight into how the entity's management views its financial results; d) the addition of new principles for grouping (aggregation and disaggregation) of information, and the establishment of requirements regarding whether the information should be presented as part of the components (elements) of the financial statements or in the notes thereto. Providing principles for the necessary level of detail makes the disclosed information more effective. Although IFRS 18 will not affect how entities calculate their financial results, the standard will introduce changes in how they are presented and disclosed for all entities.

- IFRS 19 – Subsidiaries without Public Reporting: Disclosure (effective for annual periods beginning on or after January 1, 2027; not yet adopted by the EC). IFRS 19 allows subsidiaries that meet certain requirements to provide condensed disclosures when applying IFRS in their financial statements. The condensed disclosure requirements of IFRS 19 balance the need of financial statement users for information with the cost savings associated with preparing full disclosures under IFRS by qualifying subsidiaries. IFRS 19 is a voluntary standard for qualifying subsidiaries. A subsidiary qualifies if: it is not publicly accountable; and it has a ultimate or intermediate parent that prepares consolidated financial statements that are available for public use and that meet the full disclosure requirements of all IFRS accounting standards.
- Amendments to IFRS 19 – Non-Publicly Reported Subsidiaries: Disclosure (effective for annual periods beginning on or after January 1, 2027; not yet adopted by the EC). The amendments update the disclosure requirements for new and/or amended standards issued between February 28, 2021, and May 1, 2024, reflecting the principles set out in IFRS 19 for developing reduced disclosure requirements. The relevant requirements were included in full in the edition of the standard published in May 2024. The amendments introduce reduced disclosure requirements in the following standards: IFRS 18 – Presentation and Disclosure in Financial Statements; Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures—Contracts for Renewable Energy; IAS 7 Statement of Cash Flows—Vendor Financing Arrangements; Amendments to IAS 12 Income Taxes – International Tax Reform – Illustrative Rules for a Pillar Two Model of International Tax Reform; and Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Absence of Exchange Rates.
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Restatement of Financial Statements to the Presentation Currency of a Hyperinflationary Economy (effective for annual periods beginning on or after January 1, 2027; not yet adopted by the EC). These amendments provide guidance on how to translate the financial statements of entities whose functional currency is not the currency of a hyperinflationary economy into a presentation currency that is a hyperinflationary economy. When an entity restates amounts from a functional currency that is the currency of a non-hyperinflationary economy into a presentation currency that is the currency of a hyperinflationary economy, the entity restates

those amounts, including comparative information, using the closing rate at the date of the most recent statement of financial position; when the entity's presentation currency ceases to be the currency of a hyperinflationary economy and its functional currency continues to be the currency of a non-hyperinflationary economy, the entity applies prospectively (without restating comparative information) the method currently applicable in IAS 21 under similar circumstances.

- IFRS 10 (amended) – Consolidated Financial Statements and IAS 28 (amended) – Investments in Associates and Joint Ventures – regarding sales or contributions of assets between an investor and its associates or joint ventures (with a deferred effective date to be determined by the IASB). These amendments address the accounting treatment of sales or contributions of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the assets sold or the non-monetary assets contributed constitute, in substance, a “business” within the meaning of IFRS 3. If these assets, taken as a whole, do not meet the definition of a “business,” the investor recognizes a gain or loss up to the percentage corresponding to the share of other unrelated investors in the associate or joint venture. In cases where assets are sold or non-monetary assets are contributed that, taken as a whole, constitute a “business,” the investor recognizes the entire gain or loss from the transaction. These changes will be applied prospectively. The IASB has deferred the effective date of these changes indefinitely.

Management is in the process of studying, analyzing, and evaluating the potential effects of the aforementioned new standards, amended standards, and interpretations on the Group's financial statements and accounting policies.

The consolidated annual financial statements have been prepared on a historical cost basis, with the exception of property, plant, and equipment, investment property, financial assets in the form of derivative financial instruments (warrants) and debt securities (bonds) through profit or loss, and financial assets in the form of equity investments through other comprehensive income, which are measured at revalued or fair value, respectively.

Pursuant to the Law on the Introduction of the Euro in the Republic of Bulgaria (LIEB), effective January 1, 2026, the EUR becomes the official currency and legal tender in Bulgaria. The official exchange rate is set at BGN 1.95583 per EUR.

The Group's Bulgarian subsidiaries and associates: Doverie Obedinen Holding AD, Sopharma Properties REIT and Sopharma Buildings REIT, and the joint venture Momina Krepost AD maintain their accounting records in euros (EUR), which they adopt as their functional and presentation currency. Foreign subsidiaries organize their accounting and reporting in accordance with the requirements of the relevant local legislation: Sofarma Ukraine OOO and PAO Vitamini – Ukrainian legislation, Sofarma Trading OOO, Pharmachim EOOD, Pharmonova D.O.O., Sopharmacy D.o.o., and AU Sopharmacy Nova (Pharmacy (AU) Great Pharmasi until October 3, 2025) – Serbian legislation, Sopharma Warsaw SP. Z.O.O. – Polish legislation, TOO Sopharma Kazakhstan – legislation of Kazakhstan, OOO Sopharma Rus – legislation of Russia, and the subsidiaries: SOOO Brititrade, ODO SalusLine, OOO Tabina, OOO Bellerophon, OOO Ne Ska, OOO Fitobel, Alfaapteke OOO and DabradzeyaFarm OOO, the associated companies: Alenfarm-Plus OOO, Galenafarm OOO, Medjel OOO, and SpetsApharm OOO, and the joint venture: Interpharm

Company CJSC—Belarusian law. The companies maintain their accounting records in the respective local currencies—Ukrainian hryvnia (UAH), Serbian dinar (RSD), euro (EUR), Polish zloty (PLN), Kazakhstani tenge (KZT), Russian ruble (RUB), and Belarusian ruble (BYN).

The figures in the consolidated annual financial statements and the notes thereto are presented in thousands of EUR unless otherwise expressly stated, with the EUR being adopted as the Group's presentation currency. The individual financial statements of foreign subsidiaries are translated from local currency into EUR for the purposes of each consolidated financial statement in accordance with the Group's policy (*Note 2.5*).

Presentation in the consolidated annual financial statements in accordance with IFRS financial reporting standards requires management to make best estimates, accruals, and reasonable assumptions that affect the reported amounts of assets and liabilities, income and expenses, and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements.

These estimates, accruals, and assumptions are based on information available as of the date of the consolidated annual financial statements; therefore, actual future results may differ from them (and in times of financial crisis, uncertainties are more significant).

Items that involve a higher degree of subjective judgment or complexity, or where assumptions and accounting estimates are material to the consolidated financial statements, are disclosed in *Note 2.32 and Notes 13, 14, 15, 16, 17, 18, 19, and 29*.

2.2. Definitions

Parent Company

This is the company that controls one or more other companies in which it has invested. Exercising control means that the investor is exposed to, or has rights to, the variable returns from its interest in the investee, and has the ability to affect the amount of those returns through its power over the investee.

The parent company is Sopharma AD, Bulgaria (*Note 1*).

Subsidiary

A subsidiary is a company or other form of entity that is controlled directly or indirectly by the parent company.

Subsidiaries are consolidated from the date on which effective control is acquired by the Group and cease to be consolidated from the date on which control is deemed to have ceased and been transferred outside the Group. The full consolidation method is applied for their consolidation.

The subsidiaries are listed in *Note 1.2*.

Joint venture

A joint venture is a company or other form of enterprise established by a contractual agreement between the parent company, as an investor, and one or more other parties (companies) that engage in a common business activity and over which the controlling partners (including the parent company, which has such status) exercise joint control. Joint control exists when the adoption of strategic financial and operational decisions related to the joint venture is contractually established to require unanimous consent (consensus) among the controlling partners. The latter have rights to the net assets of the joint venture.

The joint venture is included in the Group's consolidated financial statements using the equity method—from the date on which effective joint control is acquired by the controlling partner (specifically, the parent company), and ceases to be consolidated using this method from the date on which the joint venture is converted into a subsidiary, or from the date on which joint control is deemed to have been transferred from the controlling partner to third parties.

Joint ventures are Momina Krepost AD and ZAO Kompaniya Interfarm. (*Note 1.2*).

Associate

This is an entity in which the investor (specifically, the parent company) exercises significant influence, but which is neither a subsidiary nor a joint venture of the investor.

Significant influence is the right to participate in decision-making regarding the financial and operating policies of the investee, but does not constitute control or joint control over such policies.

It is typically present when: a) the investor holds, directly or indirectly, shares (stocks) representing 20% to 50% of the capital of the investee (including pursuant to a shareholders' agreement) and, b) in addition, the investor has representation on the governing body of the investee and/or participates in the decision-making process regarding the investee's policy and strategy, and/or there are significant transactions between the investor and the investee.

The associate is included in the Group's consolidated financial statements using the equity method—from the date on which significant influence is acquired by the investor (specifically, the parent company) and ceases to be included using this method either on the date the company becomes a subsidiary or on the date it is deemed that significant influence has been transferred from the investor to third parties.

Associates are Doverie Obedinen Holding AD, Sopharma Properties REIT, Sopharma Buildings REIT, ODO Alenfarm-Plus, OOO Galenafarm, and ODO Medjel. (*Note 1.2*).

2.3. Principles of Consolidation

The consolidated financial statements include the financial statements of the parent company, subsidiaries, joint ventures, and associates prepared as of December 31, which is the end of the Group's fiscal year. The "economic entity" approach has been applied in the consolidation, and the "proportionate share of net assets" method has been selected for the valuation of non-controlling interests in business combinations and other forms of acquisitions of subsidiaries.

The financial statements of subsidiaries, joint ventures, and associates for consolidation purposes have been prepared for the same reporting period as that of the parent company and in accordance with uniform accounting policies.

2.3.1. Consolidation of Subsidiaries

In the consolidated financial statements, the financial statements of the included subsidiaries are consolidated using the "full consolidation" method, line by line, applying uniform accounting policies for material items. The parent company's investments are eliminated against its share in the equity of the subsidiaries as of the acquisition date. Intra-group transactions and balances are fully eliminated, including unrealized intra-group gains or losses. The effect of deferred taxes on these consolidation eliminations is also reported. The interests of third-party shareholders in the subsidiaries, other than those of the parent

company's shareholders, are presented separately in the consolidated statement of financial position, the consolidated statement of comprehensive income, and the statement of changes in equity as "non-controlling interests".

Non-controlling interests include: a) the amount of the shares of third-party shareholders (partners) as of the date of initial consolidation in the fair value of all identifiable acquired assets, assumed liabilities, and contingent (crystallized) liabilities of each of the respective subsidiaries, determined (on a pro rata basis) using the proportional method, and b) the change in the amount of these parties' share in the equity of each of the respective subsidiaries from their first consolidation to the end of the current reporting period.

2.3.2. Acquisition of Subsidiaries

When the Group acquires a subsidiary (entity) in a business combination, the acquisition (purchase and sale) method is used. The consideration transferred includes the fair value, as of the exchange date, of the assets provided, liabilities incurred or assumed, and equity instruments issued by the acquiring entity in exchange for obtaining control of the acquiree. It also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Direct costs related to the acquisition are recognized as current expenses in the period in which they are incurred, except for costs of issuing debt or equity instruments, which are recognized as a component of equity.

All identifiable assets acquired, liabilities assumed, and contingent liabilities (that have crystallized) in the business combination are initially measured at their fair value as of the exchange date. Any excess of the sum of the consideration transferred (measured at fair value), the amount of the non-controlling interest in the acquiree, and, in the case of a step acquisition, the fair value at the acquisition date of the previously held equity interest in the acquiree, over the identifiable assets acquired and liabilities assumed by the acquiring entity, is treated and recognized as goodwill. If the acquiring AD's share of the fair value of the net identifiable assets acquired exceeds the cost of the business combination, this excess is recognized immediately in the Group's consolidated statement of comprehensive income under "gains/(losses) on acquisition of/(disposal of) subsidiaries." Any non-controlling interest in a business combination is accounted for using the "proportionate share of net assets" method of the acquiree.

When the business combination involving the acquisition of a subsidiary is carried out in stages, on the acquisition date all prior investments held by the acquirer are remeasured to fair value, with the resulting effects of this remeasurement recognized in the Group's current profit or loss, under "financial income" and "financial expenses," or "gains/(losses) from associates and joint ventures," and all previously recognized effects in other components of comprehensive income are reclassified.

The Group applies provisional accounting for items arising from business combinations (acquisitions) when the initial accounting is incomplete at the end of the reporting period in which the business combination occurred. This provisional recognition is adjusted during the valuation period, or additional assets and liabilities are recognized to reflect new information regarding facts and circumstances that existed as of the acquisition date. Adjustments made during the measurement period are recognized retrospectively, and comparative information is restated as of the acquisition date.

2.3.3. Sale of Subsidiaries

Upon the sale or other form of loss (transfer) of control over a subsidiary:

- The assets and liabilities (including any goodwill) of the subsidiary are derecognized at their carrying amounts as of the date of loss of control;
- The non-controlling interest in that subsidiary is derecognized at its carrying amount in the consolidated statement of financial position as of the date of loss of control, including all components of other comprehensive income related thereto;
- The consideration received is recognized at fair value from the transaction, event, or operation that resulted in the loss of control;
- All components of equity representing unrealized gains or losses are reclassified to “profit or loss for the year” or transferred directly to retained earnings, in accordance with the requirements of the relevant IFRSs governing these components of equity;
- Any resulting difference is recognized as “gain or loss on disposal (sale) of a subsidiary” in the consolidated statement of comprehensive income attributable to the parent company.
- The remaining shares held, constituting investments in associates, joint ventures, or other long-term equity investments, are initially measured at fair value as of the date of acquisition and subsequently measured in accordance with the Group’s accounting policies (*Notes 2.13 and 2.14*).

The purchase method is also applied to business combinations and/or restructurings of entities under common control with respect to Group entities, provided that these constitute direct acquisitions from the parent company’s perspective.

2.3.4. Transactions with Non-Controlling Interests

Transactions with non-controlling interests are treated by the Group as transactions with parties holding instruments of the Group’s total equity. The effects of sales of shares in the parent company, without loss of control, to holders of non-controlling interests are not treated as components of the Group’s current profit or loss, but as movements directly into its equity components, typically to the “retained earnings” component. Conversely, in the case of purchases by the parent company, without acquiring control, of additional shares from non-controlling interest holders, any difference between the amount paid and the corresponding acquired share of the carrying amount of the subsidiary’s net assets is also recognized directly in the consolidated statement of equity, usually in the “retained earnings” component.

When the Group ceases to have control, joint control, or significant influence, any remaining minority interest in the equity of the respective entity is remeasured to fair value, with the difference to the carrying amount recognized in current profit or loss, and, accordingly, all amounts previously recognized in other components of comprehensive income are accounted for as if the transaction involved a direct disposal of all components related to the initial investment (in the subsidiary, joint venture, or associate).

2.3.5. Consolidation of Associates and Joint Ventures

The equity method is applied for the inclusion of associates and joint ventures in the consolidated financial statements, under which the parent company’s investment in them is initially recognized at cost (acquisition price), and is subsequently restated to reflect changes in the investor’s (specifically, the parent company’s) share of the net assets of the associates and joint ventures following the acquisition. The Group’s

investment in associates and joint ventures also includes the goodwill identified upon their acquisition, net of any recognized impairment.

The post-acquisition profit or loss for the Group (through the parent company) from associates and joint ventures, for the relevant reporting period, represents its share in their net financial results (after taxes) from their operations for that period, which share is recognized and presented on a separate line in the consolidated statement of comprehensive income. Similarly, the Group's share of post-acquisition changes in the other components of comprehensive income of associates and joint ventures is also recognized and presented as a movement in other components of comprehensive income in the consolidated statement of comprehensive income, and in the Group's consolidated reserves in the statement of changes in equity, respectively. The Group recognizes its share of losses of associates and joint ventures up to the amount of its investment, including internal loans granted to them, unless it has assumed specific obligations or payments on behalf of the associate or joint venture.

Intra-group transactions between the Group and its associates and joint ventures are not eliminated. Unrealized gains or losses from transactions between them are eliminated to the extent of the Group's ownership interest in the associates and joint ventures, including an impairment test in cases of loss. The effect of deferred taxes arising from these consolidation procedures is also recognized.

2.4. Comparative Information

The Group presents comparative information in these consolidated financial statements for one prior year. Where necessary, comparative data is reclassified (and restated) to achieve comparability with changes in presentation in the current year.

2.5. Functional currency and recognition of foreign exchange differences

The functional currency of the Group's companies in Bulgaria and the Group's presentation currency as of January 1, 2026, is EUR.

Upon initial recognition, a transaction in a foreign currency is recorded in the functional currency by applying the exchange rate at the time of the transaction or operation to the amount in the foreign currency. Cash, receivables, and liabilities, as monetary items denominated in foreign currency, are reported in the functional currency using the exchange rate published by the Bulgarian National Bank (BNB) for the last business day of the respective month. As of December 31, they are valued in EUR using the BNB's closing exchange rate.

Non-monetary items in the consolidated statement of financial position, initially denominated in foreign currency, are reported in the functional currency using the historical exchange rate as of the transaction date and are not subsequently remeasured at the closing rate.

The effects of exchange rate differences arising from the settlement of transactions in foreign currency, or the recognition of foreign currency transactions at rates different from those at which they were initially recognized are included in the consolidated statement of comprehensive income at the time they arise, treated as "other operating income/(losses)" and presented on a net basis.

The functional currency of the companies in Poland (Sopharma Warsaw Sp. z o.o.) is the Polish zloty; for the subsidiary TOO Sopharma Kazakhstan—the Kazakhstani tenge; and for the subsidiaries in Ukraine (PAO Vitamini, OOO Sopharma Ukraine)—the Ukrainian hryvnia; for the subsidiaries in Serbia (Sopharma Trading D.o.o., Farmachim EOOD, Farmanova D.O.O., Soparmacy D.o.o., and AU

Sopharmacy Nova (Pharmacy Establishment (AU) Sopharmacy until October 3, 2025)) – Serbian RSD; for the subsidiary OOO Sopharma Rus – Russian ruble; for the subsidiaries in Belarus (SOOO Brititrade, ODO SalusLine, OOO Tabina, OOO Bellerophon, OOO Ne Ska, OOO Fitobel, OOO AlfaApteka, OOO DabradzeyFarm, and BOOO SpetsApharmacy) – Belarusian ruble.

For the purposes of each consolidated financial statement, the currency of the financial statements of foreign subsidiaries is translated: from the functional currency of the respective foreign subsidiary into the presentation currency (EUR) adopted in the consolidated financial statements, as follows:

- a) all assets and liabilities are translated into the group currency at the closing exchange rate of the local currency against it as of March 31 or the date of the company's discharge;
- b) all income and expense items are translated into the group currency at the average exchange rate of the local currency against it for the reporting period (*Notes 2.6 and 2.7*);
- c) all exchange differences arising from the translations are recognized and presented as a separate component of equity in the consolidated statement of financial position—"translation reserve in the presentation currency of foreign operations," and
- d) exchange differences arising from the currency translation of the net investment in foreign subsidiaries, together with loans and other currency instruments designated as hedges of those investments, are recognized directly in equity.

Upon disposal (sale) of a foreign operation (company), the cumulative amount of exchange differences that were recognized directly as a separate component of equity is recognized as part of profit or loss in the consolidated statement of comprehensive income under the line item "gains /(losses) from the acquisition and disposal of subsidiaries, net," resulting from the disposal (sale).

Goodwill and fair value adjustments arising from the acquisition of a foreign subsidiary are treated similarly to the assets and liabilities of that subsidiary and are translated into the presentation currency at the closing rate.

2.6. Revenue

2.6.1. Revenue Recognition from Contracts with Customers

The Group's ordinary revenue is derived from the activities disclosed in *Note 1.2*.

Revenue is recognized when control over the goods and/or services promised in the contract with the customer is transferred to the customer. Control is transferred to the customer upon *fulfillment of the performance obligations under the contract* through the transfer of the promised goods and/or the provision of the promised services.

Assessment of a contract with a customer

A contract with a customer exists only when, upon its inception, it: (a) has a commercial substance and purpose; (b) the parties have agreed to it (orally, in writing, or based on "established and generally accepted business practice") and have committed to performing it; (c) the rights of each party can be identified; (d) the terms of payment can be identified; and (e) it is probable that the consideration to which the Group is entitled upon fulfilling its performance obligations will be received.

When assessing collectability, all relevant facts and circumstances of the transaction are taken into account, including past experience, customary business practices, published rules, and statements made by Group companies, as well as collateral and enforcement options.

A contract for which any of the above criteria has not yet been met is subject to reassessment at each reporting period. Fees received under such a contract are recognized as a liability (contractual liability) in the statement of financial position until: a) all criteria for recognizing a contract with a customer are met;

b) the Group has fulfilled its performance obligations and all or substantially all of the consideration (which is non-refundable) has been received; and/or c) the contract has been terminated and the consideration received is non-refundable.

When initially assessing its contracts with customers, the Group performs additional analysis and judgment as to whether two or more contracts should be considered in their combination and accounted for as a single contract, and, respectively, whether the promised goods and/or services in each individual and/or combined contract should be accounted for as one or more performance obligations.

Any promise to transfer goods and/or services that are distinguishable (in and of themselves and in the context of the contract) is recognized as a single performance obligation.

The Group recognizes revenue for each individual performance obligation at the level of the individual contract with the customer by analyzing the nature, timing, and terms of each specific contract. For contracts with similar characteristics, revenue is recognized on a portfolio basis only if grouping them into a portfolio would not have a materially different effect on the financial statements.

When another (third) party is involved in the fulfillment of performance obligations, the Group determines whether it acts as a principal or an agent by assessing the nature of its promise to the customer: to provide the specified goods or services itself (principal) or to arrange for another party to provide them (agent).

The Group is a principal and recognizes revenue as the gross amount of the consideration if it controls the promised goods and/or services before transferring them to the customer. If, however, the Group does not obtain control over the promised goods and/or services and its obligation is solely to arrange for a third party to provide those goods and/or services, then the Group is an agent and recognizes revenue from the transaction in the amount of the net amount it retains for the services provided as an agent.

2.6.2. Measurement/(valuation) of revenue from contracts with customers

Revenue is measured based on the transaction price determined for each contract.

The transaction price is the amount of consideration to which the Group expects to be entitled, excluding amounts collected on behalf of third parties. In determining the transaction price, the Group considers the terms of the contract and its usual business practices, including the impact of variable consideration, the presence of a significant financial component, non-monetary consideration, and consideration due to the customer (if any). For contracts with more than one performance obligation, the transaction price is allocated to each performance obligation based on the individual selling prices of each good and/or service, determined using one of the methods permitted by IFRS 15, with priority given to the “observable selling prices” method.

A change in the scope or price (or both) of the contract is accounted for as a separate contract and/or as part of the existing contract, depending on whether the change involves the addition of goods and/or services that are distinguishable and on the price determined for them. Depending on this: a) the modification is accounted for as a separate contract if the scope of the contract is expanded due to the addition of goods and/or services that are distinguishable, and the change in the contract price reflects the individual selling prices of the added goods and/or services;

b) the modification is accounted for as a termination of the existing contract and the conclusion of a new contract (prospective application) if the remaining goods and/or services are separable from those transferred prior to the modification, but the change in the contract price does not reflect the individual selling prices of the added goods and/or services;

c) the modification is accounted for as part of the existing contract (cumulative adjustment) if the remaining goods and/or services are not distinguishable from those transferred prior to the modification and are therefore part of a single performance obligation that has been partially settled.

2.6.3. Performance obligations under contracts with customers

Product sales

Wholesale sales of active pharmaceutical ingredients and finished dosage forms are conducted domestically and internationally, both according to the Group's own manufacturing specifications (technology) and according to the customer's specifications (technology).

Sales of products according to the Group's own specifications

When selling products according to the Group's own specifications, control is transferred to the customer at a *precisely defined point in time*.

For *domestic sales*, this typically occurs upon delivery of the products and transfer of physical possession to the customer, when the customer can dispose of the goods, manage their use, and essentially receive all other benefits.

For *exports*, the determination of the point at which the customer obtains control over the manufactured products is based on the agreed terms of sale under Incoterms.

Sales of products to customer specifications

For products manufactured to customer specifications, the Group is typically subject to legal and contractual restrictions on diverting them to other uses (sale to a third party), and they have no alternative use. The method for transferring control in these cases is determined specifically for each customer contract (at the individual contract level). To this end, it is determined whether the Group has the right to receive payment for the work performed to date, which at a minimum compensates for the costs incurred plus a reasonable margin, in the event that the contract is terminated for reasons other than non-performance by the Group (legally enforceable right to payment).

If the Group *has a legally enforceable right* to payment for the specific contract, revenue is recognized *over time*, and a *method that accounts for the results achieved* is used to measure progress on the contract (stage of completion). This method is determined to be the most appropriate for measuring progress, as the results achieved best describe the Group's activity toward the full satisfaction of the performance

obligation. Progress is measured *based on the units produced relative to the total units ordered by the customer*. Estimates of revenue, expenses, and/or the degree of progress toward fulfilling obligations are reviewed at the end of each reporting period, including in the event of a change in circumstances and/or the occurrence of new ones. Any subsequent increase or decrease in expected revenue and/or expenses is recognized in profit or loss in the period in which the circumstances leading to the reassessment become known to management.

If the Group *has no legally enforceable right to payment*, revenue is recognized *at a specific point in time* when control over the goods sold is transferred to the customer: upon delivery of the goods and physical possession thereof to the customer (for domestic sales) and in accordance with the terms of sale under INCOTERMS (for foreign sales).

Sales of Pharmaceutical and Medical Goods

Sales of pharmaceutical and medical goods by the Group's distribution companies are made to customers—pharmacies, hospitals, and wholesalers (wholesale trade)—in Bulgaria and abroad.

Wholesale

In wholesale transactions, control over the goods sold is deemed to transfer to the customer at *a specific point in time*. This typically occurs upon delivery of the goods and transfer of physical possession to the customer, when the customer can dispose of the goods, manage their use, and essentially receive all other benefits.

Retail

In retail sales, control over the goods sold is transferred to the customer upon delivery to the customer.

Customer loyalty programs

The Group maintains a loyalty program that allows customers holding a club card to accumulate points with every purchase. Accumulated points can be redeemed for products participating in the program at no cost to the customer within a period specified in the program terms. The Group's management has determined that loyalty points provide customers with a substantive right that they would not receive without the initial purchase. Therefore, the granting of points constitutes a separate performance obligation. The transaction price paid by the customer upon the initial purchase is allocated between the goods sold and the loyalty points that the Group expects to be claimed and redeemed, based on the respective individual selling prices. The standalone selling price per point reflects the selling price of the products the customer is entitled to receive in exchange for the accumulated points, adjusted for the probability that the points will be redeemed, determined based on information regarding points used (historical experience). The standalone selling price of the goods sold is determined based on the price list in effect at the time of the initial sale. Obligations under the loyalty program are presented as a contractual liability in the consolidated statement of financial position. Revenue is recognized when loyalty points are redeemed or when their redemption period expires. The Group reviews its estimate of the points that will be redeemed and settled at the end of each reporting period and, if necessary, adjusts the recognized liability (contractual liability) and the recognized revenue, respectively, at the time of the change (reassessment) using the cumulative catch-up method.

Sales of Medical Equipment

Sales of medical equipment typically include delivery, installation, commissioning, training, and warranty service, with the selling price being a lump sum for the specific contract and/or device. Revenue from the sale of medical equipment is recognized at the individual contract level, with an assessment of whether the promised goods and/or services constitute separate performance obligations.

This assessment is made based on the timing of the transfer of control over the medical equipment and the interdependencies among the individual components of the contract.

Typically, control over the medical equipment (devices) is transferred to the customer at *a specific point in time*, upon delivery of the equipment (devices) to the agreed destination and the transfer of physical possession to the customer. From that point on, the Group transfers all risks and rewards associated with the medical equipment (devices) covered by the contract with the customer, and the customer has the ability to direct and control its use.

Installation, commissioning, and training services sold together with the equipment are typically performed after its delivery and are relatively independent. These services are accounted for as a separate performance obligation because: a) they may be performed by another supplier;

b) in most cases, the services are short-term and non-specific; c) they do not modify the delivered equipment (apparatus) and are not interrelated or integrated with it. Therefore, it is assessed that in these cases, control over installation, commissioning, and training services transfers *during the period of their provision*, as they are performed on an asset controlled by the customer, and the customer receives and consumes the benefits from them concurrently with the performance of the services. Revenue from services rendered is recognized *over time*, and *a method based on an assessment of the results achieved* is used to measure progress on the contract (stage of completion).

This method is determined to be the most appropriate for measuring progress, as it most adequately describes the pattern of transfer of control and fulfillment of obligations, and accordingly most accurately reflects the level of all uncompleted activities.

Warranty Service

The warranty service offered typically includes a standard warranty clause stating that the medical equipment (devices) sold meets the agreed specifications and standard quality conditions within the standard warranty period (usually 12 months) and is covered by the manufacturer.

Transportation for the Sale of Products and Goods

Typically, for sales abroad, the Group is obligated to transport the goods to the agreed destination, with transportation organized by the Group and the cost of transportation included (calculated) in the sales price. Depending on the terms agreed with the customer, the transportation service may also be performed after control over the sold products has been transferred to the customer. Until control over the products is transferred, the sale of products and the transportation service are recognized as *a single performance obligation*, as they are part of an integrated service.

The transportation service provided after the transfer of control over the goods is recognized as *a separate performance obligation*, since the transportation may be performed by another supplier (i.e., the

customer may use the goods sold with other readily available resources) and the transportation service does not modify or alter the goods sold in any way.

In this case, the consideration to which the Group expects to be entitled (the transaction price) is allocated among the individual performance obligations based on their respective selling prices. The individual selling price of the products sold is determined in accordance with the price list in effect as of the transaction date, and for the transportation service, the individual selling price is determined approximately using the cost-plus method.

Transportation service providers—subcontractors—are used to perform the transportation service. The Group has determined that it controls the specific services before they are provided to the customer and therefore acts as a principal because:

a) it bears the primary responsibility for ensuring that the services are performed and are acceptable to the customer (i.e., the Group is responsible for fulfilling the contractual promise, regardless of whether the Group performs the services or engages a third-party service provider to perform them; and b) it negotiates the price of the services independently and without interference from the customer.

Revenue from the sale of a transportation service is recognized *over time*, as the work performed to date does not need to be repeated if another party is to perform the remaining portion of the work, and therefore the customer receives and consumes the benefits concurrently with the performance of the service. To measure progress on the contract (stage of completion), *a method based on resources expended* is used. This method is determined to be the most appropriate for measuring progress, as it best describes the Group's activities in transferring control and fulfilling obligations and, accordingly, most accurately reflects the level of fulfillment of obligations, insofar as there is a direct relationship between the Group's efforts (expenses incurred) and the delivery of the service to the customer. Progress is measured *based on expenses incurred relative to total planned expenses for contract performance*.

"Bill and Hold" Agreements

In certain cases involving the wholesale sale of goods, the goods sold remain in the Group's physical possession. The Group has analyzed these arrangements and determined that, although the customer does not obtain physical possession of the goods, the customer typically has control over them because: a) the retention is at the customer's request; b) the goods can be identified as belonging to the customer; c) the goods are ready for immediate shipment at the customer's request; d) the Group is unable to use the goods or divert them to other customers; and e) a separate fee is agreed upon for the storage service. In these cases, the delivery of goods and the provision of the safekeeping service are recognized as separate performance obligations. Accordingly: (a) control over the goods sold is transferred to the customer *at a specific point in time* when the goods can be identified as belonging to the customer and the customer accordingly has legal title to them; b) the performance obligation for the provision of custody services is satisfied *over time*, as those services are provided.

Sales of Services

The services provided by the Group include: storage (pre-distribution) of the customer's goods, subscription-based post-warranty service for medical equipment, medical representation, and others. Revenue from services is presented as *other income in the statement of comprehensive income*, to the extent that it is not part of the Group's core business.

Post-warranty (service) maintenance

A Group company provides post-warranty (service) maintenance to its customers on a subscription basis. Post-warranty service contracts typically have a duration of up to 2 years. The fee is fixed and determined on an annual basis and/or for the entire term of the contract, and is allocated equally on a monthly basis. Services rendered are typically invoiced monthly, and the payment term is 30 to 60 days from the date the invoice is issued to the client.

The post-warranty service includes various tasks/activities of a continuous and/or recurring nature that are distinguishable and form part of a single integrated service. They constitute a series of distinguishable services and therefore constitute *a single performance obligation* because: a) the integrated maintenance service includes multiple distinguishable time periods (typically one month); b) the services are identical in substance, as the customer derives a continuous benefit from them in each individual time period (each month), even if the tasks performed differ in nature and quantity; c) control is transferred *over time*, as the customer receives and consumes the service simultaneously with its provision, and it is not necessary for another entity to essentially repeat the work that the Group company has performed as of the relevant date if that other entity is to fulfill the remaining portion of the obligation.

Revenue is recognized *over time*, with progress on the contract (stage of completion) measured on a time-elapsed basis (on a straight-line basis—monthly). This method is determined to be the most appropriate for measuring progress, as the services are provided monthly and are part of a series and, therefore, best describe the Group company's activity in transferring control and fulfilling obligations.

Other Services

For other services performed by the Group, control is transferred to the customer at the time of their provision, as the customer simultaneously receives and consumes the benefits of the Group's activities. Revenue from sales is recognized over time by measuring the extent to which the Group has fulfilled its obligations (stage of completion). To measure progress (stage of completion), the Group uses the output method, based on the quantity of services provided.

2.6.4. Refund obligations under contracts with customers

Refund liabilities include the Group's obligation to refund part or all of the consideration received (or receivable) from the customer under contracts with refund rights—for expected retrospective discounts, rebates, and/or volume bonuses.

Initially, the refund liability is measured at the amount that the Group does not expect to be entitled to and expects to refund to the customer. At the end of each reporting period, the Group updates the measurement of refund liabilities in line with the transaction price and recognized revenue.

Refund liabilities under customer contracts are presented under "Other current liabilities" in the statement of financial position.

2.6.5. Transaction price and payment terms

Manufactured goods and pharmaceutical and medical products

The selling prices for the products (manufactured goods and merchandise) sold by the Group are fixed according to a general and/or customer price list and are determined individually for each specific

product. When determining the transaction price, the Group also takes into account the various forms of variable remuneration and other amounts (remuneration) due to the customer.

Variable remuneration

Variable consideration is included in the transaction price only to the extent that it is highly probable that there will be no material adjustment to the amount of cumulative revenue recognized. The forms of variable consideration applicable to the Group include:

- Volume discounts: A form of additional incentive-based retrospective trade discounts granted to the customer for achieving a predetermined monthly, quarterly, and/or annual turnover, defined as a single threshold and/or as a progressive bonus scheme. When measuring variable remuneration, the Group determines the customer's expected turnover using the most likely value method. The discounts granted are offset against amounts due from the customer.
- Price discounts from the general price list: In accordance with the adopted pricing policy for wholesale sales, the selling price listed in the general price list is reduced by the standard discount applicable to the respective item. The discount amount for each customer is determined by the turnover agreed upon for a specific period relative to the customer's total potential turnover. These price discounts are provided to the customer with each sale and/or at the end of each month. In the event that the customer fails to achieve the turnover specified in the contract and does not make up the difference during the following period, the Group is entitled to claim a penalty for non-performance, determined as a percentage of the unmet portion of the agreed monetary amount of turnover.
- Price protection: for sales on the Bulgarian market, the Group is committed, in the event of a price reduction imposed by a state regulatory authority, to compensate the buyer and/or its customers for products purchased from the Group at a higher price that have not been sold to end customers. The payment of this compensation depends on government policy regarding the regulation of drug prices and is beyond the Group's control.
- Compensation for Hidden Defects: The customer may file claims for hidden defects (quality claims) throughout the entire shelf life of the goods sold, which may range from one to five years. Quality claims are settled by providing new, serviceable goods or by refunding the amount paid by the customer. When determining the compensation for hidden defects due at the end of the reporting period, the Group takes into account the quality assurance system it has implemented and its accumulated experience.
- Penalties payable to the customer: in the event of non-performance of contractual obligations by the Group, typically in connection with failure to meet the agreed delivery deadline and/or in connection with the remaining shelf life of the delivered products (manufactured goods and merchandise). These are included in a reduction of the transaction price only if their payment is highly probable. The Group's experience indicates that, historically, agreements have been honored, and the Group has not recognized any liabilities for the payment of penalties.
- Right of return: Some contracts for the sale of goods entitle the customer to return the goods within a specified period. The Group accounts for the right of return as a form of variable consideration and

recognizes revenue from the sale only to the extent of the consideration to which it is reasonably certain it is entitled (taking into account the goods expected to be returned).

In determining what portion of the goods sold is expected to be returned, the Group uses historical data on goods returned by customers over the past year.

- *Penalties payable by the customer*: variable consideration in the form of penalties due to late payment by the customer. The receipt of these amounts depends on the customer's actions and is beyond the Group's control. They are included as part of the transaction price only when the uncertainty regarding their receipt has been resolved.

The inclusion of penalties (owed by and to the customer) as part of the transaction price is assessed for each individual contract and is subject to review at the end of each reporting period.

Expected variable consideration in the form of various discounts, penalties, compensation, and return rights is determined and measured based on accumulated historical trading experience with customers and is recognized as an adjustment for the purposes of the transaction price and, accordingly, revenue (as an "increase" or "decrease") only to the extent that it is highly probable that there will be no material reversal in the amount of revenue recognized cumulatively, including due to the existence of measurement restrictions. All subsequent changes in the amount of variable remuneration are recognized as an adjustment to revenue (as an increase or decrease) on the date of the change and/or resolution of the uncertainty. At the end of each reporting period, the Group updates the transaction price, including whether the estimate contains limitations, so as to present a true and fair view of the circumstances existing and occurring during the reporting period. When estimating variable consideration, the Group uses the most likely value method.

Discounts accrued but not settled at the end of the reporting period, for which the customer does not yet have an unconditional right to receive, are presented as a liability to be refunded in the statement of financial position.

Remuneration due to the customer

Consideration payable to the customer includes amounts that Group companies pay and/or have promised to pay to the customer. It is included as a component of the transaction price, unless the payment to the customer is in exchange for clearly distinguishable (separate) goods and/or services that the customer transfers and/or provides to the Group companies, and the fair value of those separate goods and/or services does not exceed the amount of the consideration paid by the Group. If the latter is greater than the fair value of the goods and/or services received from the customer, only the excess is included as part of the transaction price. Remuneration paid to the customer is recognized as assets under contracts with customers and is included as part of the transaction price and, *accordingly, as a reduction in revenue from contracts with customers* upon the transfer of control over the goods sold or when the Group commits to pay, *whichever occurs later*.

Significant financial component

For wholesale sales, the standard credit period is 30 to 270 days after delivery of the goods. For some sales, payment may be partially made in advance, with advance payments refunded if the contract is canceled. Advance payments received from customers are presented in the statement of financial position as liabilities under contracts with customers.

Due to the specific financial condition and credit risk of some customers—hospitals— it is common practice for them to pay for the delivered goods with a significant delay from the agreed payment date, and in some cases the period between the date of transfer of control over the goods and the date of payment by the respective customer—the hospital—may reach or exceed 2 years. The Group has conducted an analysis and determined that, in contracts with such customers, the transaction price does not include a financing component, since: a) the payment term agreed with the customer does not differ from the usual term for this type of transaction, and no installment payment was explicitly agreed upon at the time the sales contract was concluded; b) the sales prices themselves do not include a financing element (interest).

They are regulated by law and do not differ significantly from the sales price of the same goods and/or services when sold to other customers and/or when sold to the same customer by another seller of medicines and medical supplies. Any differences (if any) result from variable remuneration provided in the form of discounts, rather than from the agreed and/or expected payment terms; c) payment delays result from the financial condition and credit risk of the customers—hospitals; d) in the event of a payment delay by hospital customers, the Group charges interest (penalty) at the statutory rate, effective from the date of default; e) the financing element arises from the date of default, from which date the Group charges default interest on the amounts determined based on the sales prices; f) the hospital client pays the accrued interest (penalties), which also reflects the time value of money.

Interest income recognized due to late payments by clients—hospitals—is reported under financial income in the statement of comprehensive income (Note 11).

For retail sales, payment is due immediately at the time of sale. An exception is retail sales within Bulgaria, for which the National Health Insurance Fund (NHIF) reimburses a portion of the price. This portion of the sales price is paid by the NHIF within 60 days.

Medical Equipment (Devices)

The agreed-upon sales price in contracts for the sale of medical equipment (devices) is typically a lump sum for the specific contract and/or device. Therefore, the contract consideration to which the company expects to be entitled (the transaction price) is allocated to each individual performance obligation based on the individual selling prices, determined approximately using the “cost-plus-margin” method.

Significant financial component

The terms of payment of the transaction price are determined individually for each specific contract. Typically, the customer pays an advance of up to 20% of the contract value, and the remainder of the agreed consideration—upon fulfillment of the contractual obligations—is deferred to a specific date or according to an agreed payment schedule. Deferred payment is typically between 30 days and 2 years.

For contracts with deferred payment exceeding 1 year, the company has determined that there is a financing element that has a material effect on revenue.

In such cases, the transaction price is adjusted to reflect the time value of money using a discount rate that reflects the credit characteristics of the party receiving the financing (the customer). Advance payments received from the customer are presented in the statement of financial position as liabilities under contracts with customers, and accrued interest is presented as financial income in the statement of comprehensive income (Notes 11 and 38).

For contracts where the period between the transfer of control over the promised goods and services and payment by the customer is expected to be up to 12 months, the company does not adjust the transaction price to account for the effect of the financing component.

Sale of Services

Service prices are typically fixed. The fee for post-warranty (service) support is fixed and determined on an annual basis and/or for the entire term of the contract, and is allocated equally on a monthly basis.

Services rendered are most often invoiced monthly, and the payment term is 30 to 60 days from the date the invoice is issued to the customer.

2.6.6. Expenses under contracts with customers

The Group recognizes as expenses under customer contracts:

- the additional and directly attributable costs it incurs upon entering into a contract with a customer and which would not have been incurred had the contract not been entered into, and expects these costs to be recovered over a period longer than twelve months (*customer acquisition costs*); and
- the costs it incurs in fulfilling a contract with a customer that are directly related to that specific contract, contribute to the generation of resources for use in the fulfillment of the contract itself, and are expected to be recovered over a period longer than twelve months (*costs of fulfilling such contracts*).

In its ordinary course of business, the Group does not incur direct and specifically incurred costs to obtain contracts with customers or costs to fulfill such contracts that would not have been incurred had the relevant contracts not been entered into.

2.6.7. Balances under contracts with customers

Trade receivables and contract assets

A *contract asset* is the Group's right to receive consideration in exchange for the goods or services it has transferred to the customer, but which is not unconditional (recognition of a receivable). If, by transferring the goods and/or providing the services, the Group fulfills its obligation before the customer pays the corresponding consideration and/or before the payment becomes due, a contract asset is recognized for the consideration earned (which is conditional). Recognized contract assets are reclassified as *trade receivables* when the right to consideration becomes unconditional. The right to consideration is considered unconditional if the only condition for the payment of the consideration to become due is the passage of a specified period of time.

Contractual Liabilities

The Group presents as a contractual liability payments received from a customer and/or an unconditional right to receive payment before it has fulfilled its performance obligations under the contract. Contractual liabilities are recognized as revenue when (or as) the performance obligations are satisfied.

Contract assets and liabilities are presented with other receivables and payables in the statement of financial position. They are included in current assets when their maturity is within 12 months or within the Group's normal operating cycle, and the remainder as non-current. Assets and liabilities arising from a single

contract are presented on a net basis in the statement of financial position, even if they result from different contractual obligations under the contract.

After initial recognition, trade receivables and contract assets are reviewed for impairment in accordance with the provisions of IFRS 9 *Financial Instruments*.

Assets under the right of return under contracts with customers

The right of return represents the Group's right to recover goods sold that are expected to be returned by customers (Note 21). Initially, this right is measured at the carrying amount of the goods expected to be returned, less expected restoration costs, including expected impairment of the returned products, including due to expiration of the shelf life. At the end of each reporting period, the Group updates the measurement of recognized right-of-return assets in response to changes in expectations regarding the volume of returned goods and other reductions in their value.

Return right assets are presented in the statement of financial position under inventories and are disclosed separately in the notes to the annual financial statements.

2.7. Expenses

Expenses in the Group are recognized when incurred and on an accrual and matching basis (to the extent that this would not result in the recognition of an asset or liability that does not meet the definitions of assets and liabilities in the General (Conceptual) Framework and in the IFRSs themselves).

Deferred expenses are recognized as current expenses in the period in which the contracts to which they relate are performed.

Losses arising from the revaluation of investment property to fair value are presented in the consolidated statement of comprehensive income (in profit or loss for the year) under "other operating income/(losses)."

2.8. Financial Income and Expenses

2.8.1. Financial income

Financial income is recognized in the statement of comprehensive income (in profit or loss for the year) as it arises and consists of: interest income on loans and time deposits, interest income on receivables under special agreements, interest income on past-due receivables, dividends from equity investments, net foreign exchange gains on foreign currency loans, income from debt settlement transactions, gains from fair value revaluation of long-term equity investments that are part of a step-by- acquisition of a subsidiary, interest income from debt securities (bonds) held for trading, and gains from transactions in debt securities held for trading.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets, with the exception of financial assets that are credit-impaired (Stage 3), for which interest income is calculated by applying the effective interest rate to their amortized cost (i.e., the gross carrying amount adjusted for the allowance for losses).

Financial income is presented separately from financial expenses on the face of the statement of comprehensive income (in profit or loss for the year).

2.8.2. Financial Expenses

Financial expenses are included in the statement of comprehensive income (in profit or loss for the year) as they arise, presented separately from financial income, and consist of: interest expense on loans received, interest expense on leases, bank fees on loans and guarantees, net foreign exchange loss on foreign currency loans and lease agreements, impairment losses on guarantees provided, provisions for financial guarantee contracts, losses from the revaluation of financial assets at fair value, and impairment losses on trade loans granted.

Financial expenses are presented separately from financial income on the face of the statement of comprehensive income (in profit or loss for the year).

2.9. Property, Plant, and Equipment

Property, plant, and equipment, including permanent crops (long-lived tangible assets), are presented in the consolidated financial statements at revalued amounts, less accumulated depreciation and impairment losses.

Initial Acquisition

Upon initial acquisition, property, plant, and equipment are measured at acquisition cost (cost), which includes the purchase price, customs duties, and all other direct costs necessary to bring the asset to working condition. Direct costs primarily include: site preparation costs, initial delivery and handling costs, installation costs, fees for project-related personnel, non-refundable taxes, capitalized interest costs for qualifying assets, and others.

The property, plant, and equipment of acquired subsidiaries are measured at fair value as of the transaction date (business combination), which is considered the acquisition cost for consolidation purposes.

When acquiring property, plant, and equipment under installment payment terms, the purchase price is equivalent to the present value of the liability, discounted based on the interest rate on credit facilities raised by the Group with similar maturity and purpose.

The Group has established a value threshold of 256 EUR, below which acquired assets, even if they possess the characteristics of a long-lived asset, are expensed as a current expense at the time of their acquisition.

Subsequent Measurement

The approach selected by the Group for the subsequent balance sheet measurement of property, plant, and equipment is the revalued amount model under IAS 16—revalued amount less subsequent depreciation and accumulated impairment losses.

It is customary for the revaluation of property, plant, and equipment to be performed by licensed appraisers at intervals of approximately 5 years. When their fair value changes significantly at shorter intervals, revaluation may be performed more frequently.

Subsequent Expenditures

Repair and maintenance costs are recognized as expenses in the period in which they are incurred. Subsequent expenditures related to property, plant, and equipment that involve the replacement of specific key parts and assemblies or the conversion and reconstruction of the asset are capitalized into the carrying amount of the relevant asset, and its remaining useful life is revised as of the date of capitalization. At the

same time, the unamortized portion of the replaced components is written off from the carrying amount of the assets and recognized in current expenses for the period of the conversion.

Depreciation Methods

The Group uses the straight-line method of depreciation for property, plant, and equipment. Depreciation of assets begins when they are available for use. Land is not depreciated. The useful lives by asset group are based on physical wear and tear, the specific nature of the equipment, future usage plans, and expected obsolescence.

The useful lives by asset group are as follows:

- buildings – 20–70 years
- facilities and transmission equipment – 5–35 years
- machinery and equipment – 5–40 years
- computers and mobile devices – 2–5 years
- vehicles – 5–20 years
- servers and systems – 4–18 years
- furniture and fixtures – 3–13 years
- for other tangible assets – from 3 to 12 years
- for biological assets (cattle) – from 10 to 12 years

The determined useful lives of long-lived tangible assets are reviewed by the management of each company in the Group and, respectively, by the parent company at the end of each reporting period, and if significant deviations from future expectations regarding the useful life of the assets are identified, the estimate is adjusted prospectively.

Impairment of assets

The carrying amounts of property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may be permanently different from their recoverable amount. If there are such indicators that the estimated recoverable amount is lower than their carrying amount, the latter is written down to the recoverable amount of the assets. The recoverable amount of property, plant, and equipment is the higher of fair value less costs to sell or value in use. To determine the value in use of the assets, future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions and estimates of the time value of money and risks specific to the asset in question.

Impairment losses are recognized in the consolidated statement of comprehensive income (in profit or loss for the year) unless a revaluation reserve has been established for the asset.

In that case, the impairment loss is treated as a reduction of that reserve (through other comprehensive income) unless it exceeds the reserve's amount, in which case the excess is recognized as an expense in the consolidated statement of comprehensive income (in profit or loss for the year).

Gains and losses on disposal

Property, plant, and equipment are derecognized from the statement of financial position when they are permanently withdrawn from use and no future economic benefits are expected from them, or when they are sold. Gains or losses on the sale of individual assets from the “property, plant, and equipment” group are determined by comparing the consideration to which the Group expects to be entitled (sales proceeds) with the carrying amount of the asset as of the date the transferee obtains control of it. These are reported net under “other operating income/(loss), net” on the face of the statement of comprehensive income (in profit or loss for the year). The portion of the “revaluation reserve” component relating to the sold asset is transferred directly to the “retained earnings” component in the statement of changes in equity.

2.10. Biological Assets

Biological assets are measured at fair value less estimated costs to sell. The fair value of biological assets is determined based on their current location and condition using a price quoted in an active market or other alternative sources of current prices. The gain or loss arising from the initial recognition of a biological asset at fair value less estimated costs to sell and from changes in its fair value, less an estimate of selling expenses, is recognized in the consolidated statement of comprehensive income (in profit or loss for the year) in the period in which it arises and is presented under “other operating income/(loss), net.” When the fair value of a specific biological asset cannot be reliably measured, it is measured at its cost less accumulated depreciation or impairment losses. Subsequently, when it becomes possible to reliably measure the fair value of that biological asset, the Group changes its approach and begins to measure the asset at fair value less an estimate of the costs to sell.

2.11. Intangible Assets

Goodwill

Goodwill represents the excess of the acquisition cost (consideration paid) over the fair value of the Group’s share in the net identifiable assets of the acquired entity as of the acquisition date (business combination). In the consolidated financial statements, it is initially measured at cost and subsequently at cost less accumulated impairment losses. Goodwill is not amortized.

Goodwill arising from the acquisition of a subsidiary is presented in the consolidated statement of financial position under “intangible assets,” while that arising from the acquisition of joint ventures and associates is incorporated into the total value of the investment and is classified under “investments in joint ventures” or “investments in associates,” respectively.

Goodwill arising from the acquisition of joint ventures and associates is tested as part of the total balance (value) of the investment. Separately recognized goodwill arising from the acquisition of subsidiaries is mandatorily tested for impairment at least once a year. Impairment losses on goodwill are not subsequently reversed. Gains or losses on the sale (disposal) of a subsidiary (entity) of the Group include the carrying amount of goodwill attributable to the sold (disposed) subsidiary (entity).

Any recognized goodwill is allocated to a specific cash-generating unit at the time of the business combination, and that unit is used when performing impairment tests. In identifying cash-generating units, consideration is given to the units from which future economic benefits were expected at the time of the business combination and in connection with which the goodwill arose.

Impairment losses on goodwill are presented in the consolidated statement of comprehensive income (in profit or loss for the year) under the line item “impairment of non-current assets.”

Other Intangible Assets

Intangible assets are presented in the consolidated financial statements at cost less accumulated amortization and impairment losses. Intangible assets primarily include intellectual property rights, software, and complex intangible assets (licenses and networks of pharmacy locations).

The useful lives by asset group are as follows:

- for software—from 2 to 12 years;
- for patents and licenses – from 2 years to 10 years;
- for trademarks – from 5 to 15 years;
- contractual rights to marketing authorizations – 20 years;
- copyrights – from 3 years to 10 years;
- for other intangible assets – from 4 to 15 years

The carrying amount of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed their recoverable amount. In such cases, the impairment loss is recognized as an amortization expense in the consolidated statement of comprehensive income (in profit or loss for the year).

Intangible assets are derecognized from the statement of financial position when they are permanently withdrawn from use and no future economic benefits are expected from them, or when they are sold, as of the date of transfer of control to the recipient of the asset. Gains or losses on the sale of individual assets within the “intangible assets” category are determined by comparing the consideration to which the Group expects to be entitled (sales proceeds) with the carrying amount of the asset as of the date the transferee obtains control of it. They are reported net under “other operating income/(loss)” on the face of the statement of comprehensive income (in profit or loss for the year).

2.12. Investment Property

Investment properties are those properties held by the Group on a long-term basis for rental income and/or for capital appreciation. They are presented in the consolidated statement of financial position at their fair value (*Note 1.7*) Gains or losses from changes in the fair value of investment properties are recognized in the consolidated statement of comprehensive income (in profit or loss for the year) under the item “other operating income/(loss), net” for the period in which they arise. Realized gains from investment properties are presented in the same line item of the consolidated statement of comprehensive income.

Investment properties are derecognized from the statement of financial position when they are permanently withdrawn from use and no future economic benefits are expected from them, or when they are sold. Gains or losses on the sale of individual assets from the “investment property” group are determined by comparing the consideration to which the Group expects to be entitled (sales proceeds) and the carrying amount of the asset as of the date the transferee obtains control of it. These are reported net under “other operating income/(loss), net” in the statement of comprehensive income (in profit or loss for the year).

Transfers to and from the “investment property” category are made when there is a change in the functional purpose and use of a property. In the case of a transfer from “investment property” to “property used in the entity’s own operations,” the asset is recorded in its new category at its historical cost, which represents its fair value as of the date of the transfer.

Conversely, when there is a transfer from “property used in own operations” to “investment property,” the asset is measured at its fair value as of the transfer date, with the difference from its carrying

amount presented as a component of the consolidated statement of comprehensive income (in other components of comprehensive income) and recorded under “revaluation reserve – property, machinery and equipment” in the statement of changes in equity.

2.13. Investments in Associates and Joint Ventures

Long-term investments representing interests in associates and joint ventures are presented in the consolidated financial statements using the equity method—a value that includes the acquisition cost, representing the fair value of the consideration paid, including direct costs of acquiring the investment, adjusted for the investor’s share of the profits or losses, and, respectively, other reserves of the joint ventures and associates after the date of their acquisition.

The share in the profits and losses of associates and joint ventures after the acquisition date is presented on a separate line in the consolidated statement of comprehensive income (in profit or loss for the year), and the share in other components of comprehensive income is presented on the relevant line in the consolidated statement of comprehensive income (in other components of comprehensive income) and as a separate movement of the individual components of reserves in the consolidated statement of changes in equity.

The Group’s investments in associates and joint ventures, including goodwill, are subject to an impairment test at each reporting date. If conditions for impairment are identified and the amount of the impairment is determined, it is recognized in the consolidated statement of comprehensive income (in profit or loss for the year) under the line item “gains/(losses) from associates and joint ventures.”

The “date of the transaction” is applied upon the purchase and sale of investments in associates and joint ventures.

Investments in associates and joint ventures are derecognized when the rights arising from them are transferred to other parties upon the occurrence of the legal grounds for such transfer, and thereby significant or joint influence over the economic benefits of the investments is lost. The gain on their sale is presented under the line item “gains/(losses) from associates and joint ventures” in the consolidated statement of comprehensive income (in profit or loss for the year).

2.14. Other Long-Term Equity Investments

Other long-term equity investments are non-derivative financial assets in the form of shares and equity interests in other companies (minority interests) held for the long term.

Initial measurement

Initially, equity investments are recognized at cost, which is the fair value of the consideration paid, including direct costs of acquiring the investment (the financial asset) (*Note 2.25*).

All purchases and sales of equity investments are recognized on the “trade date” of the transaction, i.e., the date on which the Group commits to purchase or sell the asset.

Subsequent Measurement

The equity investments held by the Group are subsequently measured at fair value (*Note 2.31*), determined with the assistance of an independent licensed appraiser.

The effects of subsequent revaluation to fair value are presented in a separate component of the statement of comprehensive income (in other components of comprehensive income) and, respectively, in the reserve for financial assets at fair value through other comprehensive income

These effects are transferred to retained earnings upon disposal (sale) of the respective investment.

Dividend income

Dividend income related to long-term investments consisting of shares in other companies (non-controlling interests) is recognized as current income and presented in the statement of comprehensive income (in profit or loss for the year) under the item “financial income.”

When shares are written off due to a sale, the weighted-average cost method is used, determined as of the end of the month in which the write-off occurs.

2.15. Inventories

Inventories are valued in the consolidated financial statements as follows:

- raw materials, supplies, and goods—at the lower of: acquisition cost (cost of goods sold) and their net realizable value;
- finished goods, semi-finished goods, and work in progress—at the lower of: production cost and net realizable value;
- agricultural produce—at the lower of fair value at initial acquisition and net realizable value.

Expenses incurred to bring an item of inventory to its present condition and location are included in the cost of acquisition (cost) as follows:

- raw materials, supplies, and goods—all delivery costs, which include the purchase price, import duties and taxes, transportation costs, non-refundable taxes, and other costs that contribute to bringing the materials and goods to a condition ready for their use (sale);
- finished goods, semi-finished goods, and work in progress—all necessary production costs that constitute the production cost, including direct costs of materials and labor and the allocable portion of general production costs (variable and fixed), excluding administrative expenses, exchange rate differences and costs of borrowed funds.

The inclusion of semi-fixed general production costs in the production cost of finished goods, semi-finished products, and work in progress is based on normal capacity, determined on the basis of the usual average volume maintained, as confirmed by the production plan. The selected basis for their allocation at the level of individual products is the rate of man-hours of direct production personnel involved in the production of the specific product.

The parent company uses “standard production cost” as the current valuation method for finished goods, semi-finished goods, and work in progress, and “standard delivery cost” for the main raw materials and supplies used in production.

At the end of each reporting period, management analyzes the factors that led to variances in: a) the procurement of raw materials and supplies for production—by comparing actual and standard procurement costs; and b) the production of finished goods, semi-finished goods, and work in progress—by comparing actual and standard production costs. If necessary, adjustments are made to the valuation of inventories in

the financial statements. Based on studies of good accounting practices in the pharmaceutical industry, materiality thresholds have been adopted for: a) the variance in the delivery of raw materials and supplies for production—up to 2%, and b) the production variance—up to 1.5%, within which the current valuation of available ending inventories of raw materials and supplies, finished goods, and work in progress is not adjusted for the purposes of the financial statements.

Non-production inventories and inventories related to the production of veterinary vaccines are written off on an ongoing basis as they are used (consumed and sold) using the weighted-average cost method.

Net realizable value represents the estimated selling price of an asset in the ordinary course of business, less the estimated costs of bringing the asset to a marketable condition and the estimated costs of disposal.

2.16. Trade receivables

Trade receivables represent the Group's unconditional right to receive consideration under contracts with customers and other counterparties (i.e., it is contingent only on the passage of time before the consideration is paid).

Initial measurement

Trade receivables are initially recognized and measured at fair value based on the transaction price, which is usually equal to their invoice value, unless they contain a significant financing component that is not separately recognized. In this case, they are recognized at their present value, determined using a discount rate equal to the interest rate deemed to be applicable to the debtor customer.

Subsequent Measurement

The Group holds trade receivables solely for the purpose of collecting contractual cash flows and subsequently measures them at amortized cost, less any accumulated impairment loss for credit losses. (*Note 2.25 Financial Instruments*).

Impairment

The Group applies the expected credit loss model over the entire term of all trade receivables, using the simplified approach specified by IFRS 9 and based on a loss rate matrix model (*Note 23*).

2.17. Interest-bearing loans and other financial resources provided

All loans and other financial resources provided are initially recognized at cost (nominal amount), which is deemed to be the fair value of the consideration given in the transaction, net of direct costs associated with such loans and provided resources. After initial recognition, interest-bearing loans and other financial resources provided are subsequently measured and presented in the statement of financial position at amortized cost, determined using the effective interest method. They are classified in this group because the Group's business model is solely for the purpose of collecting contractual cash flows of principal and interest. Amortized cost is calculated by taking into account all types of fees, commissions, and other amounts associated with these loans.

Gains and losses are recognized in the statement of comprehensive income (in profit or loss for the year) as financial income (interest) or expenses over the amortization period or when the receivables are repaid, written off, or reduced.

Interest income is recognized in accordance with the stage at which the relevant loan or other receivable is classified under the provided financial resource, using the effective interest rate method.

Interest-bearing loans and other financial resources provided are classified as current, except for the portion for which the Group has an unconditional right to settle its obligation more than 12 months after the end of the reporting period (Note 2.25).

2.18. Cash and Cash Equivalents

Cash includes cash on hand and balances in checking accounts, while cash equivalents include bank deposits with an original maturity of up to three months and funds in deposits with longer maturities that are freely available to the Group in accordance with the terms of the agreements with the banks at the time of the deposit (Note 2.25).

Subsequent measurement

Cash and cash equivalents in banks are subsequently presented at amortized cost, less the accumulated allowance for expected credit losses.

For the purposes of preparing the cash flow statement:

- cash receipts from customers and cash payments to suppliers are presented on a gross basis, including VAT (20%);
- interest on investment loans received is included as payments for financing activities, while interest related to loans supporting current operations (for working capital) is included in operating activities
- interest received on overdue trade receivables is included in cash flows from operating activities under receipts from customers;
- Interest received on bank deposits is included in cash flows from investing activities;
- VAT paid on purchases of fixed assets from foreign suppliers is reported under “Taxes Paid,” and for the supply of fixed assets from within the country, the “ ” is reported under “Payments to suppliers” in cash flows from operating activities, to the extent that it is included and recovered together with the operating cash flows of the Group companies for the relevant period (month).
- Receipts and payments from and on overdrafts are shown on a net basis by the Group.
- Cash and cash equivalents that have been permanently blocked for more than 3 months are not treated as cash and cash equivalents.
- Proceeds from factoring agreements are presented in cash flows from financing activities.

2.19. Trade and other payables

Trade and other current liabilities in the consolidated financial statements are presented at the amount stated on the original invoices (cost), which is considered to be the fair value of the transaction and will be paid in the future in exchange for the goods and services received. In cases of deferred payments beyond the usual credit term, where no additional interest payment is provided for or the interest rate differs significantly from the usual market interest rate, liabilities are initially measured at their fair value based on their present value using a discount rate appropriate for the Group companies, and subsequently at amortized cost (Note 2.25).

2.20. Interest-bearing loans and other borrowed funds

In the consolidated financial statements, all loans and other borrowed funds are initially presented at cost (nominal amount), which is deemed to be the fair value of the consideration received in the transaction, net of direct costs related to such loans and borrowed funds.

After initial recognition, interest-bearing loans and other borrowed funds are subsequently measured and presented in the consolidated financial statements at amortized cost, determined using the effective interest method. Amortized cost is calculated by taking into account all types of fees, commissions, and other expenses, including any discount or premium associated with these loans. Gains and losses are recognized in the consolidated statement of comprehensive income (in profit or loss for the year) as financial income or financial expenses (interest) over the amortization period or when the liabilities are written off or reduced (*Note 2.25*).

Interest expense is recognized over the term of the financial instrument using the effective interest method.

Interest-bearing loans and other borrowed funds are classified as current, except for the portion for which the Group has an unconditional right to settle the liability more than 12 months after the end of the reporting period.

2.21. Capitalization of Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset of the Group are capitalized as a part of the cost of that asset. A qualifying asset is an asset that necessarily requires at least a 12-month period to become ready for its intended use or sale.

The amount of borrowing costs that may be capitalized in the cost of a qualifying asset is determined using a capitalization rate. The capitalization rate is the weighted average of borrowing costs allocated to borrowings outstanding during the period, excluding borrowings incurred specifically for the purpose of acquiring a qualifying asset.

The capitalization of borrowing costs as part of the cost of a qualifying asset begins when the following conditions are met: expenditures on the asset are incurred, borrowing costs are incurred, and activities necessary to prepare the asset for its intended use or sale are in progress.

Borrowing costs are also reduced by any investment income from the temporary investment of the funds from these borrowings.

2.22. Leases

A contract constitutes or contains elements of a lease if, under the terms of that contract, the right to control the use of an asset is transferred for a consideration for a specified period of time.

On the lease commencement date, which is the earlier of the date of the lease agreement or the date the parties commit to the principal terms of the lease, the Group analyzes and assesses whether a contract constitutes or contains elements of a lease.

Lessee

The Group applies a single model for the recognition and measurement of all lease agreements, with the exception of short-term lease agreements (a lease agreement with a term of 12 months or less from the lease

commencement date and which does not contain a purchase option) and lease agreements for low-value assets (such as tablets, personal computers, telephones, office equipment, and others).

Initial recognition

On the lease commencement date (the date on which the underlying asset is available for use), the lessee recognizes a “right-of-use” asset and a lease liability.

The acquisition cost of the right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- lease payments made on or before the commencement date, net of incentives received under the lease agreement;
- the lessee’s initial direct costs;
- provisions for costs related to the dismantling and removal of the asset.

The Group depreciates right-of-use assets on a straight-line basis over the shorter of their useful life and the term of the lease. Depreciation begins to accrue from the lease commencement date.

The depreciation periods by type of asset covered by the lease agreements are as follows:

- for land – 4 to 5 years
- for buildings – from 2 to 10 years
- for equipment and transmission devices – from 2 to 10 years;
- for vehicles – from 2 to 5 years
- for business equipment – from 2 to 3 years

Right-of-use assets are presented in the statement of financial position under “property, plant, and equipment,” and their depreciation is presented in the statement of comprehensive income under “depreciation expense.”

The lease liability includes the net present value of the following lease payments:

- fixed payments, reduced by any lease incentives payable;
- variable lease payments dependent on indices or interest rates;
- the cost of exercising the purchase option, if it is reasonably certain that the lessee will exercise the option;
- payments of penalties for terminating the lease;
- residual value guarantees.

Lease liabilities are presented on separate lines in the statement of financial position: “Lease liabilities”—the non-current portion of liabilities, “Current portion of lease liabilities”—the current portion of liabilities, Long-term liabilities to related parties—non-current portion, and Liabilities to related companies—current portion.

Lease payments are discounted using the interest rate specified in the contract, if it can be directly determined, or using the differential interest rate of the relevant Group company, reflecting the interest rate that would be applicable when borrowing funds for a similar period of time, with similar collateral and in a similar economic environment.

Lease payments contain a specific proportion of finance expense (interest) and the portion of the lease liability being repaid (principal). Finance costs are recognized in the statement of comprehensive income over the lease term on a periodic basis so as to achieve a constant interest rate on the remaining unpaid portion of the principal of the lease liability.

Subsequent measurement

The Group has elected to apply the cost model for all of its right-of-use assets. These are presented at cost less accumulated depreciation, impairment losses, and adjustments resulting from revaluations and adjustments to the lease liability.

The Group subsequently measures the lease liability as follows:

- increasing the carrying amount to reflect accrued interest;
- decreasing the carrying amount to reflect lease payments made;
- revaluing the carrying amount of the lease liability to reflect revaluations or amendments to the lease agreement;

Accounting for Revaluations and Changes to the Lease Agreement

As a result of a revaluation, the lessee recognizes the amount of the revaluation of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the asset is lower, the remaining amount of the revaluation is recognized in profit or loss.

The lessee accounts for a modification to the lease agreement as a separate lease if:

- the modification increases the scope of the lease by adding a new “right-of-use asset” for one or more additional underlying assets; and
- the lease payments are increased by an amount commensurate with the stand-alone price for the increase in scope and any adjustments reflecting the specific circumstances of the contract.

Payments related to short-term leases and leases where the underlying asset is of low value, as well as variable lease payments that are not included in the measurement of the lease liability, are recognized directly as current expenses in the statement of comprehensive income on a straight-line basis over the lease term.

Lessor

A finance lease in which a significant portion of all risks and economic benefits arising from ownership of the asset under a finance lease, is derecognized from the lessor’s assets upon transfer of the asset to the lessee and is presented in the statement of financial position as a receivable with a value equal to the net investment in the lease. The net investment in the lease represents the difference between the sum of the minimum lease payments under the finance lease and the unguaranteed residual value accrued to the lessor, and unearned finance income.

The difference between the carrying amount of the asset leased under a finance lease and its fair value is recognized in the statement of comprehensive income (in profit or loss for the year) at the inception of the lease (upon transfer of the asset) as income from the sale of assets.

The recognition of earned finance income as current interest income is based on the application of the effective interest method.

Under an operating lease, the lessor retains a significant portion of all risks and economic benefits associated with ownership of the asset. Therefore, this asset remains included in the lessor’s property, plant, and equipment, and its depreciation for the period is included in the lessor’s current expenses.

Rental income from operating leases is recognized on a straight-line basis over the term of the respective lease. Initial direct costs incurred in connection with the negotiation and arrangement of the operating lease are added to the carrying amount of the leased assets and recognized on a straight-line basis over the lease term.

2.23. Pension and Other Employee Benefits under Social and Labor Legislation

Labor and social security relations with employees in the Group are based on the provisions of the Labor Code and the provisions of the applicable social security legislation for companies operating in *Bulgaria*, the Polish Code—for companies in *Poland*, labor legislation and the Collective Labor Agreement for companies in *Ukraine*, labor legislation, the General Collective Labor Agreement, and the current Labor Regulations for companies in *Serbia*, the Law of the Republic of Kazakhstan on Social Security Obligations for companies in *Kazakhstan*, the Labor Code of the Russian Federation for companies in *Russia*, and the Labor Code of the Republic of Belarus for companies in *Belarus*.

Short-term income

Short-term income for employees in the form of wages, bonuses, and social benefits and allowances (due for settlement within 12 months after the end of the period in which the employees rendered the related services or met the necessary conditions) is recognized as an expense in the statement of comprehensive income (in profit or loss for the year) unless an IFRS requires that amount to be capitalized in the cost of a specific asset over the period in which the service is rendered and/or the conditions for receiving them are met, and as a current liability (net of any amounts already paid and applicable deductions) in the amount of their undiscounted value.

As of the date of each consolidated financial statement, the Group companies estimate the amount of expected expenses related to accrued compensable leave, which is expected to be paid as a result of unused accrued leave. The estimate includes an approximate assessment of the amounts for the remuneration itself and the contributions to mandatory public social and health insurance that the employer owes on these amounts.

Reward and Bonus Schemes

Subject to specific provisions in the articles of association of Group companies and a resolution of the companies' general meetings, the CEO and/or other executives are entitled to receive a one-time bonus, typically determined as a percentage of the company's net profit. This type of compensation expense is recognized in the statement of comprehensive income (in profit or loss) under "personnel expenses." When a portion is required to be deferred for a period longer than 12 months, that portion is measured at its present value as of the financial statement date and is included in non-current liabilities in the statement of financial position under "liabilities to employees."

Amounts due to employees, including members of key management personnel, under various bonus schemes applied by the Group companies are typically accrued for the reporting year to which the results achieved relate.

This type of compensation expense is recognized in the statement of comprehensive income (in profit or loss) under "personnel expenses" and in the statement of financial position as "payables to employees" and is generally short-term.

Long-term income

Long-term equity incentive plan for key employees

The primary objective of this program is to provide an additional financial incentive for employees in the form of a long-term equity incentive to encourage performance and long-term loyalty, by offering selected key employees the opportunity to become shareholders of the parent company. The program provides that a portion of the annual additional remuneration (bonus) for the company's key employees be paid in the form of shares. Members of the Board of Directors and/or other members of the company's management or supervisory bodies do not participate and will not participate in the program.

The allocation of shares as a long-term incentive is based on the achievement of specific performance targets, which include both financial and non-financial metrics.

Financial indicators may include, but are not limited to, criteria based on earnings before interest, taxes, depreciation, and amortization (EBITDA), revenue from ordinary activities, revenue growth, gross profit, efficiency, and the value of new business.

The specific financial indicators and their parameters at the company level are determined by a resolution of the Board of Directors by April 30 of the current calendar year for that same year, based on an analysis of the results achieved against the financial criteria set for the previous year, as well as on the approved budget and strategy for the current calendar year.

Non-financial indicators may include, but are not limited to, those related to customer satisfaction, the implementation of a specific project set forth in the company's development plans, the expansion of production capacity, or the stable and sustainable development of the company in economic, social, and environmental terms.

Non-financial indicators and their parameters are determined by a resolution of the Board of Directors by April 30 of the current calendar year for that same year, in accordance with the parent company's short- and medium-term development plans.

A target performance level of 100% is set for each of the established indicators.

A long-term equity incentive for the relevant year is granted only if the specific financial indicators are met at a minimum of 80% of the set targets.

For non-financial indicators, a minimum performance level (threshold) of 60% is set, below which the relevant indicator is considered unmet.

The value of the shares from the long-term incentive is calculated according to the following scale:

- for achieving 60% to 90% of a given target, the payout percentage starts at 50% and increases by 1 percentage point for each percentage point of achievement;
- for 90% achievement of a given target, 80% of the target level is paid;
- for achieving 90% to 99% of a given target, 2 percentage points are added for each percentage point of achievement.

The number of shares from the long-term incentive to be granted is determined by the Board of Directors at the time of allocation of the long-term shares based on the average share price of the parent company during the month preceding the allocation date. This average price is considered the acquisition price of the long-term incentive shares.

Long-Term Retirement Benefits

Defined Contribution Plans

For Bulgaria

The primary obligation of employer companies in Bulgaria is to provide mandatory social insurance for their employees for the "Pensions" fund, supplementary mandatory pension insurance (SMPI), the "General Illness and Maternity" (GIM) fund, the "Unemployment" Fund, the "Work-Related Accidents and

Occupational Diseases” Fund (), the “Guarantee of Workers’ and Employees’ Receivables” Fund (ГБРС), and health insurance.

The amounts of social security contributions are regulated by the Social Security Code (SSC), as well as by the Law on the Budget of the State Social Security Fund and the Law on the Budget of the National Health Insurance Fund for the respective year. Contributions are shared between the employer and the insured person in accordance with the rules of the SSC.

These social security pension plans, implemented by companies in Bulgaria in their capacity as employers, are defined-contribution plans. Under these plans, the employer pays monthly contributions to the state Pension Fund, the Occupational Health and Safety Fund, the Unemployment Fund, and the Social Insurance Fund, as well as to universal and occupational pension funds—based on percentages fixed by law—and there is no legal or constructive obligation to make additional contributions to the funds in cases where they lack sufficient funds to pay the respective individuals the amounts they have earned during their period of employment. The obligations regarding health insurance are similar.

For companies abroad

The rates of social security contributions in Poland are established by the Law on the National Social Security System, in Ukraine—by the Law on Pension Provision, in Serbia—by the Labor Law of the Republic of Serbia, in Kazakhstan—by the Law of the Republic of Kazakhstan on Social Security Obligations, in Russia—by the Law on Mandatory Pension Insurance in the Russian Federation; and in the Republic of Belarus—by the Law on the Fundamentals of State Social Insurance, the Decree of the President of the Republic of Belarus on Insurance Activities, and the Law of the Republic of Belarus on Pension Insurance. The allocation of insurance contributions between the employer and the insured person is determined in proportions regulated by the relevant local legislation.

The Group does not have an established and operating private voluntary insurance fund.

Contributions payable by Group companies under defined-contribution plans for social and health insurance are recognized as a current expense in the statement of comprehensive income (in profit or loss) unless an IFRS requires that this amount be capitalized in the cost of a specific asset, and as a current liability in undiscounted amount, both during the period of service and the accrual of the related employee earnings to which the contributions relate.

Defined benefit plans

Under the Labor Code, employers of companies in *Bulgaria* are required to pay their staff severance pay equal to the gross salary of the relevant employee for two months upon termination of the employment relationship due to retirement. If the employee has accumulated ten years of service with the company or within the same group of companies over the past twenty years, the severance pay is equal to six months’ gross salary. By their nature, these schemes constitute unfunded defined benefit plans.

Under the Labor Law of *Serbia*, the employer of a Serbian company is obligated to pay employees, upon reaching retirement age, a retirement benefit in an amount of at least three average monthly wages, calculated as of the date of payment. Under , *Ukrainian* labor law, and the collective bargaining agreement of the Ukrainian company, the employer is required to pay employees upon reaching retirement age a severance payment that, depending on length of service with the company, may range from 250 to 500 Ukrainian hryvnias. Additionally, the company in Ukraine accrues social benefits that are paid to employees

prior to retirement due to specific working conditions. Under Polish labor law, the employer is required to pay one gross monthly salary upon retirement. Under Belarusian labor law, there are no obligations to employees upon retirement.

By their nature, these schemes are unfunded defined-benefit plans.

The calculation of the amount of these liabilities requires the involvement of qualified actuaries to determine their present value as of the financial statement date, at which they are presented in the consolidated statement of financial position, and the change in their value is presented in the consolidated statement of comprehensive income as follows: a) current and past service costs, interest costs, and the effects of curtailments and settlements are recognized immediately in the period in which they arise and presented in current profit or loss under “personnel expenses,” b) the effects of subsequent remeasurements of the obligations, which in substance represent actuarial gains and losses, are recognized immediately in the period in which they arise and are presented in other comprehensive income under “subsequent remeasurements of defined benefit pension plans.” Actuarial gains and losses arise from changes in actuarial assumptions and experience.

As of the date of each annual consolidated financial statement, the Group companies appoint certified actuaries who issue a report containing their calculations regarding the Group’s long-term obligations to employees for termination benefits upon retirement. For this purpose, they apply the projected unit credit method.

The present value of the defined benefit obligation is calculated by discounting the future cash flows expected to be paid over the term of the obligation, using the interest rates on long-term government bonds with similar maturities listed in the country where the company operates.

Share-based payments

Share-based payments to employees and other individuals providing similar services are measured at the fair value of the equity instruments as of the grant date. For equity-based payments with vesting conditions, the fair value on the grant date of the equity-based payment is measured to reflect those conditions and to ensure there are no material differences between expected and actual outcomes.

Termination Benefits

In accordance with the local provisions of the labor and social security laws applicable to the Group companies, the employer is obligated to pay certain types of benefits to employees upon termination of their employment contract prior to retirement.

The Group recognizes liabilities to employees for termination benefits prior to reaching retirement age when a binding commitment has been demonstrated, including based on an announced plan (e.g., for restructuring), to terminate the employment contract with the relevant individuals without the possibility of revocation, or upon the formal issuance of documents in cases of voluntary resignation. Termination benefits payable over 12 months are discounted and presented in the consolidated statement of financial position at their present value.

2.24. Share Capital and Reserves

Sopharma AD (the parent company) is a joint-stock company and is required to register a specified amount of *share capital* in the Commercial Register to serve as security for creditors' claims. Shareholders are liable for the company's obligations up to the amount of their equity interest in the capital and may claim a return of that interest only in liquidation or insolvency proceedings. The parent company reports its share capital at the par value of the shares registered with the court.

In accordance with the requirements of the Commercial Code and the Articles of Association, the parent company is required to establish a ***"Reserve Fund" (statutory reserves)***, with the following sources of the fund:

- at least one-tenth of the profit, which is set aside until the funds in the reserve reach one-tenth of the share capital or a larger portion determined by a resolution of the General Meeting of Shareholders;
- funds received in excess of the par value of the shares upon their issuance (share premium reserve);
- other sources provided for by a resolution of the General Meeting.

Funds from the reserve may be used only to cover the annual loss and losses from prior years. When the funds in the reserve reach the minimum amount specified in the Articles of Association, funds in excess of that amount may be used to increase the share capital.

Repurchased treasury shares are presented in the consolidated statement of financial position at cost (acquisition price), with the Group's equity reduced by their gross purchase price.

Gains or losses from the sale of repurchased treasury shares are charged to retained earnings and are presented directly in the Group's equity under the "retained earnings" component.

The revaluation reserve—property, plant, and equipment—is comprised of:

- the positive difference between the carrying amount of property, plant, and equipment and their fair values as of the date of the revaluation;
- the positive difference between the carrying amount of property, plant, and equipment reported as used in the Group's own operations and their fair value as of the date on which they are transferred to investment property.

The effect of deferred taxes on the revaluation reserve is recognized directly against that reserve.

The revaluation reserve is transferred to retained earnings when the assets are derecognized from the Group's consolidated statement of financial position or are fully depreciated.

The revaluation reserve covers impairments of the assets to which it relates. It may be used in the implementation of the Group's dividend and capital policy only after its transfer to the "retained earnings" component.

The reserve for financial assets at fair value through other comprehensive income is formed from the effects of fair value measurement of other long-term equity investments. Upon derecognition of these investments, the reserve formed is not recycled through the statement of comprehensive income (into profit or loss for the year), but is transferred to the "retained earnings" component.

The foreign operations translation reserve in the presentation currency includes the effects of translating the financial statements of foreign entities from local currency into the Group's presentation

currency. This reserve is recognized as a separate component of equity in the consolidated statement of financial position and is recognized as part of profit or loss in the consolidated statement of comprehensive income under the line item “gains/(losses) on the acquisition and disposal of subsidiaries, net” upon disposal (sale) of a foreign operation (company).

The other equity components represent a reserve for issued warrants, which is formed from the difference between the issue price of the subscribed warrants and the transaction costs associated with the issue. The warrants are issued and subscribed at a fixed price denominated in EURs and carry future rights to convert into a fixed number of ordinary, book-entry, registered, freely transferable shares of the parent company, and are therefore classified as an equity instrument.

2.25. Financial Instruments

A financial instrument is any contract that gives rise simultaneously to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial Assets

Initial Recognition, Classification, and Measurement

Upon initial recognition, financial assets are classified into three groups, according to which they are subsequently measured at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss.

The Group initially measures financial assets at fair value, and in the case of financial assets not measured at fair value through profit or loss, direct transaction costs are added. An exception is trade receivables that do not contain a significant financing component—these are measured at the transaction price determined in accordance with IFRS 15 *Revenue from Contracts with Customers* (Note 2.6.2).

Purchases or sales of financial assets whose terms require delivery of the assets within a specified period of time, typically established by regulation or prevailing market practice (regular purchases), are recognized on the trade date (the transaction date), i.e., the date on which the Group has committed to purchase or sell the asset.

The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows of the relevant financial asset and the Group companies’ business model for managing them. To be classified and measured at amortized cost or at fair value through other comprehensive income, the terms of a financial asset must give rise to cash flows that consist of “principal and interest payments only (PIPO)” on the outstanding principal amount. For this purpose, an analysis is performed using a P&I test at the instrument level.

The Group’s business model for managing financial assets reflects how Group companies manage their financial assets to generate cash flows. The business model determines whether cash flows result solely from the collection of contractual cash flows, from the sale of financial assets, or from both.

Subsequent Measurement

For the purposes of subsequent measurement, financial assets are classified into the following categories:

- Financial assets at amortized cost (debt instruments)

- Financial assets at fair value through other comprehensive income without “recycling” cumulative gains and losses (equity instruments)
- Financial assets at fair value through profit or loss (debt securities—bonds and derivative financial instruments—warrants).

Classification groups

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost when both of the following conditions are met:

- the financial asset is held and used within a business model whose objective is to hold it in order to collect the contractual cash flows from it, and
- the terms of the financial asset’s contract give rise to cash flows on specific dates that consist solely of payments of principal and interest on the outstanding principal amount.

Financial assets at amortized cost are subsequently measured using the effective interest rate method (EIR). They are subject to impairment. Gains and losses are recognized in the statement of comprehensive income () (in profit or loss for the year) when the asset is derecognized, modified, or impaired.

The Group’s financial assets at amortized cost include: cash and cash equivalents in banks, trade receivables, including those from related parties, receivables under factoring agreements, loans granted to related entities, and loans to third parties (*Note 20, Note 21, Note 23, Note 24, Note 26, and Note 27*)

Financial assets at fair value through other comprehensive income (equity instruments)

Upon initial recognition, Group companies may make an irrevocable election to classify certain equity instruments as those designated at fair value through other comprehensive income, but only when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an individual basis, instrument by instrument.

Upon derecognition of these assets, gains and losses from fair value measurement recognized in other comprehensive income are not reclassified to profit or loss. Dividends are recognized as “financial income” in the statement of comprehensive income (in profit or loss for the year) when the right to receive payment is established, except when Group companies derive benefits from these receipts as a recovery of part of the acquisition cost of the financial asset, in which case the gains are recognized in other comprehensive income. Equity instruments designated as such at fair value through other comprehensive income are not subject to an impairment test.

The Group has made an irrevocable election to classify in this category its minority equity investments, which it holds on a long-term basis and in connection with its business interests in these companies. A significant portion of these are traded on capital markets. These investments are presented in the consolidated statement of financial position under the line item “Other long-term equity investments.”

Financial assets at fair value through profit or loss (debt securities—bonds and derivative financial instruments—warrants)

Upon initial recognition, they are measured at cost, which includes the fair value of the financial asset and all costs related to the acquisition—commissions, fees, permits, and other similar items.

All subsequent changes in fair value are recognized immediately as “financial income” or “financial expenses” in the statement of comprehensive income (in profit or loss for the year).

Derecognition

A financial asset (or, where applicable, a portion of a financial asset or a portion of a group of similar financial assets) is derecognized from the Group’s statement of financial position when:

- the rights to receive cash flows from the asset have expired, or
- the rights to receive cash flows from the asset have been transferred, or the Group has assumed an obligation to pay the received cash flows in full, without material delay, to a third party under a transfer agreement; in which case: either a) the Group has transferred substantially all the risks and rewards of ownership of the asset; or b) the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has not retained control over it.

When the Group has transferred its rights to receive cash flows from the asset or has entered into a transfer agreement, it assesses whether and to what extent it has retained the risks and rewards of ownership. When the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, nor transferred control over it, it continues to recognize the transferred asset to the extent of its continuing involvement in it. In this case, the Group also recognizes the related liability. The transferred asset and the related liability are measured on a basis that reflects the rights and obligations the Group has retained.

A continuing involvement in the form of a guarantee over the transferred asset is measured at the lower of: the asset’s initial carrying amount and the maximum amount of consideration that the Group could be required to pay.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses for all debt instruments that are not measured at fair value through profit or loss. Expected credit losses are calculated as the difference between the contractual cash flows due under the terms of the contract and all cash flows the Group expects to receive, discounted at the original effective interest rate. Expected cash flows also include cash flows from the sale of collateral held or other credit enhancements that are an integral part of the contract terms.

To calculate expected credit losses on *loans to related parties and third parties*, including cash and cash equivalents at banks, the Group applies the general impairment approach set forth in IFRS 9. Under this approach, the Group applies a “three-stage” impairment model based on changes from the initial recognition of the credit quality of the financial instrument (asset).

Expected credit losses are recognized in two stages:

- a. A financial asset that is not credit-impaired at initial recognition/acquisition is classified in Stage 1. These are loans granted to: borrowers with a low risk of default and stable, consistently good key indicators (financial and non-financial), serviced regularly, and with no past-due amounts.

From the time of initial recognition, its credit risk and quality are subject to continuous monitoring and analysis. Expected credit losses on financial assets classified in Stage 1 are determined based on credit losses resulting from possible default events that could occur within the next 12 months of the asset’s life (12-month expected credit losses for the instrument).

b. In cases where, after the initial recognition of a financial asset, its credit risk increases significantly and, as a result, its quality deteriorates, it is classified in Stage (Stage) 2. The expected credit losses on financial assets classified in Stage 2 are determined for the entire remaining life (maturity) of the relevant asset, regardless of the timing of default (expected credit losses over the entire life (maturity) of the instrument).

The Group's management has developed a policy and a set of criteria for analyzing, identifying, and assessing the occurrence of a "significant increase in credit risk." Key aspects of these are disclosed in *Note 45*.

In cases where the credit risk of a financial asset increases to a level indicating that a default event has occurred, the financial asset is considered impaired and is classified in Stage 3. At this stage, the losses incurred on the respective asset over its entire remaining life (maturity) are identified and calculated.

The Group's management has conducted relevant analyses, based on which it has established a set of criteria for default events. One of these is a delay in contractual payments due for more than 90 days, unless there are circumstances for a specific instrument that refute this assertion.

In addition, other events are monitored, based on internal and external information, which indicate that the debtor is unable to pay (repay) all amounts still owed under the contract, including taking into account all credit facilities provided by the Group. Key aspects of the policy and the set of criteria are disclosed in *Note 45*

The Group adjusts expected credit losses determined based on historical data using forecast macroeconomic indicators that have been found to be correlated and are expected to influence the amount of expected credit losses in the future.

To calculate expected credit losses on *trade receivables and assets under contracts with customers*, the Group has selected and applies a simplified approach based on a matrix for calculating expected credit losses and does not monitor subsequent changes in their credit risk. Under this approach, it recognizes a provision (impairment allowance) based on the expected credit loss over the entire life of the receivables as of each reporting date. The Group has developed and applies a provisioning matrix based on historical experience regarding credit losses, adjusted by forecast factors specific to the debtors and the economic environment, for which a correlation with the credit loss rate has been established. (*Note 45*).

Write-off

Impaired financial assets are written off when there is no reasonable expectation of collecting the contractual cash flows.

Financial liabilities

Initial recognition, classification, and measurement

The Group's financial liabilities include trade and other payables, loans and other borrowings, including bank overdrafts.

Initially, all financial liabilities are recognized at fair value, and in the case of loans and borrowings and trade and other payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and other borrowings, including bank overdrafts, and derivative financial instruments.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification, as presented below:

Classification groups

Loans and other borrowings

After initial recognition, the Group measures interest-bearing loans and borrowings at amortized cost using the effective interest method.

Gains and losses are recognized in the statement of comprehensive income (in profit or loss for the year) when the relevant financial liability is derecognized, as well as through amortization based on the effective interest rate.

The amortized cost is calculated by taking into account any discounts or premiums at acquisition, as well as fees or costs that are an integral part of the effective interest rate. Amortization is included as “financial expense” in the statement of comprehensive income (in profit or loss for the year).

Derecognition

Financial liabilities are derecognized when the obligation is extinguished, terminated, or expires. When an existing financial liability is exchanged for another from the same lender under substantially different terms, or the terms of an existing liability are substantially modified, that exchange or modification is treated as a derecognition of the original liability and the recognition of a new one. The difference in the respective carrying amounts is recognized in the statement of comprehensive income (in profit or loss for the year).

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position, if there is a legally enforceable right to offset the recognized amounts and if there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

This requirement stems from the concept of the substantive economic reality of the Group companies’ relationships with a given counterparty, namely that when both of these requirements are met, the expected actual future cash flow and benefits from these transactions for the Group companies is the net amount, i.e., the net amount reflects the Group’s actual right or obligation under these financial instruments—in all circumstances to receive or pay solely the net amount. If both conditions are not met simultaneously, it is assumed that the Group’s rights and obligations regarding these offsetting arrangements (financial instruments) are not limited in all situations solely to the receipt or payment of the net amount.

The netting policy is also related to the assessment, presentation, and management of the actual credit and liquidity risk associated with these offsetting transactions.

The criteria applied to determine the “existence of a current and legally enforceable right to net” are:

- it must not depend on a future event, i.e., it must not be applicable only upon the occurrence of a future event;
- it must be enforceable and defensible by legal means in the course of (cumulatively):

- normal business operations,
- in the event of default/delinquency, and
- in the event of insolvency or bankruptcy.

The applicability of the criteria is assessed in light of the requirements of Bulgarian law and the agreements established between the parties. The condition of “the existence of a current and legally enforceable right to net” is always and mandatorily assessed together with a second condition—that of “a binding intention to settle these accounts on a net basis.”

2.26. Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make certain payments to reimburse the holder for a loss it has incurred because a debtor has failed to make a payment when due, in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognized as a financial liability at fair value, which is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required in the absence of the guarantee, or the estimated amount that would be payable to a third party to assume the obligations, at the time the guarantee is issued.

Subsequent measurement of financial guarantee liabilities is performed at the higher of the following amounts:

- the amount determined in accordance with the expected credit loss model, and
- the initially recognized amount minus, where applicable, the cumulative amount of revenue recognized in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The provision for expected credit losses on financial guarantee contracts is included in the consolidated statement of financial position under “other current liabilities.”

2.27. Income Taxes

Current income taxes for the Bulgarian companies in the Group are determined in accordance with the requirements of Bulgarian tax legislation—the Corporate Income Tax Act. The nominal tax rate in Bulgaria for 2026 is 10% (2025: 10%).

Subsidiaries and joint ventures abroad are taxed in accordance with the requirements of the relevant tax laws of each country at the following tax rates:

Country	Tax rate	
	2026	2025
Ukraine	18%	18%
Serbia	15%	15%
Poland	19%	19%
Kazakhstan	20%	20%
Russia	25%	25%
Belarus	20%	20%

Deferred income taxes are determined by applying the balance sheet method to calculate the liability for all temporary differences of each consolidated entity as of the date of the consolidated financial statements,

which exist between the carrying amounts and tax bases of individual assets and liabilities, including those arising from consolidation adjustments.

Deferred tax liabilities are recognized for all taxable temporary differences, except those arising from the recognition of an asset or liability that, as of the date of the transaction, did not affect accounting and taxable profit/(loss).

Deferred tax assets are recognized for all deductible temporary differences and for unused tax losses to the extent that it is probable that they will reverse and sufficient taxable profit will be generated in the future or taxable temporary differences will arise, against which these deductible differences can be offset, except for differences arising from the recognition of an asset or liability that, at the date of the transaction, did not affect accounting and taxable profit/(loss).

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent to which it is probable that they will reverse and generate sufficient taxable profit or taxable temporary differences arising in the same period against which they can be deducted or offset.

Deferred taxes related to items that are recognized as other components of comprehensive income or equity in the consolidated statement of financial position are also recognized directly in the relevant component of comprehensive income or equity.

Deferred tax assets and liabilities are measured based on the tax rates expected to apply to the period and type of transactions in which the assets are expected to be realized, and liabilities are expected to be settled (repaid), based on tax laws that are in effect or are expected with a high degree of certainty to be in effect, and at the tax rates of the country in whose jurisdiction the respective deferred asset or liability is expected to be realized.

Deferred tax assets of a Group company are presented net against deferred tax liabilities of that company when it is the tax payer for them in the relevant jurisdiction, and only when the company has a legal right to make or receive net payments of current income tax liabilities or receivables.

2.28. Government grants

Government grants represent various forms of non-repayable funds provided by the state (local and central authorities and institutions) and/or intergovernmental agreements and organizations.

Government grants (municipal, state, and international institutions, including through the use of European funds and programs) are initially recognized as deferred income (grant) when there is reasonable assurance that it will be received by the Group and that the Group has met and continues to meet the conditions and requirements of the grant.

Government funding related to the reimbursement of incurred expenses is recognized in current profit or loss on a systematic basis over the same period in which the expenses are recognized.

Government grants related to the reimbursement of capital expenditures for the acquisition of an asset are recognized in profit or loss on a systematic basis over the asset's useful life, typically in proportion to the amount of depreciation recognized in expenses.

2.29. Non-current assets (or a disposal group) held for sale and discontinued operations

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition, subject only to terms that are customary and accepted for sales of such assets (or disposal groups), and the sale must be highly probable.

A disposal group is one that will be disposed of through sale or other means, together as a group in a single transaction, and liabilities directly associated with the assets to be transferred in the transaction.

A discontinued operation is a component of an entity that is either disposed of or classified as held for sale and: (a) constitutes a separate major line of business or geographical area of operations; (b) is part of a coordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with the intent to resell it.

The Group measures a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell. Fair value is determined with the assistance of an independent licensed appraiser. Immediately prior to the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the asset (or of all assets and liabilities of the group) are measured in accordance with applicable IFRSs.

The Group does not depreciate the non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

The Group presents the non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

2.30. Net earnings or loss per share

Basic net income or loss per share is calculated by dividing the net income or loss for the period attributable to the parent company's shareholders holding common stock by the weighted-average number of common shares outstanding during the period.

The weighted average number of shares represents the number of ordinary shares outstanding at the beginning of the period, adjusted for the number of ordinary shares repurchased and newly issued during the period, multiplied by the time-weighting factor.

This factor expresses the number of days during which the specific shares were held relative to the total number of days in the period.

In the event of a capitalization, bonus issue, or stock split, the number of common shares outstanding as of the date of that event is adjusted to reflect the proportional change in the number of common shares outstanding as if the event had occurred at the beginning of the earliest period presented.

Net income or loss per diluted share is calculated because the parent company has issued potential diluted shares (warrants).

Net earnings or loss per diluted share are calculated by adjusting the earnings or loss for the period attributable to the parent company's common shareholders and the weighted-average number of ordinary

shares outstanding for the period are adjusted for the effect of all potential ordinary shares with diluted value, which consist of warrants.

Dilutive potential ordinary shares are offset against the amount of net earnings per share when their conversion into ordinary shares would increase net earnings per share or reduce losses per share from continuing ordinary operations.

Options and warrants are dilutive only when the average market price of common shares for the period exceeds the exercise price of the options or warrants (i.e., they generate a gain). Earnings per share reported in prior periods are not adjusted retrospectively to reflect changes in the prices of common shares.

Diluted earnings or loss per share are calculated based on the basic earnings or loss per share, adjusted as follows:

(a) the profit or loss for the period attributable to the holders of the parent company's ordinary shares is increased by the amount of dividends and interest after tax, recognized during the period in respect of potential dilutive ordinary shares, and adjusted for any other changes in income or expense that might arise from the conversion of potential dilutive ordinary shares; and

(b) the weighted-average number of ordinary shares outstanding during the period is increased by the weighted-average number of additional ordinary shares that would be outstanding upon conversion of all potential dilutive ordinary shares.

2.31. Segment Reporting

The Group identifies its reportable segments and discloses segment information in accordance with the organizational and reporting structure used by the parent company's management for the ongoing overall monitoring and management of the Group and its components. Operating segments are components of the business that are regularly reviewed by key members of management responsible for making operating decisions—using financial and operating information prepared specifically for the segment—for the purposes of ongoing monitoring and assessment of operating results (performance) and the allocation of the Group's resources.

The Group's operating segments are currently monitored and managed separately, with each operating segment representing a distinct business area that carries different business benefits and risks. The operating segments through which the Group's management monitors, measures, and controls risks and returns are identified based on the primary business activities conducted with pharmaceutical products, namely: manufacturing and sales.

Information by Operating Segment

The Group uses a single measure—gross margin (profit)—to evaluate results in the operating segments and to allocate resources among them. It is defined as the difference between segment revenue and segment expenses directly attributable to the respective segment.

Segment assets, liabilities, and, respectively, revenues, expenses, and results include those that are and can be directly attributable to the respective segment, as well as those that can be allocated on a reasonable basis, including intersegment items. Typically, these are: a) for revenue—sales of products and goods; b) for expenses—costs of raw materials and supplies, depreciation, and compensation of production personnel, as well as the carrying amount of goods sold; c) for assets—property, plant, and equipment,

inventories, receivables from related parties, trade receivables, and cash and cash equivalents; d) for liabilities—current liabilities to employees and for social security, liabilities to related parties, trade payables, and bank loans for direct financing (long-term and short-term).

Capital expenditures (investments) by business segment are capitalized costs incurred during the period for the acquisition or construction of segment non-current assets that are expected to be used over more than one period.

The Group manages investments in securities, certain trade receivables and financial resources provided, as well as taxes at the Group level and for individual companies, but these are not allocated at the segment level.

The results of activities considered incidental to the Group's primary operations, as well as unallocated revenues, expenses, liabilities, and assets, are reported separately under "Group-wide."

These amounts generally include: other operating income unless it arises from the operations of a specific segment, administrative expenses, interest income and expenses, realized and unrealized gains and losses on foreign exchange and investment transactions, investments in other companies, other receivables, tax settlements, and general-purpose production and administrative equipment.

Inter-segment transfers: segment revenues, segment expenses, and segment results include internal transfers between business segments. These transfers are recorded at competitive market prices charged to unrelated customers for similar goods and are eliminated at the consolidated financial statement level.

Investments in joint ventures and associates accounted for using the equity method are excluded from segment assets and segment revenue. They are presented as part of non-allocable assets, and the income from them is presented in the line item "gains/(losses) from joint ventures and associates, net."

The accounting policy applied for segment reporting is based on that used by the Group for the preparation of its statutory financial statements.

In addition, the Group discloses information regarding significant customers when the amount of revenue generated from each customer exceeds 10% of the total consolidated revenue from the Group's operations.

2.32. Fair Value Measurement

Certain assets and liabilities of the Group are measured and presented and/or disclosed solely at fair value for financial reporting purposes. These include:

a). on a recurring (annual) basis – other long-term equity investments, investment property, bank loans granted and received and loans to/from third parties, certain trade and other receivables and payables, and finance lease receivables and payables; and others b) on a non-recurring (periodic) basis – non-financial assets such as property, plant, and equipment.

Fair value is the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an arm's-length transaction between independent market participants on the valuation date. Fair value is an exit price and is based on the assumption that the sale transaction will take place either in the principal market for that asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability. Both the primary market and the most advantageous market are markets to which the Group companies have mandatory access.

Fair value measurement is based on the assumptions and judgments that potential market participants would make when determining the price of the relevant asset or liability, assuming that they would act to achieve the best possible economic benefit from it for themselves.

When measuring the fair value of non-financial assets, the starting point is always the assumption of what would be the best and most efficient possible use of the asset for market participants.

The Group applies various valuation techniques that are appropriate given the specific circumstances and for which it has a sufficient basis of input data, striving to make maximum use of publicly observable information and, accordingly, to minimize the use of unobservable information. It uses all three permissible approaches—the *market, income, and cost approaches*—with the most commonly applied valuation techniques being direct and/or adjusted quoted market prices, market comparables, and discounted cash flows, including those based on capitalized rental income.

The fair value of all assets and liabilities that are measured and/or disclosed in the consolidated financial statements at fair value is categorized within the following fair value hierarchy, namely:

- Level 1 – Quoted (unadjusted) market prices in an active market for identical assets or liabilities;
- Level 2 – Valuation techniques that use inputs other than directly quoted prices but that are directly or indirectly observable, including when quoted prices are subject to certain adjustments; and
- Level 3 – Valuation techniques that use inputs that are largely unobservable.

For those assets and liabilities that are measured at fair value in the consolidated financial statements on a recurring basis, the Group assesses at the date of each consolidated financial statement whether a transfer within the fair value hierarchy of a given asset or liability is necessary, depending on the input data available and used as of that date.

Internal rules and procedures for measuring the fair value of various types of assets and liabilities have been developed centrally at the parent company. For this purpose, a dedicated valuation officer reporting to the Group's Chief Financial Officer has been appointed to organize the entire valuation process, including coordinating and supervising the work of external appraisers.

The Group utilizes the expertise of external licensed appraisers to determine the fair values of the following assets and liabilities: *other long-term equity investments*—Level 2 and Level 3; *investment property*—Level 2; and *property, plant, and equipment*—Level 2 and Level 3. The selection of such appraisers is made on an annual basis using the following criteria: applicable professional standards, professional experience and knowledge; reputation and market standing. The need for rotation of external appraisers is periodically assessed—every three to five years. The application of valuation approaches and techniques, as well as the input data used for each fair value measurement, are subject to mandatory discussion and coordination between the external expert appraisers and the designated valuation officer, , as well as the approval of the issued valuation reports — particularly with regard to material assumptions and final conclusions and proposals regarding the fair value amount.

The final fair value assessments are subject to approval by the Chief Financial Officer and/or Chief Accountant, the Chief Executive Officer, and the Board of Directors of the respective company, as well as the Group's Chief Financial Officer.

As of the date of each financial statement, in accordance with the Group's accounting policy, the designated valuation specialist performs a comprehensive analysis of previously collected information regarding changes in the values of the assets and liabilities of Group companies that are subject to valuation or fair value disclosure, the type of available data and possible factors for the observed changes, and submits for approval to the Chief Financial Officer the approach for measuring the fair values of the relevant assets and liabilities as of that date. If necessary, this is explicitly discussed with the external appraisers used.

The results of the fair value measurement process are presented to the audit committee and the independent auditors of the respective companies, as well as to the Group's CFO and independent auditors.

For the purposes of fair value disclosures, the Group has identified its relevant assets and liabilities based on their nature, key characteristics, and risks, as well as on the fair value hierarchy level.

2.33. Critical judgments in applying the Group's accounting policies. Key estimates and assumptions subject to high uncertainty.

Revenue from contracts with customers

In recognizing revenue and preparing the consolidated financial statements, management makes various judgments, estimates, and assumptions that affect the reported revenue, expenses, assets, and liabilities under contracts and the related disclosures.

As a result of the uncertainty regarding these assumptions and estimates, significant adjustments to the carrying amounts of the affected assets and liabilities may arise in the future, and consequently to the reported expenses and revenue.

The key judgments and assumptions that have a material effect on the amount and timing of revenue recognition from contracts with customers relate to determining the point in time when control over the goods and/or services promised in the contract with the customer goods, and/or services promised in the contract with the customer is transferred to the customer, and the measurement of variable consideration for returned goods and volume discounts (*Note 2.6.1*)

Fair value measurement of equity investments

When the fair value of equity investments recognized in the statement of financial position cannot be derived from quoted prices in active markets, their fair value is determined using other valuation models and techniques, including the discounted cash flow model. The input data used in these models is collected from observable markets where possible, but when this cannot be done, determining fair values involves the application of a certain degree of judgment. Such judgment involves the review, analysis, and evaluation of input data such as liquidity risk, credit risk, and volatility. Changes in assumptions regarding these factors may affect the reported fair value of financial instruments.

Calculation of expected credit losses for loans and guarantees granted, trade receivables (including those from related parties), and cash and cash equivalents

The measurement of expected credit losses for financial assets carried at amortized cost (loans granted, receivables, and assets under contracts with customers, cash and cash equivalents), as well as for financial guarantees provided, is an area that requires the use of complex models and significant assumptions

regarding future economic conditions and the credit behavior of customers and debtors (e.g., the probability that counterparties will default on their obligations and the resulting losses).

To apply these requirements, the Group's management makes a number of significant judgments, such as: a) determining criteria for identifying and assessing a significant increase in credit risk; b) selecting appropriate models and assumptions for measuring expected credit losses; c) forming groups of similar financial assets (portfolios) for the purpose of measuring expected credit losses;

d) establishing and assessing the relationship between historical delinquency rates and the behavior of certain macroeconomic indicators to reflect the effects of forecasts for these macroeconomic indicators in the future in the calculation of expected credit losses. (*Note 45*).

For trade receivables, including those from related parties

The Group uses provision matrices to calculate expected credit losses on trade receivables and contract assets. Provision rates are based on days past due for groups of different customer segments (portfolios) that have similar loss patterns (customer type by sector).

Each provision matrix is initially based on detailed historical observations of the bad debt ratios for the Group companies' receivables and the movement of receivables by delinquency category. Typically, historical data covering at least three years prior to the date of the financial statements is used. Additionally, the matrix is calibrated to adjust the historically established relationships for credit losses with forecast information, using probabilistic scenarios. If certain projected economic conditions, as measured by specific macroeconomic indicators, are expected to deteriorate or improve in the coming year—which could lead to a statistically significant increase in delinquencies in a given sector (customer type)—the historical default rates are adjusted. At each reporting date, the observed historical default rates are updated, and the effects of changes in forecast estimates are recognized.

The assessment of the relationship between observed historical default rates, projected economic conditions, and expected credit losses is a significant accounting estimate. The amount of expected credit losses is sensitive to changes in circumstances and projected conditions. The Group's historical credit losses and projected economic conditions may differ from actual future credit losses.

For loans and guarantees granted

The Group has adopted the general approach for calculating impairment based on expected future credit losses on loans granted, in accordance with IFRS 9. For this purpose, the Group applies a model of its choice. Its application involves several steps. First, the borrower's credit rating is determined using methodologies from leading rating agencies for the relevant sectors of the economy, as well as ratios, quantitative, and qualitative parameters of indicators for the specific company. As a second step, using statistical models that incorporate historical data on probabilities of default (PD), transitions between different ratings, macroeconomic data, and forecasts, the relevant annual marginal PDs are calculated for each rating.

Third, based on this analysis and the determined rating, as well as a set of indicators describing the instrument's characteristics as of the date of each financial statement, the following are determined: the instrument's stage (Stage 1, Stage 2, or Stage 3), the required PDs for the instrument's term, and the loss

given default (LGD). The basic formula for calculating expected credit losses is: $ECL = EAD \times PD \times LGD$, where:

ECL is the expected credit loss indicator

EAD is the exposure at default

PD is the probability of default

LGD is the loss given default

When determining the loss, all guarantees and/or collateral and/or insurance are taken into account. Thus, as a final step, using all these parameters and after discounting, the calculation of the expected credit loss estimate for the relevant period of the respective financial asset is arrived at.

Stage 1 includes loans that are classified as “performing” according to an internally developed risk classification scheme. These are loans granted to borrowers with a low risk of default, who are servicing their loans regularly, with no significant deterioration in key indicators (financial and non-financial), and for which there are no past-due amounts. The expected impairment loss for these loans is calculated based on the PD (probability of default) for the next 12 months and the Group’s expectation of the loss amount on an exposure in default over the next 12 months.

Stage 2 includes loans that are classified as “under renegotiation.” These are loans for which there is evidence (based on a set of indicators) of a significant deterioration in the credit risk associated with the borrower compared to the initial recognition of the exposure. The expected impairment loss for these loans is calculated based on the probability of default over the entire life of the loan, which is considered unimpaired, and the Group’s expectation of the loss amount on an exposure in default over its entire life cycle.

Stage 3 includes loans that are classified as “doubtful.” These are loans for which there is evidence that the receivable is already credit-impaired, i.e., a credit event has occurred (in accordance with the adopted policy for the composition of default events). For this purpose, an analysis is performed of a system of metrics used as indicators of incurred credit losses. The impairment loss for these loans is calculated based on probability-weighted scenarios reflecting the Group’s expectation of the loss amount on an impaired exposure in default over its entire life cycle.

A loan is considered credit-impaired when one or more events have occurred that have an adverse effect on the expected future cash flows from that loan or financial asset.

The Group uses the same model to determine expected credit losses on guarantees provided and certain individual receivables.

Cash

To calculate expected credit losses on *cash and cash equivalents held at banks*, the Group applies the general “three-stage” impairment approach set forth in IFRS 9. For this purpose, a model is applied based on the published bank ratings determined by internationally recognized rating agencies such as Moody’s, Fitch, S&P, BCRA, and Bloomberg. On this basis, on the one hand, PD (probability of default) indicators are determined using publicly available PD data referencing the rating of the respective bank, and on the other hand, by tracking changes in the bank’s rating from period to period, the Group assesses the presence of elevated credit risk. Losses upon default are estimated using the formula mentioned above. When

determining LGD, the presence of guaranteed and/or secured amounts in the relevant bank accounts is taken into account.

Lease Agreements

The application of IFRS 16 requires the Company's management to make various judgments, estimates, and assumptions that affect the reported right-of-use assets and lease liabilities. The main key judgments relate to determining an appropriate discount rate and determining the term of each lease agreement, including whether it is sufficiently certain that options to extend or terminate the term of the agreement will be exercised. As a result of the uncertainty regarding these assumptions and estimates, significant adjustments to the carrying amounts of the affected assets and liabilities may arise in the future, and consequently to the reported expenses and revenues.

Recognition of Tax Assets

In recognizing deferred tax assets, the Group's management has assessed the likelihood that individual deductible temporary differences will reverse in the future and the ability of each Group company to generate sufficient taxable profits in the future to offset them against such profits.

For subsidiaries that have reported losses in recent years, the Group's management has assessed, as of the date of issuance of the consolidated financial statements, the significant uncertainties regarding whether and to what extent, within the time limit as defined by the relevant local tax laws for the carryforward of tax losses, these companies will be able to generate sufficient taxable profit.

Inventories

Normal capacity

The normal production capacity of each of the manufacturing companies is determined based on the assessments of the respective management (following analyses) regarding the optimal utilization of their production facilities and the return on investment in them, given a product mix considered typical.

Impairment

At the end of each fiscal year, the Group companies review the condition, shelf life, and usability of their existing inventories. If inventories are identified that are unlikely to be realized at their current carrying amount in future reporting periods, Group companies write down inventories to their net realizable value.

Revaluation of Property, Plant, and Equipment

As of December 31, 2021, a comprehensive review was conducted of the price changes in the fair value of the Group companies' property, plant, and equipment, as well as their physical and technical condition, method of operation, and remaining useful life. Accordingly, a revaluation was performed, as the five-year period for their revaluation, as adopted in the policy, ended on that date. The review and revaluation were carried out with the professional assistance of independent licensed appraisers.

Management has conducted a detailed analysis of the reports prepared by licensed appraisers, including sensitivity tests. As a result, a revaluation was recognized and a new revaluation reserve of EUR 4,840 thousand was recorded, net of impairment and deferred tax (Note 15), and a current impairment

expense of EUR 5,010 thousand was recognized. Additionally, a current impairment expense of EUR 356 thousand was recognized for Property, Plant, and Equipment in the process of acquisition.

The results of the fair value measurement process are presented to the audit committee and the Group's independent auditors. In 2026, no impairment loss was recognized on property, plant, and equipment (2025: EUR 1 thousand).

Goodwill Impairment

At each date of the consolidated statement of financial position, management assesses whether there are any indicators of goodwill impairment. The calculations are performed by management with the assistance of independent licensed appraisers.

As a result of the calculations performed in 2026, no impairment of goodwill was identified (2025: none).

Actuarial calculations

In determining the present value of long-term retirement obligations to employees, calculations by certified actuaries are used each year, based on assumptions regarding mortality, employee turnover rates, future salary levels, and the discount rate.

Cash pool

In 2021, the Sofarma Trading Group implemented a cash pooling scheme to enable more effective short-term management of cash flows within the group by consolidating the bank account balances of domestic subsidiaries into a single bank account. The balances of the participants are transferred on a daily basis to a single main bank account managed by the cash pool leader—the subsidiary Sofarma Trading AD.

Provisions for Litigation

Regarding the pending lawsuits filed against the Group companies, the management of the respective companies has assessed, in consultation with their attorneys, that at this stage the probability and risks of a negative outcome remain below 50%, and therefore no provisions for liabilities related to these cases have been recognized in the consolidated statement of financial position as of March 31, 2026 (December 31, 2025: none).

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group's *revenue from contracts with customers* includes:

	<i>January 1 – March 31, 2026 EUR'000</i>	<i>January 1 – March 31, 2025 EUR'000</i>
Revenue from sales of goods	254,594	283,721
Revenue from sales of finished goods	98,274	43,758
Total	352,868	327,479

The balances under contracts with customers are as follows:

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>BGN '000</i>	<i>EUR '000</i>
Receivables under contracts with customers – third parties, net of impairment (<i>Note 23</i>)	219,269	211,135
Receivables under contracts with customers – related parties, net of impairment (<i>Note 24</i>)	6,398	6,901
Liabilities under contracts with customers – third parties (<i>Note 43</i>)	24	8

Liabilities under contracts with customers as of March 31, 2026, include advance payments received for the supply of pharmaceutical and medical products in the amount of EUR 24 thousand (December 31, 2025: EUR 8 thousand).

The change in liabilities under contracts with customers for the period January 1, 2026 – March 31, 2026 is as follows:

	<i>March 31, 2026</i>	<i>Dec. 31, 2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
<i>Balance as of January 1</i> (<i>Note 43</i>)	<u>8</u>	<u>1,735</u>
Revenue recognized as a contractual liability, including:	(8)	(1,735)
- <i>Advance payments received</i>	(8)	(1,735)
Payments received from customers (excluding those recognized as revenue during the period)	24	8
Balance as of March 31/December 31	<u><u>24</u></u>	<u><u>8</u></u>

Refund liabilities as of March 31, 2026, in the amount of EUR 6,584 thousand (December 31, 2025: EUR 6,238 thousand) include liabilities for retrospective volume-based trade discounts due under contracts with customers, which have been or will be reimbursed in the next reporting period (*Note 43*).

4. OTHER OPERATING INCOME AND LOSSES

Other operating income and losses, net, include:

	<i>January 1 – March 31, 2026</i>	<i>January 1 – March 31, 2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
Gain on sale of a separate part of the business	4,325	-
Services rendered	2,730	1,740
Foreign exchange losses on trade receivables and payables and current settlement accounts	(418)	(425)
Interest on current accounts	271	168
Rent	123	92
Gain on sale of fixed assets	115	4
Government grants	55	74
Profit from sale of materials	38	13
Profit from lease agreements	34	1
Other income	124	123

Total	7,397	1,790
	<i>January 1 – March 31, 2026</i>	<i>January 1 – March 31, 2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
<i>Services provided</i> include:		
NHIF Fees	987	479
Advertising and marketing	682	547
Custom manufacturing services	630	387
Pre-distribution	107	102
Laboratory analysis services	95	58
Gamma irradiation	74	19
Regulatory services	39	1
Transportation services	20	17
Other	96	130
Total	2,730	1,740

5. EXPENSES 3A MATERIALS

	<i>January 1 – March 31, 2026</i>	<i>January 1 – March 31, 2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
Raw materials	8,075	9,647
Electricity	1,567	1,280
Spare parts, laboratory and technical supplies	715	963
Heat energy	601	779
Fuels and lubricants	560	561
Auxiliary materials	211	150
Promotional materials	209	193
Office supplies	183	172
Work clothing and personal protective equipment	139	138
Assets below the materiality threshold	118	106
Samples	75	61
Water	55	42
Other	24	66
Total	12,532	14,158

6. EXPENSES 3A FOR EXTERNAL SERVICES

	<i>January 1 – March 31, 2026</i>	<i>January 1 – March 31, 2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
<i>Expenses for external services</i> include:		

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Advertising and marketing	7,396	5,121
Consulting services	1,902	1,070
Manufacturing	1,738	592
Freight forwarding and transportation services	915	1,071
Building and equipment maintenance	896	748
Rent and related overhead expenses	868	1,025
Bank and regulatory fees	848	572
Communications	708	610
Subscription fees	532	434
Security	373	348
Services under civil contracts	359	184
Insurance	330	289
Local taxes and fees	313	285
Courier services	173	150
Car Repair	166	128
Medical services	133	121
Commission fees	128	234
License fees and charges	127	157
Translation of documentation	94	95
Drug registration services	72	153
Taxes on expenses	51	88
Other	380	623
Total	18,502	14,098

7. PERSONNEL EXPENSES

	<i>January 1 – March 31, 2026 EUR'000</i>	<i>January 1 – March 31, 2025 EUR'000</i>
Current compensation	27,829	25,367
Social security contributions	5,216	4,659
Employee benefits and payments	1,539	1,176
Accrued amounts for unused vacation	1,060	998
Accrued expenses for long-term employee benefits upon retirement (Note 31)	60	61
Accrued amounts for social security contributions on vacation pay	211	198
Total	35,915	32,459

8. OTHER OPERATING EXPENSES

<i>January 1 – March 31, 2026 EUR'000</i>	<i>January 1 – March 31, 2025 EUR 000</i>
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Business travel	420	412
Goods write-offs	391	308
Representative events	302	588
Unrecognized tax credit	230	28
Training	67	56
Net change in the allowance for credit losses on trade, legal, and other receivables (Note 9)	(57)	(59)
Donations	47	120
Write-off of fixed assets	38	1
Fines and penalties payable to suppliers	32	10
Accrued/(reversed) impairment of inventory, finished goods, and work in progress	(23)	16
Written-off receivables	15	65
Payments to the budget for taxes and interest on taxes	12	33
Scrap of finished goods and work in progress	-	184
Other	164	147
Total	1,638	1,909

9. IMPAIRMENT OF ASSETS

	<i>January 1 – March 31, 2026 EUR'000</i>	<i>January 1 – March 31, 2025 EUR'000</i>
<i>Accrued impairment for credit losses on receivables, including from related parties</i>	19	12
<i>Reversal of impairment for credit losses on receivables, including from related parties</i>	(76)	(71)
Net change in the allowance for credit losses on receivables, including from related parties (Note 8)	(57)	(59)
Accrued/(reversed) impairment of inventory, finished goods, and work in progress (Note 8)	(23)	16
Impairment of materials (Note 5)	-	6
Total	(80)	(37)

10. IMPAIRMENT OF NON-CURRENT ASSETS OUTSIDE THE SCOPE OF IFRS 9

	<i>January 1 – March 31, 2026 EUR'000</i>	<i>January 1 – March 31, 2025 EUR'000</i>
Impairment of property, plant, and equipment (Note 15)	-	1
Total	-	1

11. FINANCIAL INCOME

	<i>January 1 – March 31, 2026</i>	<i>January 1 – March 31, 2025</i>
<i>Financial income</i> includes:		

	<i>EUR'000</i>	<i>EUR'000</i>
Income from investments in securities	1,142	5
Interest income on loans granted	85	95
Interest income on past-due trade receivables	70	105
Net gain on foreign exchange differences on foreign currency loans	28	948
Interest income from assignment agreements	16	16
Net gain from exchange rate differences on receivables from redeemable equity contributions from subsidiaries	16	71
Interest on receivables under special agreements	4	10
Interest income on bank deposits	1	2
Total	1,362	1,252

12. FINANCIAL EXPENSES

<i>Financial expenses</i> include:	<i>January 1 – March 31, 2026 BGN'000</i>	<i>January 1 – March 31, 2025 EUR'000</i>
Interest expense on loans received	1,742	1,724
Lease interest expense	796	622
Bank fees on loans and guarantees	274	169
Net change in the allowance for credit losses on receivables from commercial loans granted	135	64
Net foreign exchange loss on proceeds from the sale of a subsidiary	40	76
Expenses related to guarantees and sureties received	33	15
Net foreign exchange loss on lease contracts	11	-
Other interest expense	10	13
Expenses related to dividend payments	2	4
Total	3,043	2,687

13. PROFITS AND LOSSES FROM ASSOCIATES AND JOINT VENTURES

	<i>January 1 – March 31, 2026 EUR'000</i>	<i>January 1 – March 31, 2025 EUR'000</i>
Net profit from associates	4,464	5,857
Net income/(loss) from joint ventures	3	(2)
	4,467	5,855

	<i>January 1 – March 31, 2026</i>	<i>January 1 – March 31, 2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
<u>Profit from associates</u> includes:		
The Group's share of current profit of associates	4,464	5,857
Total	4,464	5,857

	<i>January 1 – March 31, 2026</i>	<i>January 1 – March 31, 2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
<u>Gains / (Losses) from joint ventures, net,</u> include:		
Effects of transactions with Group companies	3	(2)
Total	3	(2)

14. OTHER COMPREHENSIVE INCOME

Other components of comprehensive income include:

	Other components of comprehensive income relating to the Group		Other components of comprehensive income attributable to non- controlling interests		Total other components of comprehensive income	
	<i>January 1 – March 31, 2026</i>	<i>January 1 – March 31, 2025</i>	<i>January 1 – March 31, 2026</i>	<i>January 1 – March 31, 2025</i>	<i>January 1 – March 31, 2026</i>	<i>January 1 – March 31, 2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>
<i>Components that will not be reclassified to profit or loss</i>						
Net change in the fair value of equity investments designated as at fair value through other comprehensive income	(1,005)	(1,922)	-	-	(1,005)	(1,922)
<i>Components that may be reclassified to profit or loss</i>						
Foreign currency translation differences from foreign operations	(772)	1,124	12	140	(760)	1,264
Share of other comprehensive income of associates and joint ventures	(1,531)	(343)	1	9	(1,530)	(334)
Other comprehensive income for the year	(3,308)	(1,141)	13	149	(3,295)	(992)

15. PROPERTY, PLANT, AND EQUIPMENT

	<i>Land and buildings</i>		<i>Machinery, plant, and equipment</i>		<i>Other</i>		<i>In the process of acquisition</i>		<i>Total</i>	
	<i>2026</i>	<i>2025</i>	<i>2026</i>	<i>2025</i>	<i>2026</i>	<i>2025</i>	<i>2026</i>	<i>2025</i>	<i>2026</i>	<i>2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>
<i>Carrying amount</i>										
Balance as of January 1	195,785	192,512	153,236	152,453	36,119	31,480	13,169	9,039	398,309	385,484
Acquired	4,378	17,629	715	5,042	894	6,639	2,779	13,948	8,766	43,258
Effects of currency translation	4	(307)	(59)	(331)	17	(27)	10	(2)	(30)	(667)
Written off	(1,623)	(12,217)	(186)	(2,244)	(332)	(2,549)	-	(1)	(2,141)	(17,011)
Impairment	-	(173)	-	(1)	-	(25)	-	-	-	(199)
Transfer to property, plant, and equipment	401	1,862	2,136	7,107	35	779	(2,572)	(9,748)	-	-
Transfer from/to investment properties	-	148	-	109	-	5	-	-	-	262
Transfer from/to assets held for sale	-	(3,669)	-	(8,899)	-	(183)	-	(67)	-	(12,818)
Balance as of March 31 / December 31	198,945	195,785	155,842	153,236	36,733	36,119	13,386	13,169	404,904	398,309
<i>Accumulated depreciation and impairment</i>										
Balance as of January 1	69,304	65,922	99,101	99,913	21,257	18,992	-	-	189,662	184,827
Accumulated depreciation for the period	4,099	15,565	2,194	8,319	1,206	4,665	-	-	7,499	28,549
Effects of currency translation	(15)	(90)	28	(219)	(25)	(59)	-	-	(14)	(368)
Depreciation written off	(805)	(9,812)	(142)	(2,025)	(329)	(2,178)	-	-	(1,276)	(14,015)
Depreciation on transfer to/from assets held for sale	-	(2,281)	-	(6,887)	-	-	-	-	-	(9,168)
Balance as of March 31 / December 31	72,583	69,304	101,181	99,101	22,109	21,257	-	-	195,871	189,662
Book value as of March 31 / December 31	126,362	126,481	54,661	54,135	14,624	14,862	13,386	13,169	209,033	208,647
Book value as of January 1	126,481	126,590	54,135	52,540	14,862	12,488	13,169	9,039	208,647	200,657

As of March 31, 2026, the “Land and Buildings” category includes: land valued at EUR 25,296 thousand (December 31, 2025: EUR 25,299 thousand) and buildings with a carrying amount of EUR 101,066 thousand (December 31, 2025: EUR 101,182 thousand).

Acquisition costs of property, plant, and equipment as of March 31 include:

- costs for the construction of new buildings – EUR 3,460 thousand (December 31, 2025: EUR 3,118 thousand);
- renovation of buildings – EUR 741 thousand (December 31, 2025: EUR 678 thousand);
- purchase of equipment – EUR 638 thousand (December 31, 2025: EUR 557 thousand);
- advances paid – EUR 8,301 thousand (Dec. 31, 2025: EUR 8,505 thousand);
- other – EUR 246 thousand (December 31, 2025: EUR 311 thousand).

Total cash outflows under lease agreements in 2026 amounted to EUR 4,253 thousand (2025: EUR 3,740 thousand).

As of March 31, 2026, the Group has leased out property, plant, and equipment to third parties with a carrying amount of EUR 587 thousand (December 31, 2025: EUR 598 thousand).

As of March 31, 2026, Property, plant, and equipment included right-of-use assets with a carrying amount of EUR 52,649 thousand in the Land and buildings category (December 31, 2025: EUR 52,332 thousand), in the Machinery, Plant, and Equipment group – EUR 371 thousand (December 31, 2025: EUR 387 thousand), and in the Other group – EUR 6,904 thousand (December 31, 2025: EUR 7,320 thousand). Right-of-use assets are disclosed in detail in Note 32.

Other Information

As of March 31, 2026, there are encumbrances on the Group’s property, plant, and equipment in connection with loans received (*Notes 29 and 36*), as follows:

- Land and buildings with a carrying amount of EUR 15,400 thousand and EUR 31,581 thousand, respectively (December 31, 2025: 15,151 EUR and EUR 32,576 thousand);
- Pledges on equipment, vehicles, and inventory – EUR 24,652 thousand (December 31, 2025: EUR 18,186 thousand);

Periodic fair value revaluation

As of December 31, 2021, a revaluation of property, plant, and equipment was performed with the assistance of independent licensed appraisers to determine the fair value of the assets, in accordance with the requirements of IFRS 13 and IAS 16.

The following main approaches and valuation methods were applied in this revaluation to measure the fair value of the individual types of property, plant, and equipment:

- “Market Approach” using the “Market Comparables Method” — for regulated land and agricultural land for which there is an active market, comparable properties and transactions involving them are monitored, and a basis for comparability exists; their market price, determined using the comparative method, is accepted as fair value;

- “Cost approach” using the “Depreciated replacement cost method” and the “Cost of construction or replacement with comparables method”—for specialized buildings, machinery, facilities, equipment, and other assets for which there is no active market and no comparable sales of similar assets—their fair value is

taken to be their depreciated replacement value based on the asset's indexed historical cost and on current costs of creation or replacement with similar items.

•“Income approach” through “Capitalized income from the use/production of biological assets”—for permanent yellow acacia plantations in the fruiting stage.

The effects of the revaluation performed as of December 31, 2021, are as follows:

- Fair value measurement recognized in the statement of comprehensive income (in profit or loss for the year) in the amount of EUR 5,356 thousand, including EUR 356 thousand for Property, Plant, and Equipment in the process of acquisition;
- Fair value measurement recognized in the statement of comprehensive income (in other components of comprehensive income) in the amount of EUR 5,428 thousand, including the effect of fair value measurement in a joint venture;

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16. INTANGIBLE ASSETS

	<i>Goodwill</i>		<i>Software</i>		<i>Intellectual property rights and other</i>		<i>In the process of acquisition</i>		<i>Total</i>	
	<i>2026</i>	<i>2025</i>	<i>2026</i>	<i>2025</i>	<i>2026</i>	<i>2025</i>	<i>2026</i>	<i>2025</i>	<i>2026</i>	<i>2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>
<i>Carrying amount</i>										
Balance as of January 1	12,186	12,215	25,392	23,125	141,792	140,529	8,578	4,752	187,948	180,621
Acquired	-	-	19	1,662	35	199	1,076	5,553	1,130	7,414
Effects of currency translation	-	(29)	2	(13)	(23)	677	1	1	(20)	636
Transfer	-	-	3	1,205	64	512	(67)	(1,717)	-	-
Impairment	-	-	-	(1)	-	-	-	-	-	(1)
Written off	-	-	(5)	(572)	(18)	(139)	-	(11)	(23)	(722)
Balance as of March 31 / December 31	12,186	12,186	25,411	25,406	141,850	141,778	9,588	8,578	189,035	187,948
<i>Accumulated depreciation and impairment</i>										
Balance as of January 1	9,382	9,382	15,438	13,350	32,923	23,513	-	-	57,743	46,245
Accumulated depreciation for the period	-	-	653	2,351	2,355	9,410	-	-	3,008	11,761
Effects of currency translation	-	-	13	(11)	(12)	61	-	-	1	50
Depreciation written off	-	-	-	(250)	(3)	(63)	-	-	(3)	(313)
Balance as of March 31 / December 31	9,382	9,382	16,104	15,440	35,263	32,921	-	-	60,749	57,743
Book value as of March 31 / December 31	2,804	2,804	9,307	9,966	106,587	108,857	9,588	8,578	128,286	130,205
Book value as of January 1	2,804	2,833	9,954	9,775	108,869	117,016	8,578	4,752	130,205	134,376

The costs of acquiring intangible assets as of March 31 include:

- costs of acquiring licenses and authorizations for the use of medicinal products – EUR 2,367 thousand (December 31, 2025: EUR 2,202 thousand);
- costs of acquiring software – EUR 6,930 thousand (December 31, 2025: EUR 6,133 thousand);
- advances paid – EUR 222 thousand (December 31, 2025: EUR 163 thousand);
- expenses for the acquisition of copyrights – EUR 9 thousand (December 31, 2025: EUR 16 thousand);
- other – EUR 60 thousand (December 31, 2025: EUR 64 thousand);

As of March 31, 2026, there are encumbrances established in connection with loans received by the Group on software products with a carrying amount of EUR 678 thousand (December 31, 2025: EUR 1,915 thousand) (*Notes 28 and 34*).

Intellectual property rights include products from R&D activities related to drug substances (active ingredients) and dosage forms, acquired patents and trademarks, licenses, complex intangible assets (licenses and networks of pharmacy locations), contractual rights to marketing authorizations, copyrights, and medical registrations.

The Group's total intellectual property includes internally developed trademarks that are not capitalized in the consolidated statement of financial position.

Intangible assets acquired as a result of business combinations, primarily in Serbia and Belarus, include exclusive contracts with counterparties, licenses, and a distribution network.

Goodwill Impairment

The Group's management has performed the necessary procedures to conduct the mandatory impairment test on the goodwill recognized in the consolidated statement of financial position upon the acquisition of the subsidiaries. For this purpose, it is assumed that each individual company acts as a "cash-generating unit."

The financial budgets developed by the management of the respective companies and of the Group as a whole, covering a three- to five-year period, as well as other medium- and long-term plans and intentions for the development and restructuring of operations within the Group. The recoverable amount of each cash-generating unit is determined on a "value in use" basis.

The key assumptions used in the calculations are determined specifically for each company holding goodwill, treated as a separate cash-generating unit, and in accordance with the specifics of its operations, business environment, and risks.

The Group's management's impairment tests and assessments of recognized goodwill are conducted through the lens of its forecasts and intentions regarding the future economic benefits the Group expects to receive from its subsidiaries, including through the use of their internally generated trademarks, commercial and industrial expertise, and the revenue generated and expected in the future from them, securing positions in Bulgarian and foreign markets (development and retention), expectations for future sales and restructuring of operations, etc.

As a result of the analyses performed by the Group's management, no goodwill impairment was recognized as of March 31, 2026 (December 31, 2025: none).

17. INVESTMENT PROPERTIES

	<i>March 31, 2026 EUR'000</i>	<i>12/31/2025 EUR'000</i>
Balance as of January 1	3,605	4,034
Transfer to property, plant, and equipment (Note 15)	-	(262)
Net gain from fair value adjustment included in profit or loss (Note 4)	-	109
Written off	-	(276)
Balance as of March 31 / December 31	3,605	3,605

Investment properties consist of buildings and the land attached thereto, as well as separately designated parts of buildings intended for independent use, intended for long-term lease. By asset group, they are as follows:

<i>Asset Group</i>	<i>3/12/2026 EUR'000</i>	<i>12/31/2025 EUR'000</i>
Warehouse facilities	2,066	2,066
Offices	910	910
Industrial buildings	506	506
Retail outlets	123	123
Total	3,605	3,605

Fair value measurements

Fair value hierarchy

The fair value measurements of the investment property groups are categorized as Level 2 and Level 3 fair values based on the inputs used in the valuation technique. The revaluation of investment properties to fair value is repeatable and results from the application of the fair value model under IAS 40. It is performed regularly as of the date of each consolidated financial statement. The fair value measurement is performed with the assistance of independent licensed appraisers.

The table below shows a reconciliation between the opening and closing balances of the fair values of investment properties measured at Level 2 and Level 3:

	<i>Warehouse premises</i>	<i>Offices</i>	<i>Production buildings</i>	<i>Social facilities</i>	<i>Retail facilities</i>	<i>Total</i>
Balance as of January 1, 2025	2,040	897	734	262	102	4,035
Fair value revaluation through profit or loss—unrealized	27	13	48	-	21	109
Written off	(1)	-	(276)	-	-	(277)

Transfer from/to property, plant, and equipment (Note 15)	-	-	-	(262)	-	(262)
Balance as of December 31, 2025	2,066	910	506	-	123	3,605
Balance as of March 31, 2026	2,066	910	506	-	123	3,605

Valuation technique and significant unobservable inputs

The table below provides a description of the valuation techniques used in determining the fair value of all groups comprising Level 2 and Level 3 investment properties, as well as the significant unobservable inputs used:

Asset Groups (Level 2)	Valuation approaches and techniques	Significant unobservable inputs
Offices and retail properties	Valuation approach: Income approach Valuation technique: Valuation based on present value, in accordance with a methodology that meets the requirements of BSO 2018, including valuation based on capitalized rental income as a framework for applying the discounted cash flow method, using data, parameters, and calculation results derived from the application of valuation techniques based on the market comparison approach and the cost of construction/replacement approach.	a) comparative rental values for comparable properties b) rate of return c) time required to complete lease transactions
Warehouses, warehouse facilities	Valuation approach: Income approach Valuation technique: Valuation based on present value, in accordance with a methodology that meets the requirements of BSO 2018, including valuation based on capitalized rental income, as a framework for applying the discounted cash flow method, using data, parameters, and calculation results derived from the application of valuation techniques based on the market comparison approach and the cost of construction/replacement approach.	a) comparative rental values for comparable properties b) rate of return c) time to close lease transactions

Asset Groups (Level 3)	Valuation approaches and techniques	Significant unobservable inputs
Retail outlets and production and storage facilities (including land, buildings, structures, and construction facilities)	Valuation approach: Income approach Valuation technique: Valuation based on present value, in accordance with a methodology that meets the requirements of BSO 2018, including valuation based on capitalized rental income as a framework for applying the discounted cash flow method, using data, parameters, and calculation results derived from the application of valuation techniques based on the market comparison approach and the cost of construction/replacement approach.	a) comparative rental values for comparable properties b) rate of return c) time required to complete lease transactions
Facilities, installations, equipment, and furnishings attached to real estate	Valuation approach: Cost approach Valuation technique: Valuation based on present value, in accordance with a methodology that meets the requirements of BSO 2018, including valuation based on the necessary— inherent costs of acquisition or replacement (acquisition of an alternative asset of equivalent utility) of the relevant asset as of the valuation date, i.e., determining the replacement cost of the asset in its new condition, using data, parameters, and calculation results derived from valuation techniques related to the market comparison approach	a) comparative values for new comparables (b) indices of changes in consumer based on NSI data

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	March 31, 2026	12/31/2025
	EUR'000	EUR'000
Investments in associates	147,232	143,055
Total	147,232	143,055

The movement in investments in associates is presented below:

March 31, 2026	12/31/2025
EUR'000	EUR'000

Balance as of January 1	143,055	128,918
Share in current profit for the period	4,464	17,816
Share in other components of comprehensive income	(1,530)	(628)
Acquisition of shares and interests	1,428	357
Dividends	-	(2,972)
Sale of shares	(163)	(417)
Effects of transactions with Group companies	(22)	(19)
Balance as of March 31/December 31	147,232	143,055

19. OTHER LONG-TERM CAPITAL INVESTMENTS

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

	<i>Country</i>	<i>March 31, 2026</i>	<i>Investment</i>	<i>12/31/2025</i>	<i>Interest</i>
		<i>EUR'000</i>	<i>%</i>	<i>EUR'000</i>	<i>%</i>
Traded securities					
Achieve Life Sciences Inc	USA	3,306	1.98	4,255	1.98
Lavena AD	Bulgaria	537	5.01	596	5.01
MFG Invest AD	Bulgaria	32	0.17	76	0.46
		3,875		4,927	
Unlisted securities					
Balkanpharma Razgrad AD	Bulgaria	36	0.33	36	0.33
Inventor I KDA	Bulgaria	26	1.36	26	1.36
Others		5	-	5	-
		67		67	
Total		3,942		4,994	

As of March 31, 2026, “other” includes long-term equity investments in the amount of 5 thousand EUR (December 31, 2025: EUR 5 thousand), representing the Group’s small minority interests in the equity of a total of three companies (December 31, 2025: three companies).

The fair value per share as of March 31, 2026, and as of December 31, 2025, by company is as follows:

<i>Equity investments</i>	<i>Number of shares held</i>	<i>Fair value per share</i>	<i>March 31, 2026</i>	<i>Number of shares held</i>	<i>fair value per share</i>	<i>12/31/2025</i>
			<i>EUR'000</i>			<i>EUR'000</i>
Achieve Life Sciences Inc. - USA	1,092,308	3.03	3,306	1,092,308	3.90	4,255
Lavena AD	497,000	1.08	537	1,299,026	1.20	596

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MFG Invest AD	18,802	1.71	<u>32</u>	50,000	1.51	<u>76</u>
Total shares			<u>3,875</u>			<u>4,927</u>

The table below presents the Group's other long-term capital investments by fair value category in the consolidated statement of financial position:

<i>Capital investments</i>	<i>Fair value</i>	<i>(Level 1)</i>	<i>(Level 2)</i>
	<i>March 31,</i>		
	<i>2026</i>		
	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>
Achieve Life Sciences Inc. - USA	3,306	3,306	-
Lavena AD	537	-	537
MFG Invest AD	32	-	32
Total	<u>3,875</u>	<u>3,306</u>	<u>569</u>

<i>Capital investments</i>	<i>Fair value</i>	<i>(Level 1)</i>	<i>(Level 2)</i>
	<i>12/31/2025</i>		
	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>
Achieve Life Sciences Inc. - USA	4,255	4,255	-
Lavena AD	596	-	596
MFG Invest AD	76	-	76
Total	<u>4,927</u>	<u>4,255</u>	<u>672</u>

The movement between the opening and closing balances of the fair values of Level 1 and Level 2 is presented in the following table:

	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>
Balance as of January 1, 2025	<u>4,302</u>	<u>1,791</u>	<u>6,093</u>
Purchases	-	2	2
Sales	-	(659)	(659)
Unrealized loss included in other comprehensive income (Note 14)	(47)	(462)	(509)
Balance as of December 31, 2025	<u>4,255</u>	<u>672</u>	<u>4,927</u>
Sales	-	(47)	(47)
Unrealized loss included in other comprehensive income (Note 14)	(949)	(56)	(1,005)

Balance as of March 31, 2026

3,306	569	3,875
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20. LONG-TERM RECEIVABLES FROM AFFILIATED ENTITIES

Long-term receivables from related parties as of March 31 are:

	<i>March 31, 2026</i> <i>BGN '000</i>	<i>12/31/2025</i> <i>EUR '000</i>
Receivables under assignment agreements	2,132	2,116
Receivables from securities transactions	1,331	1,331
Deposits provided under lease agreements	297	297
<i>Allowance for credit losses</i>	<i>(33)</i>	<i>(33)</i>
Deposits received under lease agreements, net	264	264
Total	3,727	3,711

21. OTHER LONG-TERM RECEIVABLES

The Group's other long-term receivables include:

	<i>March 31, 2026</i> <i>EUR'000</i>	<i>12/31/2025</i> <i>EUR'000</i>
Loans granted	1,522	1,512
Deposits under long-term lease agreements	690	672
Receivables from securities transactions	218	218
Guarantees provided under long-term service contracts	35	23
Other	7	6
Total	2,472	2,431

Receivables from securities transactions as of March 31 are as follows:

- receivable from the sale of an investment in a subsidiary in the amount of EUR 218 thousand (December 31, 2025: EUR 218 thousand). These are denominated in EUR and mature on December 31, 2033.

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

	<i>March 31, 2026</i> <i>EUR'000</i>	<i>Dec. 31, 2025</i> <i>EUR'000</i>
Balance as of January 1	-	21
Transfer to trade receivables	-	(21)
Balance as of March 31/December 31	-	(0)

The terms of the long-term loans granted to third parties are as follows:

<i>Currency</i>	<i>Agreed amount</i>	<i>Maturity</i>	<i>Interest rate</i>	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>'000</i>			<i>EUR'000</i>	<i>EUR'000</i>
<i>EUR</i>	1,456	12/31/2027	6.05%	1,522	1,512
				<u>1,522</u>	<u>1,512</u>

22. INVENTORIES

<i>Inventories include:</i>	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
Inventories	190,837	189,098
Finished goods	40,343	31,202
Materials	23,495	24,431
Semi-finished products	6,433	5,161
Work in progress	4,431	8,305
Total	<u>265,539</u>	<u>258,197</u>

As of March 31, 2026, special pledges have been established on inventories in the amount of EUR 161,801 thousand (December 31, 2025: EUR 129,507 thousand) as collateral for bank loans received by the Group and bank guarantees issued (*Notes 28, 34, and 41*).

23. TRADE RECEIVABLES

	<i>March 31, 2026</i>	<i>Dec. 31, 2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
Trade receivables	221,519	213,374
<i>Allowance for credit losses</i>	<u>(2,250)</u>	<u>(2,239)</u>
Trade receivables, net	219,269	211,135
Advances granted	20,961	20,257
Receivables from securities transactions	1,739	1,701
<i>Allowance for credit losses</i>	<u>(41)</u>	<u>(41)</u>
Securities trading receivables, net	1,698	1,660
Total	<u>241,928</u>	<u>233,052</u>

Trade receivables are interest-free and are primarily denominated in EUR, RSD, and Russian rubles.

Typically, Group companies agree with customers on payment terms for trade receivables ranging from 30 to 180 days, unless specific maturity terms have been established for certain customers or in cases where new markets and products are being developed and new trading counterparties are being attracted. The Group has established a standard credit period of up to 60 days for customers and pharmacies, and up to 180 days for other customers, for which it does not charge interest to customers, except in cases of restructured receivables under a special agreement, where a longer term with a repayment schedule and interest has been

agreed upon. For sales of medical equipment in the hospital market, the credit period could reach up to and over 2 years due to the financial specifics of the counterparties.

The movement of the allowance for impairment of trade receivables from third parties is as follows:

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
Balance as of January 1	<u>2,239</u>	<u>2,396</u>
Increase in the allowance for credit losses recognized in profit or loss during the period, net	10	368
Effect of foreign currency translation	1	(22)
Write-offs of uncollectible receivables	-	(503)
Balance as of March 31/December 31	<u>2,250</u>	<u>2,239</u>

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

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
Balance as of January 1	<u>41</u>	<u>-</u>
Increase in the allowance for credit losses recognized in profit or loss during the period, net	-	20
Transfer from other long-term receivables	-	21
Balance as of March 31/December 31	<u>41</u>	<u>41</u>

The aging profile of non-past-due (current) trade receivables is as follows:

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
up to 30 days	116,047	98,890
31 to 90 days	70,811	80,667
91 to 180 days	18,256	19,152
181 to 365 days	1,997	1,658
1 to 2 years	1,708	1,163
over 2 years	3,780	3,965
<i>Gross value of non-past-due (current) trade receivables</i>	212,599	205,495
<i>Expected credit losses</i>	(508)	(503)
Non-past due (current) trade receivables, net	<u>212,091</u>	<u>204,992</u>

The allowance for credit losses on non-past due (performing) trade receivables is as follows:

<i>March 31, 2026</i>	<i>12/31/2025</i>
<i>EUR'000</i>	<i>EUR'000</i>

up to 30 days	231	224
31 to 90 days	163	159
91 to 180 days	56	60
181 to 365 days	25	17
1 to 2 years	30	39
over 2 years	3	4
Total	508	503

The age structure of past-due trade receivables by invoice date is as follows:

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
31 to 90 days	4,480	3,552
91 to 180 days	1,607	1,629
181 to 365 days	984	1,088
1 to 2 years	969	734
over 2 years	880	876
<i>Gross value of past-due trade receivables</i>	<i>8,920</i>	<i>7,879</i>
<i>Allowance for credit losses</i>	<i>(1,742)</i>	<i>(1,736)</i>
Past due trade receivables, net	7,178	6,143

The allowance for credit losses on past due trade receivables is as follows:

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
31 to 90 days	50	50
91 to 180 days	24	22
from 181 days to 365 days	136	156
from 1 to 2 years	657	639
over 2 years	875	869
Total	1,742	1,736

For the most part, the past-due receivables are from state-owned hospitals. The Group's policy is to accrue, invoice, and collect additional interest for late payment, which fully compensates for the delay in payments and the incurred costs/losses, both through special agreements with the respective debtor hospital and through legal proceedings.

The Group applies the simplified approach under IFRS 9 to measure expected credit losses on trade receivables, recognizing expected losses over the entire life of the instrument for all trade receivables (Note 2.16) On this basis, the allowance for credit losses as of March 31, 2026, and December 31, 2025, is determined as follows:

	<i>Current</i>	<i>Past due up to 90 days</i>	<i>Past due over 90 to 365 days</i>	<i>Past due over 365 days</i>	<i>Total</i>
<i>March 31, 2026</i>					

Expected % of credit losses		0.24%	2.07%	5.94%	99.67%	1.02%
Trade receivables (gross carrying amount)	EUR'000	212,599	5,545	1,853	1,522	221,519
Expected credit loss (Impairment allowance)	EUR'000	(508)	(115)	(110)	(1,517)	(2,250)

		<i>Current</i>	<i>Past due up to 90 days</i>	<i>Past due over 90 to 365 days</i>	<i>Past due over 365 days</i>	<i>Total</i>
December 31, 2025						
Expected % of credit losses		0.24%	2.49%	7.27%	99.12%	1.05%
Trade receivables (gross carrying amount)	EUR'000	205,495	4,600	1,773	1,506	213,374
Expected credit loss (Impairment allowance)	EUR'000	(503)	(115)	(129)	(1,492)	(2,239)

As of March 31, 2026, special pledges have been established on trade receivables in the amount of 136,755 EUR (December 31, 2025: 121,398 EUR) as collateral for bank loans received by the Group and bank guarantees issued (*Notes 28, 34, and 41*).

Advances paid to suppliers are current, primarily in EUR, and are for the purchase of:

	March 31, 2026	12/31/2025
	EUR'000	EUR'000
Goods	16,325	18,048
Raw materials and supplies	3,248	722
Services	1,387	1,482
Other	1	5
Total	20,961	20,257

24. RECEIVABLES FROM AFFILIATED ENTITIES

Receivables from related companies by type are as follows:

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
Receivables under contracts with customers	6,398	6,901
Receivables from dividends	417	482
Commercial loans granted	1,980	1,845
<i>Impairment for credit losses</i>	<u>(1,980)</u>	<u>(1,845)</u>
Trade loans granted, net	-	-
Advances granted	121	128
Receivables from guarantees and sureties provided	2	2
<i>Allowance for credit losses</i>	<u>(2)</u>	<u>(2)</u>
Receivables from guarantees and sureties provided, net	-	-
Total	<u>6,936</u>	<u>7,511</u>

Trade *receivables* from related parties are interest-free and denominated in EUR.

Typically, Group companies agree on payment terms for receivables from sales of products ranging from 45 to 270 days, and for receivables from sales of materials (including substances—active ingredients) up to 90 days.

The Group applies the simplified approach under IFRS 9 to measure expected credit losses on trade receivables from related parties, recognizing expected losses over the entire life of the instrument for all trade receivables (Note 2.16).

The movement in the impairment allowance for trade and other receivables from related parties is as follows:

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
Balance as of January 1	<u>2</u>	<u>87</u>
Decrease in the allowance for credit losses recognized in profit or loss during the year	-	(86)
Effect of foreign currency translation adjustments	-	1
Balance as of March 31/December 31	<u>2</u>	<u>2</u>

The movement in the allowance for impairment of loans from related parties is as follows:

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
Balance as of January 1	<u>1,845</u>	<u>1,561</u>
Increase in the allowance for credit losses recognized in profit or loss during the year	135	284
Balance as of March 31/December 31	<u>1,980</u>	<u>1,845</u>

The aging profile of non-past-due (current) trade receivables from related parties is as follows:

	March 31, 2026 EUR'000	12/31/2025 EUR'000
up to 30 days	6	593
31 to 90 days	772	763
91 to 180 days	5,620	5,545
<i>Gross value of non-past-due (current) receivables from related companies</i>	6,398	6,901
<i>Allowance for credit losses</i>	-	-
Total	6,398	6,901

25. ASSETS HELD FOR SALE

On October 27, 2025, the parent company entered into a preliminary agreement for the sale of a separate part of its commercial enterprise, consisting of a production unit in the city of Sliven, whose business activity is the production and trade of veterinary medicinal products and laboratory testing of food and biological products. The transaction was approved by the General Meeting of Shareholders held on December 5, 2025. The final sales agreement was signed on January 30, 2026.

The sale includes non-current and current assets and related liabilities of the identified segment of the business that meet the definition of a disposal group under *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*.

The Group's management has concluded that the separate part of the business does not constitute a separate major line of business or geographical area of operations and therefore does not constitute a discontinued operation within the meaning of IFRS 5.

The assets and liabilities included in the disposal group are presented separately in the statement of financial position.

	March 31, 2026 EUR'000	12/31/2025 EUR'000
Property, plant, and equipment	-	3,488
Inventories	-	394
Total assets held for sale	-	3,882

The Group measures the disposal group at the lower of carrying amount and fair value less costs to sell.

As a result of the calculations and analyses performed in 2025, no impairment loss was identified. Liabilities related to the Group's disposal of assets are presented in *Note 42*.

26. OTHER CURRENT RECEIVABLES AND ASSETS

The Group's *other receivables and prepaid expenses* include:

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
Taxes recoverable	12,187	11,744
Cash provided for dividend payment	7,356	30
Loans granted to third parties	5,752	5,724
<i>Impairment for credit losses on loans granted to third parties</i>	<i>(77)</i>	<i>(77)</i>
Loans to third parties, net	5,675	5,647
Prepaid expenses	2,229	2,170
Receivables from deposits provided as collateral	120	163
Judicial and awarded receivables	3,022	3,166
<i>Allowance for credit losses on court-ordered and adjudicated receivables</i>	<i>(2,913)</i>	<i>(3,031)</i>
Litigated and adjudicated receivables, net	109	135
Other	215	166
Total	27,891	20,055

Taxes to be refunded include:

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR'000</i>	<i>EUR 000</i>
VAT	6,923	5,636
Excise tax	3,728	3,851
Income taxes	1,532	2,250
Local taxes and fees and other taxes	4	7
Total	12,187	11,744

Prepaid expenses include:

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
Advertising	668	557
Subscriptions	598	643
Insurance	459	511
License and patent fees	187	91
Rent	134	141
Bank fees and commissions	78	100
Vouchers	3	4
Other	102	123
Total	2,229	2,170

Loans granted to third parties in the amount of 5,675 EUR (December 31, 2025: 5,647 EUR) were granted to three counterparties to support the financing of their activities in line with common strategic

objectives. The annual agreed interest rate on these loans for 2026 is between 3.05% and 6% (2025: 3.05% and 6%).

The movement in the allowance for impairment of legal and adjudicated receivables is as follows:

	<i>March 31, 2026</i> <i>EUR'000</i>	<i>12/31/2025</i> <i>EUR'000</i>
Balance as of January 1	3,031	666
Increase/(decrease) in the allowance for credit losses recognized in profit or loss for the year, net	(67)	2,371
Effect of foreign currency translation	(1)	-
Reversed impairment losses	(50)	(6)
Balance as of March 31/December 31	2,913	3,031

The movement in the allowance for impairment of loans to third parties is as follows:

	<i>March 31, 2026</i> <i>EUR'000</i>	<i>December 31, 2025</i> <i>EUR'000</i>
Balance as of January 1	77	41
Increase in the allowance for credit losses recognized in profit or loss during the year, net	-	35
Effect of foreign exchange rate changes	-	1
Balance as of March 31/December 31	77	77

27. CASH AND CASH EQUIVALENTS

	<i>March 31, 2026</i> <i>EUR'000</i>	<i>12/31/2025</i> <i>EUR'000</i>
Cash in operating accounts	12,590	24,838
Short-term deposits	5,759	8,483
Cash on hand	3,782	3,313
Short-term restricted cash	10	11
Cash and cash equivalents presented in the consolidated statement of cash flows	22,141	36,645
Cash and cash equivalents presented in the consolidated statement of financial position	22,141	36,645

The cash and cash equivalents held by the Group are primarily denominated in EUR, Ukrainian hryvnias, and Russian rubles (December 31, 2025: EUR, Russian rubles, and Ukrainian hryvnias).

As of March 31, 2026, short-term restricted cash amounted to 10 thousand EUR (December 31, 2025: EUR 11 thousand), consisting primarily of funds restricted under performance guarantees.

28. EQUITY

Share capital

As of March 31, 2026, the registered share capital of Sopharma AD amounted to EUR 275,667 thousand, divided into 539,157,603 shares with a par value of 0.51 EUR per share (December 31, 2025: EUR 275,667 thousand, divided into 539,157,603 shares with a par value of EUR 0.51 per share). In connection with the Law on the Introduction of the Euro in the Republic of Bulgaria (LIEB) and its adoption as the official currency and legal tender in Bulgaria effective January 1, 2026, the reported effect of currency translation on the basic share capital is in the amount of 697 thousand euros - a negative value, and on the retained earnings - a positive value of the same amount.

The shares of Sopharma AD are ordinary, book-entry shares with the right to receive dividends and a liquidation share and are listed for trading on the Bulgarian Stock Exchange AD and the Warsaw Stock Exchange.

On January 27, 2025, the capital increase of Sopharma AD was entered in the Commercial Register through the issuance of 619,138 ordinary, registered, book-entry shares with voting rights, with a par value of EUR 0.51 each and an issue price of EUR 2.11 per share.

The shares from the capital increase were subscribed by the warrant holders.

On July 18, 2025, the capital increase of Sopharma AD was entered in the Commercial Register through the issuance of 359,438,402 ordinary, registered, book-entry, voting shares with a par value of EUR 0.51 each. The capital increase was carried out pursuant to Article 197(1) and Article 246(4) of the Commercial Act using the company's own funds as follows:

- from the Premium Reserve in the amount of EUR 67,955;
- from Retained Earnings (Other Reserves) in the amount of EUR 115,823.

The number of ***treasury shares repurchased*** is 10,724,000, amounting to EUR 7,329 thousand (December 31, 2025: 13,624,541 shares amounting to EUR 9,311 thousand). During the current year, 100 treasury shares were purchased and 2,900,641 treasury shares were sold (2025: 200 shares purchased and 17,522,581 shares sold).

The effect on the repurchased shares resulting from the company's capital increase on July 18, 2025, is 17,789,926 shares.

Statutory reserves in the amount of EUR 34,174 thousand (December 31, 2025: EUR 34,174 thousand) constitute the Reserve Fund, which is formed in accordance with the Commercial Code and the company's Articles of Association, and includes two components: a) amounts from the distribution of profit to the Reserve Fund in the amount of EUR 30,597 thousand (December 31, 2025: EUR 30,597 thousand) and b) a share premium reserve arising from the positive difference between the issue price and the par value upon a capital issue in the amount of 3,577 EUR (December 31, 2025: EUR 3,577 thousand).

The revaluation reserve for property, plant, and equipment in the amount of EUR 14,233 thousand (as of December 31, 2025: EUR 14,413 thousand) is formed from the positive difference between the carrying

amount of the Group companies' property, plant, and equipment and their fair values as of the dates of the respective periodic revaluations. The effect of deferred taxes on the revaluation reserve is recognized directly through other components of comprehensive income for the year.

The reserve for financial assets at fair value through other comprehensive income in the amount of 1,230 EUR—a *negative* amount (December 31, 2025: EUR 232 thousand – negative amount) is formed from the effects of fair value measurement of other long-term equity investments (including the consolidated share of the change in this reserve in associates when they are accounted for using the equity method). Upon derecognition of these investments, the reserve formed is not recycled through the statement of comprehensive income (into profit or loss for the period).

The translation reserve in the presentation currency of foreign operations in the amount of 4,523 thousand EUR—a *negative* amount (December 31, 2025: EUR 2,220 thousand– negative amount) is formed from exchange rate differences arising from the translation of the financial statements of foreign companies into the Group's presentation currency.

Other equity components (warrant issue)

In January 2026, Sopharma AD initiated procedures for the initial public offering of three warrant issues, as follows:

- Prospectus for the issue approved by Decision No. 766-E of December 16, 2025, of the Financial Supervision Commission

The number of securities offered is 8,985,960 warrants. The issue price of one warrant is EUR 0.14, and the exercise price is EUR 1.84. The exercise period is 3 years, and the minimum success threshold for the issue is 1,797,192 warrants. The right to exercise arises on March 2, 2026, when the issue is registered with the Central Depository;

- The offering prospectus was approved by Decision No. 768-E of December 16, 2025, of the Financial Supervision Commission

The number of securities offered is 8,985,960 warrants. The issue price of one warrant is EUR 0.14, and the exercise price is EUR 2.33. The exercise period is 5 years, and the minimum success threshold for the issue is 1,797,192 warrants. The right to exercise arises on March 5, 2026, when the issue is registered with the Central Depository;

- The offering prospectus was approved by Decision No. 768-E of December 16, 2025, of the Financial Supervision Commission

The number of securities offered is 8,985,960 warrants. The issue price of one warrant is EUR 0.14, and the exercise price is EUR 2.91. The exercise period is 7 years, and the minimum success threshold for the issue is 1,797,192 warrants. The right to exercise arises on March 9, 2026, when the issue is registered with the Central Depository.

The funds raised from the three warrant issues amount to 3,744 EUR.

Registration of the issues with the Financial Supervision Commission is on March 26, 2026, and admission to trading on the Bulgarian Stock Exchange is on April 1, 2026.

The “Retained Earnings” reserve includes the “other reserves” component, which contains allocated amounts from realized profits from previous years of Group companies, and the “accumulated gains and losses” component.

As of March 31, ***retained earnings*** amounted to EUR 208,496 thousand (December 31, 2025: EUR 171,593 thousand), including the recognized accumulated actuarial loss of 2,142 EUR (December 31, 2025:

EUR 2,142 thousand), recognized in subsequent valuations of defined benefit plans in connection with the amendment to IAS 19 *Employee Benefits*.

Basic net earnings per share

	<i>Jan. 1, 2026– Mar. 31, 2026</i>	<i>Jan. 1, 2025– Mar. 31, 2025</i>
Weighted average number of shares	528,433,603	166,362,205
Net income for the year attributable to equity holders of the parent company (EUR'000)	31,702	20,619
Net earnings per share (EUR)	0.06	0.12

Diluted net earnings per share

	<i>March 31, 2026</i>	<i>March 31, 2025</i>
Weighted average number of shares outstanding	527,202,295	-
Cumulative effect of warrants	24,162,054	-
Shares outstanding with warrants	551,364,349	-
Net income for the year attributable to equity holders of the parent company (EUR'000)	31,702	-
<i>Diluted earnings per share</i>	0.06	-

29. LONG-TERM BANK LOANS

		<i>Maturity</i>	<i>March 31, 2026</i>			<i>12/31/2025</i>		
<i>'000</i>	<i>Agreed loan amount</i>		<i>Long-term portion</i>	<i>Short-term portion</i>	<i>Total</i>	<i>Long-term portion</i>	<i>Short-term portion</i>	<i>Total</i>
			<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>
<i>Credit lines and working capital loans</i>								
EUR	9,400	July 1, 2027	7,596	33	7,629	-	-	-
EUR/RSD	8,100	August 31, 2027	4,788	-	4,788	4,195	-	4,195
EUR/RSD	8,100	August 31, 2026	3,288	-	3,288	-	-	-
EUR	1,100	October 31, 2027	1,100	-	1,100	1,099	-	1,099
EUR	2,470	June 22, 2027	225	340	565	224	448	672
EUR	15,000	October 31, 2026	-	14,984	14,984	-	11,607	11,607
EUR	500	12/19/2026	-	251	251	-	333	333
EUR	3,235	January 31, 2030	-	-	-	3,231	24	3,255

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EUR/RSD	8,100	August 31, 2027	-	-	-	2,891	-	2,891
EUR/RSD	8,100	August 31, 2027	-	-	-	500	-	500
Investment loans								
EUR	40,000	April 4, 2032	28,350	5,685	34,035	29,725	5,790	35,515
EUR	20,000	June 25, 2030	11,944	4,000	15,944	12,964	3,976	16,940
EUR	4,880	December 27, 2029	2,436	888	3,324	2,662	883	3,545
EUR	5,210	March 31, 2026	-	-	-	-	216	216
Total			59,727	26,181	85,908	57,491	23,277	80,768

The Group has gradually established a policy of annually renegotiating the terms of initially agreed long-term credit lines, including maturity dates. From the date of renegotiation, the extended credit lines are presented as short-term bank loans (*Note 36*).

Bank loans received in EUR are primarily agreed upon at an interest rate based on EURIBOR plus a margin of up to 3.6% and up to 5% fixed (2025: for EUR—EURIBOR plus a margin of up to 3.6% and up to 8.5% fixed). The loans are for working capital.

Investment loans are intended for the purchase of long-term tangible assets and business expansion.

The following have been established in favor of the lending banks as collateral for the above-mentioned loans:

- Mortgages on real estate (*Note 15*);
- Special pledges on:
 - machinery and equipment (*Note 15*);
 - inventories (*Note 22*);
 - trade receivables (*Note 23*).

Long-term bank loan agreements contain clauses requiring the maintenance of certain financial ratios. The Group's management continuously monitors compliance with these financial ratios in communication with the respective lending bank.

Group companies must comply with certain additional covenants under long-term loan agreements, which generally relate to:

- a total liquidity ratio, which must be at least 1.1x;
- net debt, which should not exceed four times annual earnings before interest, taxes, depreciation, and amortization;
- maintaining an equity ratio of 40% or higher;
- no reduction in equity compared to the most recent audited financial statements.

30. LONG-TERM LIABILITIES TO RELATED PARTIES

Long-term liabilities to related parties as of March 31 include:

March 31, 2026	12/31/2025
EUR'000	EUR'000

Liabilities under lease agreements	8,097	8,340
	8,097	8,340

Lease payments due within 12 months are presented in the consolidated annual statement of financial position under current liabilities, in the item “Liabilities to related parties” (Note 38).

31. LONG-TERM LIABILITIES TO EMPLOYEES

Long-term liabilities to employees as of March 31 include:

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
Long-term liabilities to employees upon retirement	5,812	5,806
Liabilities for long-term income from bonuses	184	195
Total	5,996	6,001

Long-term employee benefit obligations

Long-term employee benefits include the present value of the obligation of the Group companies, operating primarily in *Bulgaria and Ukraine*, to pay benefits to employees upon reaching retirement age as of the statement of financial position date. Under the Labor Code of *Bulgaria*, every employee is entitled to a severance payment equal to two gross monthly salaries upon retirement; if the employee has worked for the same employer for the last 10 years of their employment, the severance payment is equal to six gross monthly salaries at the time of retirement (Note 2.23).

The employer’s obligations to staff upon retirement for companies outside Bulgaria are as follows:

- *Ukraine* – the employer is obligated to pay between 250 and 500 Ukrainian hryvnias depending on the employee’s length of service and social pensions, which the company accrues after the employees’ retirement under specific working conditions and a collective labor agreement;
- *Kazakhstan* – under Kazakhstani law, the employer has no legal obligation to employees upon retirement;
- *Serbia* – the employer is obligated to pay 3 average monthly salaries;
- *Russia* – under Russian law, the employer has no legal obligation to employees upon retirement.
- *Belarus* – the employer has no legal obligation to employees upon retirement.

Long-term income obligations for bonuses

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
Liabilities under long-term income for bonuses maturing in 2027	117	128
Liabilities under long-term income for bonuses maturing in 2028	67	67
Total	184	195

32. LEASE LIABILITIES

The lease liabilities to third parties and related parties included in the statement of financial position are presented net of future interest payable and are as follows:

	<i>March 31, 2026</i>			<i>12/31/2025</i>		
	<i>Lease liabilities</i>	<i>Lease liabilities to related parties (Notes 29 and 37)</i>	<i>Total</i>	<i>Lease liabilities</i>	<i>Lease liabilities to related parties (Notes 29 and 37)</i>	<i>Total</i>
<i>Term</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>
Up to one year	11,683	1,569	13,252	11,387	1,579	12,966
Over one year	41,153	8,097	49,250	40,997	8,340	49,337
	52,836	9,666	62,502	52,384	9,919	62,303

Lease liabilities to related parties are presented in Long-term liabilities to related parties (*Note 30*) and Liabilities to related companies (*Note 38*).

The minimum lease payments to third parties and related parties are due as follows:

	<i>March 31, 2026</i>			<i>12/31/2025</i>		
	<i>Third parties</i>	<i>Related parties</i>	<i>Total</i>	<i>Third parties</i>	<i>Related parties</i>	<i>Total</i>
	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>
<i>Term</i>						
Up to one year	14,496	1,711	16,207	13,460	1,746	15,206
Over one year	46,593	8,559	55,152	46,650	8,809	55,459
	61,089	10,270	71,359	60,110	10,555	70,665
Future finance charges on finance leases	(8,253)	(604)	(8,857)	(7,726)	(636)	(8,362)
Present value of lease liabilities to third parties and related parties	52,836	9,666	62,502	52,384	9,919	62,303

In the statement of financial position, under the heading Property, plant, and equipment, the following items and amounts related to lease agreements are presented:

	<i>Land and buildings</i>		<i>Machinery, plant, and equipment</i>		<i>Other</i>		<i>Total</i>	
	<i>2026</i>	<i>2025</i>	<i>2026</i>	<i>2025</i>	<i>2026</i>	<i>2025</i>	<i>2026</i>	<i>2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>
<i>Carrying amount</i>								

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Balance as of January 1	79,539	74,869	619	646	12,229	9,040	92,387	84,555
Increases/acquisitions	4,099	16,397	-	-	257	4,668	4,356	21,065
Write-downs/write-offs	(1,611)	(11,727)	-	(27)	(107)	(1,479)	(1,718)	(13,233)
Balance as of March 31 / December 31	82,027	79,539	619	619	12,379	12,229	95,025	92,387
Accumulated depreciation								
Balance as of January 1	27,207	25,422	232	188	4,909	3,835	32,348	29,445
Accumulated depreciation for the period	2,971	11,172	16	71	646	2,419	3,633	13,662
Depreciation written off	(800)	(9,387)	-	(27)	(80)	(1,345)	(880)	(10,759)
Balance as of March 31 / December 31	29,378	27,207	248	232	5,475	4,909	35,101	32,348
Book value as of March 31/December 31	52,649	52,332	371	387	6,904	7,320	59,924	60,039
Book value as of January 1	52,332	49,447	387	458	7,320	5,205	60,039	55,110

33. GOVERNMENT GRANTS

As of March 31, government grants to the Group's companies include:

	March 31, 2026 EUR'000	12/31/2025 EUR'000
Long-term portion of government funding	1,675	1,729
Short-term portion of government financing (<i>Note 43</i>)	219	219
Total	1,894	1,948

As of March 31, government grants received were from the following Group companies:

	March 31, 2026 EUR'000	12/31/2025 EUR'000
Sopharma AD	1,894	1,948
Total	1,894	1,948

Government grants are provided under European operational programs and are primarily related to the acquisition of machinery and equipment. (*Note 15*). The short-term portion of the grants, amounting to 219 thousand EUR (December 31, 2025: 219 thousand EUR) will be recognized as current revenue over the next 12 months from the date of the consolidated annual statement of financial position and is presented as "other current liabilities" (*Note 43*).

34. LONG-TERM TAX LIABILITIES

**March 31,
2026
12/31/2025**

	<i>EUR'000</i>	<i>EUR'000</i>
National supplementary tax	1,905	1,900
Total	1,905	1,900

35. OTHER NON-CURRENT LIABILITIES

	<i>March 31, 2026 EUR'000</i>	<i>12/31/2025 EUR'000</i>
Other non-current liabilities as of March 31 include:		
Liabilities related to the purchase of shares	1,731	1,731
	1,731	1,731

Liability related to the purchase of shares

Pursuant to share purchase agreements dated October 1, 2020, a Group company acquired control over the companies SCS Franchise AD and Sanita Franchising AD. As of March 31, 2026, the shares of Sanita Franchising AD have been paid in full. Part of the consideration under the share purchase agreements for SCS Franchise AD was paid on the date of transfer of control, and for the remaining portion, a deferred payment schedule was agreed upon, with the final payment due by December 31, 2029. The liability is measured at present value using an interest rate that reflects the current market assessment of the risks associated with the liability.

36. SHORT-TERM BANK LOANS

The Group's *short-term bank loans* as of March 31 are as follows:

<i>Currency</i>	<i>Agreed amount '000</i>	<i>Maturity</i>	<i>March 31, 2026 EUR'000</i>	<i>12/31/2025 EUR'000</i>
Bank loans (overdrafts)				
EUR	38,858	October 25, 2026	35,928	35,899
EUR	33,234	July 31, 2026	20,984	29,054
EUR	15,339	October 1, 2026	15,336	-
EUR	10,226	10/01/2026	9,449	10,144
		August 1, 2026–		
		February 26, 2027		
EUR/RSD	8,000		7,002	7,495
EUR	34,200	12/31/2026	6,721	16,561
		October 1, 2026		
EUR	10,000		4,688	6,336
EUR	5,000	10/01/2026	4,378	4,483

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EUR	10,226	October 1, 2026	4,155	5,422
EUR	5,113	July 31, 2026	3,202	4,973
EUR	3,000	February 16, 2029	3,012	-
EUR	3,000	September 27, 2026	2,500	1,501
EUR	2,000	September 26, 2026	2,000	-
EUR	8,000	March 18, 2027	499	-
EUR	8,000	August 31, 2027	349	-
leva	20,000	July 31, 2026	-	8,483
EUR	8,400	09/02/2026	-	8,454
EUR	1,000	April 1, 2026	-	1,000
EUR	1,050	May 31, 2027	-	497
EUR	10,000	October 20, 2026	-	2
			120,203	140,304
<i>Credit lines</i>				
EUR	23,008	June 1, 2026	22,887	22,900
EUR	7,500	October 25, 2026	7,489	7,483
			30,376	30,383
Total			150,579	170,687

The bank loans received in EUR are primarily agreed upon at an interest rate based on EURIBOR plus a margin of up to 2.75%, the reference interest rate of the respective bank plus a margin of up to 3.25%, and a fixed rate of 5%; for RSD—an interest rate based on Belibor plus a margin of up to 0.61% (2025: EURIBOR plus a margin of up to 2.9%, the relevant bank's reference interest rate plus a margin of up to 3.25%, and a fixed rate of 7.5%; for RSD—an interest rate determined based on Belibor plus a margin of up to 0.61%).

The loans are for working capital.

In favor of the lending banks, special pledges have been established to secure the above-mentioned loans on:

- machinery and equipment (*Note 15*);
- raw materials, supplies, and finished goods (*Note 22*);
- trade receivables (*Note 23*).

As of March 31, 2026, special pledges have been established on receivables from related parties, subject to consolidation and eliminated for the purposes of the consolidated annual financial statements, in

the amount of 57,285 EUR (December 31, 2025: 57,285 EUR) as collateral for bank loans received by the Group and bank guarantees issued (*Notes 29, 36, and 44*).

37. TRADE PAYABLES

<i>Trade payables</i> include:	<i>March 31, 2026 EUR'000</i>	<i>12/31/2025 EUR'000</i>
Trade payables	175,392	172,974
Advances received from customers	273	5,431
Total	175,665	178,405

<i>Payables to suppliers</i> are as of:	<i>March 31, 2026 EUR'000</i>	<i>12/31/2025 EUR'000</i>
Suppliers outside Bulgaria	123,324	131,946
Suppliers from Bulgaria	52,068	41,028
Total	175,392	172,974

Accounts payable to suppliers are current, interest-free, and relate to materials, goods, and services received. The average credit period for which interest is not typically charged on trade payables is 60 to 180 days.

38. PAYABLES TO AFFILIATED ENTITIES

<i>Liabilities to related parties</i> include:	<i>March 31, 2026 EUR'000</i>	<i>12/31/2025 EUR'000</i>
Liabilities to joint ventures and associates	1,545	1,561
Liabilities to companies linked through key management personnel	740	433
Liabilities to shareholder companies with significant influence	135	13,856
Liabilities to companies controlled by an associate	80	22
Liabilities to key management personnel	-	2,070
Liabilities to other related parties	3	3
Total	2,503	17,945

Liabilities to related parties by type are:

<i>March 31, 2026 EUR'000</i>	<i>12/31/2025 EUR'000</i>
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Current liabilities under lease agreements	1,569	1,579
Liabilities for supplies of goods and materials	785	431
Provision of services	146	42
Dividend liabilities	-	15,890
Other	3	3
Total	2,503	17,945

Liabilities to related parties are current, denominated in EUR, interest-free, and are not additionally secured by a special pledge or guarantee from the Group.

39. LIABILITIES UNDER FACTORING AGREEMENTS

A Group company has entered into factoring agreements with a financial institution (Factor) under the following terms:

- Under the agreement dated April 11, 2025, for the transfer of existing non-due receivables from its customers, the Factor has no right of recourse for the amounts paid in advance, regardless of whether they are included in the approved credit limit. The approved credit limit as of March 31, 2026, is 8 EUR,562 thousand (RUB 800,000 thousand). The assigned invoices are paid in advance up to 95% (ninety-five percent) of their value, including VAT. The interest rate on the funds transferred in advance is the Central Bank of the Russian Federation's base rate plus 2.35% on an annual basis and is charged within five days after the end of the calendar month.
- Under the agreement dated August 11, 2025, for the assignment of existing non-due receivables from its clients, the Factor has no right of recourse for the amounts paid in advance, regardless of whether or not they are included in the approved credit limit. The approved credit limit as of March 31, 2026, is EUR 7,492 thousand (RUB 700,000 thousand). The assigned invoices are paid in advance up to 100% (one hundred percent) of their value, including VAT. The interest on the funds transferred in advance is the Central Bank of the Russian Federation's base rate plus 3.00% on an annual basis and is deducted within five days after the end of the calendar month.

As of March 31, 2026, the company has no liabilities under the factoring agreement (December 31, 2025: none).

40. LIABILITIES TO EMPLOYEES AND FOR SOCIAL SECURITY

Liabilities to employees and for social security include:

	<i>March 31, 2026</i>	<i>Dec. 31, 2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
Liabilities to employees, including:	12,127	12,215
<i>Current payroll liabilities</i>	8,098	8,138

<i>accruals for unused compensable leave</i>	2,188	2,234
<i>bonuses</i>	1,841	1,843
Social security liabilities, including:	3,324	3,193
<i>Current social security contribution liabilities</i>	2,975	2,828
<i>Accruals for unused compensable leave</i>	349	365
Total	15,451	15,408

41. TAX LIABILITIES

Tax liabilities include:

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
Income taxes	4,609	2,313
VAT	3,536	2,815
National supplementary tax	1,279	1,286
Personal income taxes	1,223	1,033
Local taxes and fees	201	30
Taxes on expenses	130	280
Tax on income of foreign persons	22	245
Withholding taxes	5	1
Taxes on dividends	-	199
Total	11,005	8,202

As of the date of issuance of this consolidated annual report, the following audits and inspections have been conducted in the Group companies:

Company	Full tax audit	VAT audit	Social Security Compliance Audit
Sopharma AD	31.05.2025	30.11.2025	31.12.2021
Sopharma Trading AD	31.12.2011	31.12.2017	30.04.2018
Sopharmacy EOOD	none	31.07.2020	none
Sopharmacy 2 EOOD	none	30.06.2019	none
Sopharmacy 3 EOOD	none	30.11.2017	none
Sopharmacy 4 EOOD	none	30.06.2022	none
Sopharmacy 5 EOOD	none	31.08.2020	none
Sopharmacy 6 EOOD	none	30.05.2023	none
Sopharmacy 7 EOOD	none	31.05.2019	none
Sopharmacy 8 EOOD	none	31.08.2020	none
Sopharmacy 9 EOOD	none	31.12.2020	none
Sopharmacy 10 EOOD	none	30.11.2022	none
Sopharmacy 11 EOOD	none	31.07.2022	none
Sopharmacy 12 EOOD	none	30.06.2023	none
Sopharmacy 13 EOOD	none	31.07.2022	none
Sopharmacy 14 EOOD	none	31.12.2018	none
Sopharmacy 15 EOOD	none	30.06.2022	none

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Sopharmacy 16 EOOD	none	31.12.2019	none
Sopharmacy 17 EOOD	none	31.12.2020	none
Sopharmacy 18 EOOD	none	05.09.2025	none
Sopharmacy 19 EOOD	none	17.09.2025	none
Sopharmacy 20 EOOD	none	31.12.2013	none
Sopharmacy 21 EOOD	none	31.10.2024	31.08.2017
Sopharmacy 22 EOOD	none	31.12.2012	30.04.2020
Sopharmacy 23 EOOD	none	31.05.2014	30.04.2020
Sopharmacy 24 EOOD	none	30.11.2024	30.04.2020
Sopharmacy 25 EOOD	none	30.09.2023	30.04.2020
Sopharmacy 26 EOOD	none	31.08.2017	none
Sopharmacy 27 EOOD	none	31.12.2013	none
Sopharmacy 28 EOOD	none	07.02.2025	none
Sopharmacy 29 EOOD	none	30.04.2024	none
Sopharmacy 30 EOOD	none	31.08.2024	30.04.2020
Sopharmacy 31 EOOD	none	13.10.2025	30.04.2020
Sopharmacy 32 EOOD	31.12.2010	31.12.2019	30.04.2020
Sopharmacy 33 EOOD	none	30.04.2024	30.04.2020
Sopharmacy 34 EOOD	none	none	30.04.2020
Sopharmacy 35 EOOD	none	31.12.2013	30.04.2020
Sopharmacy 36 EOOD	none	31.01.2015	31.05.2021
Sopharmacy 37 EOOD	none	31.08.2024	30.04.2020
Sopharmacy 38 EOOD	none	29.02.2024	30.04.2020
Sopharmacy 40 EOOD	none	none	30.04.2020
Sopharmacy 41 EOOD	none	25.09.2025	31.05.2019
Sopharmacy 42 EOOD	none	none	30.11.2020
Sopharmacy 43 EOOD	31.12.2016	09.12.2025	31.05.2019
Sopharmacy 44 EOOD	none	31.12.2013	30.04.2020
Sopharmacy 45 EOOD	none	None	30.04.2020
Sopharmacy 46 EOOD	none	17.10.2025	none
Sopharmacy 47 EOOD	none	31.11.2016	31.03.2020
Sopharmacy 48 EOOD	none	30.06.2021	31.08.2017
Sopharmacy 49 EOOD	31.12.2015	31.12.2014	31.05.2020
Sopharmacy 50 EOOD	none	30.06.2024	31.03.2020
Sopharmacy 51 EOOD	none	30.09.2023	30.04.2020
Sopharmacy 52 EOOD	none	none	31.12.2015
Sopharmacy 53 EOOD	none	08.08.2025	31.08.2017
Sopharmacy 54 EOOD	none	16.06.2025	31.03.2020
Sopharmacy 55 EOOD	none	02.09.2025	31.03.2020
Sopharmacy 56 EOOD	none	31.12.2015	30.04.2020
Sopharmacy 57 EOOD	none	09.12.2025	31.05.2020
Sopharmacy 58 EOOD	none	29.02.2024	none
Sopharmacy 63 EAD	31.12.2012	none	31.12.2019
Sopharmacy 64 AD	31.12.2016	31.07.2023	none
Sopharmacy 65 EOOD	none	06.02.2025	none
Sopharmacy 66 EOOD	none	31.07.2024	none
Sopharmacy 67 EOOD	none	06.06.2025	none

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Sopharmacy 68 EOOD	none	31.07.2024	none
Sopharmacy 39 EOOD	none	09.06.2025	none
Sopharmacy 61 EOOD	none	10.02.2026	none
Sopharmacy 62 EOOD	none	09.12.2025	none
Sopharmacy 60 EOOD	none	07.04.2026	none
Sopharmacy 59 EOOD	none	12.03.2026	none
PAO Vitamini	30.09.2025	30.09.2025	30.09.2025
OOO Sopharma Ukraine	31.12.2014	31.12.2014	30.06.2016
Sopharma Warsaw Sp. z o.o.	none	none	06.07.2017
Sopharma Trading D.o.o., Serbia	31.03.2017	30.06.2017	15.04.2017
FitoBel OOO	30.09.2012	30.09.2012	30.09.2017
Tabina OOO	30.09.2010	30.09.2010	30.09.2006
Ne Ska OOO	none	none	31.12.2015
ODO SalusLine	31.10.2007	31.10.2007	30.06.2021
BOOO SpetsApharmacia	31.03.2014	31.03.2014	31.03.2014
Sopharma Rus	none	30.09.2025	31.12.2025

For companies in Bulgaria, a tax audit is conducted within a five-year period from the end of the year in which the tax return for the relevant liability was filed. The audit definitively confirms the tax liability of the relevant company—the taxpayer—except in cases expressly provided for by law.

For companies outside Bulgaria, tax audits are conducted as follows: in Ukraine—within a three-year period, in Poland and Kazakhstan—within a five-year period, in Serbia—within a ten-year period, in Russia—within a three-year period, and in Belarus—on a sampling basis according to criteria that assess the degree of risk with respect to tax entities in accordance with a methodology determined by the Council of Ministers of the Republic of Belarus.

The companies TOO Sopharma Kazakhstan, Pharmachim EOOD, Farmanova D.O.O., Sopharmacy D.o.o., SOOO Brititrade, OOO DabradzeyaFarm, OOO AlfaApteka, Bellerophon OOO, and AU Sopharmacy Nova (until October 3, 2025, Great Pharmacy Pharmacy Establishment (AU)) have not undergone full tax audits, VAT audits, or social security compliance inspections.

42. LIABILITIES HELD FOR SALE

In connection with the preliminary agreement for the sale of a separate part of its commercial enterprise concluded by Sopharma AD on October 27, 2025, *as disclosed in Note 25, the liabilities held by the Group for disposal* are as follows:

	March 31, 2026 EUR'000	12/31/2025 EUR'000
Government grants	-	740
Liabilities to employees and social security	-	106
Tax liabilities	-	3

Total liabilities held for sale

-	849

The final agreement for the sale of a separate part of the commercial enterprise of Sopharma AD was concluded on January 30, 2026.

Government funding is provided under agreements concluded with the Executive Agency for the Promotion of Small and Medium-Sized Enterprises for non-repayable financial assistance under the Operational Program “Innovation and Competitiveness 2014–2020.”

43. OTHER CURRENT LIABILITIES

<i>Other current liabilities</i> include:	<i>March 31, 2026 EUR'000</i>	<i>12/31/2025 EUR'000</i>
Dividend liabilities	8,153	8,135
Liabilities for refunds under contracts with customers	6,584	6,238
Liabilities related to the purchase of shares	567	603
Government grants (<i>Note 33</i>)	219	219
Liabilities from deposits received as guarantees	151	151
Payroll deductions	40	43
Liabilities under contracts with customers	24	8
Provision for financial guarantees	11	11
Amounts awarded in court cases	9	9
Other	862	812
Total	16,620	16,229

44. CONTINGENT LIABILITIES AND COMMITMENTS

Guarantees and sureties provided

Sopharma AD

As of March 31, 2026, the Company had provided collateral to banks in connection with loans received from associates in the form of real estate mortgages with a carrying amount of 2,774 EUR (December 31, 2025: 2,801 EUR).

The Company is a co-debtor and guarantor for bank loans received, bank guarantees issued, and lease agreements entered into by the following companies:

	Maturity period	Currency	Contractual amount		Amount guaranteed
			<i>Original</i>		<i>March 31, 2026</i>
			<i>Currency</i>	<i>EUR'000</i>	<i>EUR'000</i>
Sopharma Buildings REIT	2027–2028	EUR	33,234	33,234	13,304
Doverie Obedinen Holding AD	2027	EUR	15,339	15,339	3,191

Energoinvestment AD	2026	EUR	920	920	639
Total					17,134

Bank guarantees

Sopharma Trading AD

Bank guarantees issued for the company as of March 31, 2026, amount to 14,519 EUR (December 31, 2025: 11,842 EUR) and are intended to guarantee payments to suppliers of goods, for performance—guaranteeing future deliveries of pharmaceutical and medical products to hospitals under concluded supply contracts, customs guarantees, and participation in tenders.

The bank guarantees were issued by:

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR '000</i>	<i>EUR '000</i>
DSK AD	6,279	6,249
ING Bank N.V.	6,140	3,332
TB OBB AD	2,100	2,261
	14,519	11,842

As of March 31, 2026, Sopharma Trading AD had provided bank guarantees in the amount of 1,291 thousand EUR (December 31, 2025: 1,244 thousand EUR) as collateral under lease agreements for commercial premises (pharmacies), to which its subsidiaries are parties.

Sopharma Trading d.o.o., Serbia

As of March 31, 2026, the bank guarantees issued for the company amounted to EUR 10,626 thousand (December 31, 2025: EUR 11,755 thousand) and are intended to guarantee payments to suppliers of goods, for good performance—guaranteeing future deliveries of pharmaceutical and medical products to hospitals under concluded supply contracts, customs guarantees, and participation in tenders. The guarantee was issued by Raiffeisenbank AD Belgrade.

Farnanova D.O.O.

As of March 31, 2026, the Company has one customs bank guarantee issued in the amount of EUR 19 thousand (RSD 2,215 thousand) (December 31, 2025: EUR 19 thousand (RSD 2,215 thousand)). The guarantee was issued by Intesa Bank AD Belgrade.

Insurance of performance guarantees

Sopharma Trading AD

As of March 31, 2026, the company has entered into contracts for performance bond insurance in tenders for the supply of medicines and medical supplies to healthcare facilities and the Ministry of Health in the amount of EUR 5,389 thousand (December 31, 2025: EUR 5,029 thousand).

Assets received in trust

Sopharma Trading AD

Pursuant to concluded pre-distribution agreements, as of March 31, 2026, the company has accepted goods in trust in the amount of EUR 7,090 thousand (December 31, 2025: EUR 5,916 thousand).

Farnanova D.o.o.

Farnanova D.o.o. has accepted for safekeeping as of March 31, 2026, raw materials amounting to EUR 23 thousand (RSD 2,643 thousand) (December 31, 2025: EUR 10 thousand (RSD 1,216 thousand)).

Significant irrevocable contracts and commitments

Sopharma AD

The company has received government funding under the Operational Program “Development of the Competitiveness of the Bulgarian Economy 2007–2013,” the Operational Program “Energy Efficiency,” and the Operational Program “Recovery and Resilience Plan” (*Note 33 and Note 43*), primarily related to the acquisition of fixed assets, building renovations and technological upgrades and modernization of tablet production, introduction of innovative products in ampoule production, acquisition of general-purpose ventilation and air conditioning systems for the production of medical products, and introduction of innovative “artificial tears” eye drops (*Note 16*). The company has committed that, for a period of 5 years following the completion of the relevant projects, no significant changes shall occur that affect the nature and conditions of performance or give rise to unjustified benefits for the company, nor shall changes occur resulting from a change in the nature of ownership of the acquired assets related to the financing. In the event of non-compliance with these requirements, the funding provided is subject to repayment. As of the date of this report, all contractual requirements have been met.

45. FINANCIAL RISK MANAGEMENT

In the course of its ordinary business activities, the Group may be exposed to various financial risks, the most significant of which are: market risk (including currency risk, fair value risk, and price risk), credit risk, liquidity risk, and interest rate risk.

Overall risk management focuses on the challenges of forecasting financial markets and minimizing the potential negative effects that could impact the Group’s financial results and financial position.

Financial risks are currently identified, measured, and monitored using various control mechanisms implemented to determine appropriate pricing for the Group companies’ products and services and for the debt capital they raise, as well as to adequately assess the market conditions of their investments and the forms of maintaining free cash reserves, without allowing for an unjustified concentration of a given risk.

Risk management is carried out on an ongoing basis by the management of the parent company and, respectively, the management of the subsidiaries in accordance with the policy established by the Board of Directors of the parent company. The Board of Directors has adopted basic principles for the overall management of financial risk, based on which specific procedures have been developed for managing individual specific risks, such as currency, price, interest rate, credit, and liquidity risks, as well as the risk associated with the use of non-derivative instruments.

The structure of financial assets and liabilities as of March 31, 2026, is as follows:

Categories of financial instruments:	March 31, 2026 EUR '000	December 31, 2025 EUR '000
<i>Financial assets</i>		
Financial assets at amortized cost, including:	269,422	268,957
<i>Receivables and loans (Notes 20, 21, 23, 24, and 26)</i>	247,281	232,312
<i>Cash and cash equivalents (Note 27)</i>	22,141	36,645
Financial assets at fair value through other comprehensive income, including:	3,942	4,994
<i>Equity investments (Note 19)</i>	3,942	4,994
Total financial assets	273,364	273,951
<i>Financial liabilities</i>		
Financial liabilities at amortized cost, including:	491,090	518,730
<i>Short-term and long-term bank loans (Notes 29 and 36)</i>	236,487	251,455
<i>Other loans and liabilities (Notes 30, 35, 38, 39, and 43)</i>	192,101	204,972
<i>Lease obligations (Note 32)</i>	62,502	62,303
Total financial liabilities	491,090	518,730

The net effect of impairment losses recognized (reversed) related to financial assets and financial guarantees recognized in the statement of comprehensive income (in profit or loss) is as follows:

	March 31, 2026 EUR '000	March 31, 2025 EUR '000
Loans granted at amortized cost	135	64
Judicial and awarded receivables	(67)	-
Trade and other receivables, including from related parties	10	(59)
Total	78	5

Credit risk

Credit risk is the risk that the Group's customers will not be able to repay the amounts owed on trade receivables in full and within the usual terms.

The Group's credit risk arises both from its core business, through trade receivables, and from its financial activities, including the provision of loans to related parties and third parties, loan and guarantee commitments, and bank deposits. The Group has developed policies, procedures, and rules for controlling and monitoring credit risk.

Trade receivables

In its commercial practice, the Group has applied various distribution schemes until it achieved its current effective approach, which is tailored to the market environment, diverse payment methods, and the inclusion of trade discounts. The Group works with counterparties with a history of relationships in its core markets, partnering with over 70 Bulgarian and foreign licensed pharmaceutical distributors.

Working with the National Health Insurance Fund (NHIF) and with distributors that serve state-run hospitals also requires a deferred payment policy in Bulgaria. In this regard, although there is a concentration of credit risk, it is managed through selection, ongoing monitoring of the liquidity and financial stability of trading partners, as well as direct communication with them and the implementation of rapid measures at the first signs of problems.

The Group's credit policy requires that each new customer be screened for creditworthiness before standard delivery and payment terms are offered.

The Group uses matrices to provision for expected credit losses on trade receivables and assets under contracts with customers. The latter are grouped into portfolios of different customer segments that share similar characteristics, including credit risk.

The provisioning rates applied in the matrices are based on the days past due for each individual portfolio. Initially, the rates for each matrix are determined based on historical data observed by the Group companies over a three-year period.

The method is based on the analysis of the history and assessment of the behavior of each invoice in a given group, issued over the last at least three years, in terms of days past due, transitions between different delinquency ranges over time, payments, and uncollected amounts, etc. On this basis, the loss rate is determined as the uncollectibility of a given group of invoices relative to overdue invoices by days.

The period for the occurrence of an economic loss from uncollectibility is determined by customer portfolios: wholesalers, the pharmacy market, the hospital market, and by geographic regions. This period is analyzed and assessed historically. The Group does not require collateral for receivables from its customers, nor does it insure them. Second, the Group refines the impairment provision matrices for each portfolio by adjusting the determined rates based on historical data regarding payment behavior on issued invoices and historical bad debt losses, incorporating forecast information on certain macroeconomic factors. The historical rates are adjusted to reflect the effect of future behavior of macroeconomic factors for which a statistical correlation has been established and which are believed to influence customers' ability to service and settle their obligations.

Litigated and Judged Receivables

When assessing the collectability of judicial and adjudicated receivables, management performs an individual analysis of the entire exposure of each counterparty (counterparty type) to determine the actual likelihood of their collection. If high uncertainty regarding the collectability of a given receivable (group of receivables) is identified, an assessment is made of what portion of it (them) is secured (pledge, mortgage, guarantees, bank guarantee) and thus their collectability is guaranteed (through the future potential realization of the collateral or payment by a guarantor). Receivables or the portion thereof for which management assesses that there is very high uncertainty regarding their collectability and which are unsecured are written off in full.

Loans, guarantees, and financial guarantees

The assessment of each credit exposure for risk management purposes is a process that requires the use of models that reflect the impact on the exposure of changes in market conditions, expected cash flows, and time to maturity. The assessment of credit risk on loans granted leads to further assessments of the probability of default, the loss rates associated with these assessments, and the correlations between counterparties. The Group measures credit risk using probability of default (PD), exposure at default (EAD), and loss given default (LGD).

To determine the credit risk of loans and financial guarantees granted, as well as certain individual receivables, the Group's management has developed a methodology that includes two main components: determining the borrower's credit rating, and statistical models for calculating marginal PDs by year for each rating.

Regarding the rating, it uses internal credit ratings for individual counterparties based on global methodologies of leading international rating agencies. The rating reflects financial ratios for indebtedness, liquidity, profitability, etc., as well as quantitative (e.g., sales levels) and qualitative (e.g., financial policy, diversification, etc.) criteria according to the relevant methodology and industry.

Using statistical models based on historical global data on probability of default (PD) and transitions between different ratings, as well as forecasts for key macroeconomic indicators (GDP growth, inflation, etc.), the required marginal PDs by year are determined for each rating.

Based on the specific rating assigned and the analysis of the characteristics of the obligor and the loan/guarantee, including changes that have occurred in them compared to the previous period, the stage of the instrument (Stage 1, Stage 2, or Stage 3) is determined. The Group considers that a financial instrument has experienced *a significant increase in credit risk* when one or more of the following quantitative or qualitative criteria are met:

Quantitative criteria:

- An increase in the lifetime probability of default (PD) for the financial asset as of the reporting date compared to the lifetime probability of default as of the date the asset was initially recognized;
- The borrower is past due by more than 30 days but less than 90 days;
- Actual or expected significant adverse changes in the borrower's operating results, exceeding the permissible range of variation, as measured by key financial and operating indicators of the debtor;
- A significant change in the value of the collateral, which is expected to increase the loss and the risk of default.

Qualitative criteria:

- Significant adverse changes in the business, financial, and/or economic conditions in which the borrower operates;
- Actual or expected significant adverse changes in the borrower's operating results;
- A significant change in the value of the collateral that is expected to increase the risk of default;
- Early signs of cash flow/liquidity problems, such as delays in servicing trade creditors/loans.

The criteria used to determine a significant increase in credit risk are monitored and reviewed periodically for appropriateness by the Group's Chief Financial Officer.

The Group designates a financial instrument *as in default and with an incurred credit loss* when it meets one or more of the following criteria:

Quantitative criteria

- The borrower is more than 90 days past due on its contractual payments;
- Occurred or impending significant adverse changes and events in the borrower's business, financial conditions, and economic environment, as measured by a significant decline in the borrower's key financial and operating metrics;
- The borrower reports a series of losses and negative net assets;
- Occurred or impending material adverse changes in the value of key collateral for the loan, including collateral losses.

Qualitative criteria

The borrower is unable to make payments due to significant financial difficulties. These are cases where:

- The borrower is in breach of the financial agreement, e.g., interest payments, collateral;
- Negative changes in the borrower's business;
- Concessions have been made in connection with the borrower's financial difficulties;
- The borrower is likely to be declared insolvent.

The definition of default is consistently applied to model the probability of default (PD), exposure at default (EAD), and loss given default (LGD) in the Group's expected loss calculations.

Expected credit losses are calculated by discounting the present value of the product of: probability of default (PD), exposure at default (EAD), and loss given default (LGD), determined as follows:

- PD represents the probability that the borrower will default on its financial obligation either within the next 12 months or over the entire life of the financial asset (lifetime PD), determined based on publicly available PD data from generally accepted sources and statistical models of the effects of projected macroeconomic factors. In addition, the company's management has performed a historical analysis and identified the key economic variables affecting credit risk and expected credit losses for each type of loan (portfolio);
- EAD is the amount owed to the Group by the borrower at the time of default, over the next 12 months, or over the remaining term of the loan, determined in accordance with the specific characteristics of the instrument (amount due, repayment schedules, interest, term, etc.);
- LGD represents the Group's expectation of the loss amount on an exposure in default. LGD varies depending on the type of counterparty, the type and seniority of the claim, and the presence of collateral or other credit support. LGD is measured as a loss percentage for the outstanding exposure at the time of default;
- The discount rate used in calculating expected credit loss (ECL) is the initial effective interest rate on the loan or, in the case of financial guarantees and other instruments without an applicable interest rate, the risk-free rate for the relevant period, currency, etc.

The Group implements a number of policies and practices to mitigate credit risk from loans granted. The most common practice is the acceptance of collateral. The Group commissions an appraisal by external experts—independent appraisers—of the collateral received as part of the loan origination process. This valuation is reviewed periodically, but at least once a year. The table below presents the quality of the Group's financial assets and contract assets, as well as the maximum exposure to credit risk according to the accepted credit rating assessment:

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<i>March 31, 2026</i>	<i>Notes</i>	<i>Internal credit risk categorization</i>	<i>Expected credit losses (IFRS 9)</i>	<i>Gross carrying amount EUR '000</i>	<i>Impairment loss (adjustment) EUR '000</i>	<i>Carrying amount EUR '000</i>
Receivables under assignment agreements from related companies	20	N/A	For the entire term (credit collateral)	2,132	-	2,132
Short-term loans granted to related parties	24	Renegotiated Stage 2	For the entire term (collateral)	1,980	(1,980)	0
Long-term loans granted to third parties	21	Initially contracted loans Stage 1	For the entire term (credit protection)	1,522	-	1,522
Short-term loans granted to third parties	25	Initially contracted loans Stage 1	Lifetime (credit collateral)	1,826	(72)	1,754
Short-term loans granted to third parties	25	Renegotiated Stage 2	Lifetime (credit collateral)	3,926	(5)	3,921
Short-term receivables from third parties arising from securities transactions	21	N/A	For a 12-month period	1,739	(41)	1,698
Long-term receivables from related parties arising from securities transactions	20	N/A	For a 12-month period	1,331	-	1,331
Trade and other receivables from related companies	20, 24	N/A	For a 12-month period	7,114	(35)	7,079
Trade and other receivables from third parties	21, 23, 25	Not applicable	For a 12-month period	233,007	(5,163)	227,844
<i>including legal claims</i>	25			<u>3,022</u>	<u>(2,913)</u>	<u>109</u>
Financial assets				<u>254,577</u>	<u>(7,296)</u>	<u>247,281</u>

<i>Dec. 31, 2025</i>	<i>Notes</i>	<i>Internal credit risk categorization</i>	<i>Expected credit losses (IFRS 9)</i>	<i>Gross carrying amount EUR '000</i>	<i>Impairment loss (adjustment) EUR '000</i>	<i>Carrying amount EUR '000</i>
Receivables under assignment agreements from related companies	20	N/A	For the entire term (credit collateral)	2,116	-	2,116
Short-term loans granted to related parties	24	Renegotiated Stage 2	For the entire term (collateral)	1,845	(1,845)	0
Long-term loans granted to third parties	21	Initially contracted loans Stage 1	For the entire term (credit collateral)	1,512	-	1,512
Short-term loans granted to third parties	25	Initially contracted loans Stage 1	Lifetime (credit collateral)	1,802	(72)	1,730
Short-term loans granted to third parties	25	Renegotiated Stage 2	Lifetime (credit collateral)	3,921	(5)	3,916
Short-term receivables from third parties arising	21	N/A	For a 12-month period	1,701	(41)	1,660

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from securities transactions						
Long-term receivables from related parties arising from securities transactions	20	N/A	For a 12-month period	1,331	-	1,331
Trade and other receivables from related companies	20, 24	N/A	For a 12-month period	7,681	(35)	7,646
Trade and other receivables from third parties	21, 23, 25	Not applicable	For a 12-month period	217,671	(5,270)	212,401
<i>including legal claims</i>	25			<u>3,166</u>	<u>(3,031)</u>	<u>135</u>
Financial assets				<u>239,580</u>	<u>(7,268)</u>	<u>232,312</u>

The table below provides information on the Group's exposure to credit risk and credit loss allowances for loans granted, trade receivables, and other receivables as of March 31, 2026:

<i>Category</i>	<i>Correspondence with external credit rating</i>	<i>Average expected loss rate</i>	<i>Gross amount</i>	<i>Impairment loss (adjustment)</i>
			<i>EUR '000</i>	<i>EUR '000</i>
Renegotiated loans (Stage 2)	B3	0.13%	3,926	(5)
Receivables from third parties arising from securities transactions	N/A	1.34%	3,070	(41)
Receivables under assignment agreements from related companies	Not applicable	0.00%	2,132	-
Renegotiated loans (Stage 2)	Caa1	100.00%	1,980	(1,980)
Initially Agreed Loans (Stage 1)	B3	3.94%	1,826	(72)
Initially agreed loans (Stage 1)	Caa1	0.00%	1,522	-
Trade and other receivables, including related parties (Stage 1)	N/A	0.96%	237,099	(2,285)
Doubtful receivables (judicial and awarded receivables)	N/A	96.39%	<u>3,022</u>	<u>(2,913)</u>
Total			<u>254,577</u>	<u>(7,296)</u>

The Group has a concentration of receivables from related parties (trade receivables and loans) as follows:

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
Client 1	24.46%	22.94%
Client 2	21.13%	20.00%
Client 3	14.56%	13.62

The Group currently manages the concentration of receivables from related parties by applying credit limits and additional collateral in the form of pledges of securities and other assets, as well as by applying promissory notes.

The concentration of the top five customers in the Group's trade receivables is as follows:

	March 31, 2026	% of credit exposure relative to total trade receivables	12/31/2025	% credit exposure relative to total trade receivables
	EUR'000	%	EUR'000	%
Client 1	10,681	5%	6,882	3%
Client 2	8,153	4%	3,772	2%
Client 3	7,778	4%	3,169	2%
Client 4	7,214	3%	2,554	1%
Client 5	7,111	3%	2,112	1%

Cash

The Group's cash and cash equivalents and settlement operations are primarily concentrated in various first-class banks. A rating-based model is applied to calculate expected credit losses on *cash and cash equivalents*, using bank ratings determined by internationally recognized rating agencies such as Moody's, Fitch, S&P, BCRA, and Bloomberg, and the reference public data for PD (probability of default) corresponding to the rating of the respective bank. Management monitors changes in the relevant bank's rating on an ongoing basis to assess the presence of elevated credit risk, the current management of incoming and outgoing cash flows, and the distribution of cash balances across bank accounts and banks.

Foreign Exchange Risk

The Group companies conduct their business through active transactions with foreign suppliers and customers and are therefore exposed to currency risk.

Through its companies in Belarus, Ukraine, Serbia, and Russia, the Group conducts business operations in these countries and, accordingly, has exposures in Belarusian rubles, Ukrainian hryvnias, Serbian RSDs, and Russian rubles. Currency risk is associated with adverse movements in the exchange rates of these currencies against the EUR in future business transactions, on recognized foreign currency assets and liabilities, and regarding net investments in foreign companies. The remaining companies abroad generate their sales primarily in local markets, which results in currency risk also in relation to their respective currencies—the Polish zloty and the Kazakhstani tenge. Most of the Group companies' transactions are typically denominated in EUR, which reduces potential currency volatility for these Group companies.

To manage currency risk, a Group-wide system has been implemented for planning import deliveries and sales in foreign currency, as well as procedures for daily monitoring of movements in the USD exchange rate and control over upcoming payments. The foreign exchange risk exposures of nearly all subsidiaries in Bulgaria are insignificant, as almost all sales are made on the local market in EUR. Imports of goods are primarily denominated in EUR. Loans, when denominated in foreign currency, are primarily granted in EUR.

The Group's assets and liabilities denominated in EUR, presented by foreign currency, are as follows:

March 31, 2026	in EUR	in RSD	in USD	in UAH	in BYN	in RUB	in other curren- cy	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
	'000	'000	'000	'000	'000	'000	'000	'000

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Capital investments	636	-	3,306	-	-	-	-	3,942
Financial assets at amortized cost, including:	119,928	62,284	4,830	6,369	10,423	60,830	4,758	269,422
<i>Receivables and loans</i>	<i>113,538</i>	<i>59,455</i>	<i>3,836</i>	<i>1,143</i>	<i>9,917</i>	<i>56,029</i>	<i>3,363</i>	<i>247,281</i>
<i>Cash and cash equivalents</i>	<u><i>6,390</i></u>	<u><i>2,829</i></u>	<u><i>994</i></u>	<u><i>5,226</i></u>	<u><i>506</i></u>	<u><i>4,801</i></u>	<u><i>1,395</i></u>	<u><i>22,141</i></u>
Total financial assets	<u>120,564</u>	<u>62,284</u>	<u>8,136</u>	<u>6,369</u>	<u>10,423</u>	<u>60,830</u>	<u>4,758</u>	<u>273,364</u>

<i>March 31, 2026</i>	<i>in EUR EUR '000</i>	<i>in RSD EUR '000</i>	<i>in USD EUR '000</i>	<i>in UAH EUR '000</i>	<i>in BYN EUR '000</i>	<i>in RUB EUR '000</i>	<i>in other currenc y EUR '000</i>	<i>Total EUR '000</i>
Short-term and long-term bank loans	232,287	4,200	-	-	-	-	-	236,487
Other loans and liabilities	113,872	41,668	2,832	567	9,455	22,999	708	192,101
Lease liabilities	<u>50,876</u>	<u>3,248</u>	<u>507</u>	<u>-</u>	<u>3,887</u>	<u>3,691</u>	<u>293</u>	<u>62,502</u>
Total financial liabilities	<u>397,035</u>	<u>49,116</u>	<u>3,339</u>	<u>567</u>	<u>13,342</u>	<u>26,690</u>	<u>1,001</u>	<u>491,090</u>

<i>December 31, 2025</i>	<i>in EUR EUR '000</i>	<i>in RSD EUR '000</i>	<i>in USD EUR '000</i>	<i>in UAH EUR '000</i>	<i>in BYN EUR '000</i>	<i>in RUB EUR '000</i>	<i>in other currenc y EUR '000</i>	<i>Total EUR '000</i>
Capital investments	739	-	4,255	-	-	-	-	4,994
Financial assets at amortized cost, including:	121,733	55,541	4,636	5,719	10,567	66,923	3,838	268,957
<i>Receivables and loans</i>	<i>104,389</i>	<i>52,197</i>	<i>3,814</i>	<i>630</i>	<i>9,877</i>	<i>59,056</i>	<i>2,349</i>	<i>232,312</i>
<i>Cash and cash equivalents</i>	<u><i>17,344</i></u>	<u><i>3,344</i></u>	<u><i>822</i></u>	<u><i>5,089</i></u>	<u><i>690</i></u>	<u><i>7,867</i></u>	<u><i>1,489</i></u>	<u><i>36,645</i></u>
Total financial assets	<u>122,472</u>	<u>55,541</u>	<u>8,891</u>	<u>5,719</u>	<u>10,567</u>	<u>66,923</u>	<u>3,838</u>	<u>273,951</u>

<i>December 31, 2025</i>	<i>in EUR EUR '000</i>	<i>in RSD EUR '000</i>	<i>in USD EUR '000</i>	<i>in UAH EUR '000</i>	<i>in BYN EUR '000</i>	<i>in RUB EUR '000</i>	<i>in other currenc y EUR '000</i>	<i>Total EUR '000</i>
Short-term and long-term bank loans	248,460	2,995	-	-	-	-	-	251,455
Other loans and liabilities	122,271	47,905	2,833	646	8,416	22,124	777	204,972
Lease liabilities	<u>50,603</u>	<u>3,058</u>	<u>539</u>	<u>-</u>	<u>4,259</u>	<u>3,733</u>	<u>111</u>	<u>62,303</u>
Total financial liabilities	<u>421,334</u>	<u>53,958</u>	<u>3,372</u>	<u>646</u>	<u>12,675</u>	<u>25,857</u>	<u>888</u>	<u>518,730</u>

Currency Sensitivity Analysis

The Group's currency sensitivity is primarily related to the Russian ruble, Ukrainian hryvnia, USD, Serbian RSD, and Belarusian ruble. With respect to the other currencies in which the Group operates or in which certain Group companies operate—the Polish zloty and the Kazakhstani tenge—the Group's currency risk is limited, as its exposures in these currencies are relatively small and more easily managed by the management of the respective subsidiaries.

The effect of currency sensitivity in the event of a 10% increase/decrease in the current exchange rates of EUR against the RSD, the Ukrainian hryvnia, the USD, the Belarusian ruble, the Russian ruble, and in total relative to other currency exposures based on the structure of currency assets and liabilities as of March 31, and assuming that the impact of other variables is ignored, is measured and presented as an impact on consolidated net income after taxes and on equity attributable to the Group.

The impact for 2026 of a 10% increase/decrease in the exchange rates of the Serbian RSD, the USD, the Ukrainian hryvnia, the Belarusian ruble, and the Russian ruble against the EUR on the Group's profit (after tax) is:

	March 31, 2026					March 31, 2025				
	<i>RSD</i>	<i>USD</i>	<i>UAH</i>	<i>BYN</i>	<i>RUB</i>	<i>RSD</i>	<i>USD</i>	<i>UAH</i>	<i>BYN</i>	<i>RUB</i>
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Net income +	1,119	432	476	(234)	2,561	387	(367)	415	(308)	303
Retained earnings +	1,119	432	476	(234)	2,561	387	(367)	415	(308)	303
Net income -	(1,119)	(432)	(476)	234	(2,561)	(387)	367	(415)	308	(303)
Retained earnings -	(1,119)	(432)	(476)	234	(2,561)	(387)	367	(415)	308	(303)

The effect on equity is of the same amount and is reflected in the “retained earnings” component.

Other currencies mainly include: EUR 2,168 thousand in Polish zlotys and EUR 1,706 thousand in Kazakhstani tenge in net financial assets (as of March 31, 2025: EUR 1,934 thousand in Polish zlotys and EUR 1,220 thousand in Kazakhstani tenge in net financial assets).

In the event of a 10% increase or decrease, respectively, in the exchange rate of the Polish zloty and the Kazakhstani tenge against EUR, the net effect on the Group's profit (after tax) is:

	March 31, 2026		March 31, 2025	
	<i>PLN</i>	<i>KZT</i>	<i>PLN</i>	<i>KZT</i>
	<i>EUR '000</i>	<i>EUR '000</i>	<i>EUR '000</i>	<i>EUR '000</i>
Net income +	176	136	157	98
Retained earnings +	176	136	157	98
Net income -	(176)	(136)	(157)	(98)
Retained earnings -	(176)	(136)	(157)	(98)

The effect on equity is of the same amount and is reflected in the “retained earnings” component.

The Group analyzes its currency exposure and takes timely measures to mitigate its effects on the Group’s results.

Price risk

The Group companies are exposed to price risk for inventories due to three main factors:

- a) a potential increase in the purchase prices of raw materials and supplies, as a significant portion of the raw materials used are imported and account for a substantial share of production costs;
- b) a potential increase in the purchase prices of goods; and
- c) increasing competition in the Bulgarian pharmaceutical market, which is also reflected in drug prices.

To minimize this impact, the Group’s management is implementing a corporate strategy aimed at optimizing production costs, evaluating alternative suppliers offering favorable commercial terms, expanding the product range by developing new generic products for the market, and, last but not least, a flexible marketing and pricing policy.

The pricing policy is a function of three main factors: cost structure, competitors’ prices, and consumers’ purchasing power.

The Group is exposed to significant price risk with respect to the shares it holds, classified as other long-term equity investments, primarily through the parent company. To this end, its management monitors and analyzes all changes in the securities market and utilizes the consulting services of one of the country’s most reputable investment brokers.

Additionally, at this stage, management has decided to reduce stock market operations, hold the purchased shares for the longer term while continuously monitoring the financial and business indicators reported by the respective issuer, as well as the development of operations under crisis conditions.

Liquidity Risk

Liquidity risk refers to the adverse situation where the Group is unable to unconditionally meet all of its obligations as they fall due.

The Group generates and maintains a significant volume of liquid funds. An internal source of liquid funds for the Group is the core business activity of its companies, which generates sufficient operating cash flows. External sources of financing include banks and other long-term partners. To mitigate potential overall liquidity risk, the Group operates a system of alternative action mechanisms and forecasts, the ultimate effect of which is to maintain good liquidity and, consequently, the ability to finance its business operations.

This is complemented by ongoing monitoring of the maturities of assets and liabilities, control over outgoing cash flows, and ensuring their ongoing balance against incoming cash flows, including renegotiating maturities and optimizing the debt structure, increasing and internally restructuring internally generated funds and their investment.

Maturity Analysis

The Group’s non-derivative financial liabilities are presented below, classified by residual maturity determined based on the contractual maturity as of the date of the consolidated annual report. The table is prepared based on undiscounted cash flows and the earliest date on which the liability is due. The amounts include principal and interest.

Maturity Analysis

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March 31, 2026	<i>Up to 1 month EUR '000</i>	<i>1 to 3 months EUR '000</i>	<i>3 to 6 months EUR '000</i>	<i>6 to 12 months EUR '000</i>	<i>1 to 2 years EUR '000</i>	<i>2 to 5 years EUR '000</i>	<i>over 5 years EUR '000</i>	<i>Total EUR '000</i>
Short-term and long-term bank loans	2,558	25,989	99,273	42,155	27,125	44,277	5,878	247,255
Other loans and liabilities	93,731	74,387	9,727	8,934	731	4,629	-	192,139
Lease liabilities	1,283	2,703	4,217	7,985	14,970	27,147	13,054	71,359
Total liabilities	97,572	103,079	113,217	59,074	42,826	76,053	18,932	510,753

Maturity analysis

December 31, 2025	<i>up to 1 month EUR '000</i>	<i>1 to 3 months EUR '000</i>	<i>3 to 6 months EUR '000</i>	<i>6 to 12 months EUR '000</i>	<i>from 1 to 2 years EUR '000</i>	<i>2 to 5 years EUR '000</i>	<i>over 5 years EUR '000</i>	<i>Total EUR '000</i>
Short-term and long-term bank loans	2,947	9,140	63,568	124,802	22,492	32,819	7,386	263,154
Other loans and liabilities	115,985	68,505	6,314	8,929	736	4,631	-	205,100
Lease liabilities	1,252	2,632	3,940	7,364	13,822	27,739	13,915	70,664
Total Liabilities	120,184	80,277	73,822	141,095	37,050	65,189	21,301	538,918

Interest Rate Risk

Within the Group's asset structure, interest-bearing assets consist of cash, bank deposits, and loans granted, all of which have fixed interest rates.

On the other hand, the Group's borrowings in the form of long-term and short-term loans are typically subject to variable interest rates. This circumstance partially exposes the Group's cash flows to interest rate risk. This risk is managed in two ways:

a) optimizing the sources and structure of credit resources to achieve a relatively lower cost of borrowed funds; and b) a combined structure of the loan interest rates themselves, which consists of two components—fixed and variable—the ratio between which, as well as their absolute values, are maintained at a favorable level for the Group companies. The fixed component has a relatively low absolute value and a sufficiently large relative share of the total interest rate. This circumstance eliminates the likelihood of a significant change in interest rates in the event of a potential adjustment to the variable component. This also minimizes the likelihood of an adverse change in cash flows.

The management of the Group companies, together with that of the parent company, continuously monitor and analyze the respective company's exposure to changes in interest rates. Various scenarios for refinancing, renewing existing positions, and alternative financing are simulated. Based on these scenarios, the effect on financial results and equity is measured in the event of a change by a certain number of basis points or percentage points. For each simulation, the same assumption regarding a change in the interest rate is applied to all major currencies. Calculations are performed for significant interest-bearing positions.

Interest Rate Analysis	<i>non-interest- bearing EUR '000</i>	<i>with floating interest rate EUR '000</i>	<i>with fixed interest rate EUR '000</i>	<i>Total EUR '000</i>
March 31, 2026				

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Capital investments	3,942	-	-	3,942
Financial assets at amortized cost, including:	242,236	2,651	24,535	269,422
<i>Receivables and loans</i>	232,297	-	14,984	247,281
<i>Cash and cash equivalents</i>	9,939	2,651	9,551	22,141
Total financial assets	246,178	2,651	24,535	273,364

	<i>Interest-free</i>	<i>with floating interest rate</i>	<i>with fixed interest rate</i>	<i>Total</i>
<i>Interest analysis</i>				
<i>March 31, 2026</i>	<i>EUR '000</i>	<i>EUR '000</i>	<i>EUR '000</i>	<i>EUR '000</i>
Short-term and long-term bank loans	-	225,595	10,892	236,487
Other loans and liabilities	192,101	-	-	192,101
Lease obligations	-	3,002	59,500	62,502
Total financial liabilities	192,101	228,597	70,392	491,090

	<i>Interest-free</i>	<i>with floating interest rate</i>	<i>with fixed interest rate</i>	<i>Total</i>
<i>Interest analysis</i>				
<i>December 31, 2025</i>	<i>EUR '000</i>	<i>EUR '000</i>	<i>EUR '000</i>	<i>EUR '000</i>
Capital investments	4,994	-	-	4,994
Financial assets at amortized cost, including:	231,575	13,546	23,836	268,957
<i>Receivables and loans</i>	216,844	-	15,468	232,312
<i>Cash and cash equivalents</i>	14,730	13,546	8,369	36,645
Total financial assets	236,569	13,546	23,836	273,951

	<i>Interest-free</i>	<i>with floating interest rate</i>	<i>with fixed interest rate</i>	<i>Total</i>
<i>Interest analysis</i>				
<i>December 31, 2025</i>	<i>EUR '000</i>	<i>EUR '000</i>	<i>EUR '000</i>	<i>EUR '000</i>
Short-term and long-term bank loans	170	238,746	12,539	251,455
Other loans and liabilities	204,972	-	-	204,972
Lease obligations	-	3,174	59,129	62,303
Total financial liabilities	205,142	241,920	71,668	518,730

The table below shows the Group's sensitivity to potential changes of 0.50 percentage points in the interest rate, based on the structure of assets and liabilities as of December 31 and assuming that the impact of other variables is ignored. The effect is measured and presented as an impact on profit after tax and on equity.

	<i>Effect on profit after tax and equity</i>	
	March 31, 2026	March 31, 2025
	EUR'000	EUR'000
Increase	(1,029)	(951)

Decrease	1,029	(951)
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Capital Risk Management

Through capital management, the Group aims to create and maintain the ability to continue as a going concern and to provide an appropriate return on invested capital to shareholders, economic benefits to other stakeholders and participants in its business, as well as to maintain an optimal capital structure to reduce the cost of capital. A similar approach is applied at the level of individual Group companies with respect to their capital structure and financing.

The Group continuously monitors its capital adequacy and structure based on the debt-to-equity ratio. This ratio is calculated as the ratio of net debt to total capital. Net debt is defined as the difference between all borrowed funds (short-term and long-term) as reported in the consolidated annual statement of financial position and cash and cash equivalents. Total capital employed is equal to equity (including non-controlling interests) and net debt. A characteristic feature of both reporting periods is that the Group finances its operations both from its own generated profits and by maintaining a certain level of trade and other short-term liabilities and loans (bank and trade). The parent company's management strategy is to maintain a ratio within the range of 25–40% at the "group" level.

The table below presents the debt ratios based on the capital structure:

	<i>March 31, 2026 EUR'000</i>	<i>12/31/2025 EUR'000</i>
Total debt capital, including:	298,989	313,758
<i>Bank loans</i>	236,487	251,455
<i>Lease obligations</i>	62,502	62,303
Less: cash and cash equivalents	(22,141)	(36,645)
Net debt	276,848	277,113
Total equity attributable to the group	539,092	499,299
Total equity attributable to the group	815,940	776,412
Debt-to-equity ratio	0.34	0.36

The liabilities shown in the table above are disclosed in *Notes 28, 31, and 34*.

Fair Value Measurement

The concept of fair value implies the realization of financial instruments through sale, based on the position, assumptions, and judgments of independent market participants in a primary or most advantageous market for a given asset or liability. In most cases, however, particularly with respect to trade receivables and payables, loans, and bank deposits, the Group expects to realize these financial assets through their full repayment or, respectively, maturity over time. Therefore, they are presented at their amortized cost.

Furthermore, a significant portion of the financial assets and liabilities are either short-term in nature (trade receivables and payables, short-term loans) or are recognized in the consolidated annual statement of financial position at fair value (bank deposits, investments in securities, variable-rate loans) and, therefore, their fair value is approximately equal to their carrying amount.

For receivables and loans with a fixed interest rate, the methodology applied to determine the interest rate uses the Group's current observations regarding market interest rates as a starting point for the calculations.

To the extent that a sufficiently developed market with stability and liquidity for the purchase and sale of certain financial assets and liabilities does not yet exist, sufficient and reliable market price quotations are not available for them, and therefore other alternative valuation methods and techniques are used.

The parent company's management believes that, under the current circumstances, the valuations of financial assets and liabilities presented in the statement of financial position are as reliable, adequate, and accurate as possible for financial reporting purposes.

46. TRANSACTIONS WITH RELATED PARTIES

<i>Related Parties</i>	<i>Type of relationship</i>	<i>Period of relationship</i>	
Telecomplect Invest AD		2026	2025
	Shareholder with significant influence		
Donev Investments Holding AD		2026	2025
	Shareholder with significant influence		
Momina Krepost AD	Joint venture	2026	2025
		2026	2025
Sopharma Properties REIT	Associated company		
Doverie Obedinen Holding AD	Associated company	2026	2025
Sopharma Buildings REIT	Associated company	2026	2025
ODO Alenfarm-Plus	Associated company	2026	2025
Galena Farm OOO	Associated company	2026	2025
Medjel OOD	Associated company	2026	2025
ZAO Interpharm	Joint venture	2026	2025
Companies of the DOH Group		2026	2025
	Companies controlled by an associate		
Sofprint Group AD	Company related through key management personnel	2026	2025
Sofconsult Group AD	Company affiliated through key management personnel	2026	2025
VES Elektroinvest Systems EOOD	Company affiliated through key management personnel	2026	2025
Eco Solar Invest Ltd.	Company related through key management personnel	2026	2025

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Alfa In EOOD	Company affiliated through key management personnel	2026	2025
Consumpharm Ltd.	Company related through key management personnel	2026	2025
“Veterinary Diagnostics” Joint Venture	Civil partnership for the conduct of joint activities (direct participation)	2026	2025
Consortium “Sopharma Trading Global Medical 2024”	Civil partnership for the performance of joint activities (indirect participation)	2026	2025
Pharmalogistics AD	Company affiliated through key management personnel	2026	2025
Sopharma Trading Global Medical 2025 Consortium	Civil partnership for the conduct of joint activities (indirect participation)	2026	From June 27, 2025
Consortium "Sopharma Trading Global Medical 2025-2"	Civil partnership for the performance of joint activities (indirect participation)	2026	From September 18, 2025

	<i>January 1 – March 31, 2026 EUR'000</i>	<i>January 1 – March 31, 2025 EUR'000</i>
<i>Supplies from related parties</i>		

Supplies of inventories from:

Companies related through key management personnel	1,348	1,377
Associates	24	16
Joint ventures	8	31
Companies controlled by an associate	-	5
	1,380	1,429

Services provided by:

Associated companies	94	87
Shareholder companies with significant influence	80	83
Entities linked through key management personnel	16	15
Companies controlled by an associate	15	115
Joint ventures	2	4
	207	304

Acquisitions of fixed assets from:

Companies controlled by an associate	335	392
	335	392

Other supplies from:

Companies controlled by an associate	4	31
	4	31

Total supplies	1,926	2,156
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Sales to related parties

Sales of inventories to:

Associated companies	4,639	4,599
Joint ventures	936	1,287
Entities linked through key management personnel	88	138
Companies controlled by an associate	5	29
	5,668	6,052

Sales of services to:

Associated companies	29	56
Joint ventures	10	29
Companies controlled by an associate	1	2
Companies linked through key management personnel	1	1
	41	88

Interest on loans granted:

Joint ventures	15	13
Companies controlled by an associate	-	10
	15	23

Interest on assignment agreements:

Joint ventures	16	16
	16	16
	5,740	6,179

Lease Agreements

During the reporting period, the company recognized assets, liabilities, expenses, and payments related to ***lease agreements with related parties***.

Lease liabilities as of March 31 related to lease agreements with related parties are as follows:

	March 31, 2026	12/31/2025
	EUR'000	EUR'000
Recognized lease liabilities as of January 1	9,919	11,432
Increases	184	212
Payments of lease obligations for the period	(437)	(1,726)
Lease liabilities as of March 31 / December 31	9,666	9,919

The "right-of-use" assets as of March 31 related to lease agreements with related parties are as follows:

	<i>March 31, 2026</i>	<i>12/31/2025</i>
	<i>EUR'000</i>	<i>EUR'000</i>
"Right-of-use" assets as of January 1	9,382	11,088
Increases	159	214
Accumulated depreciation	(452)	(1,867)
Written-off carrying amount of right-of-use assets	-	(53)
Right-of-use assets as of March 31 / December 31	9,089	9,382

Transactions with related parties are disclosed in *Notes 20, 24, 30, and 38*.

The Group's key management personnel include the executive director and members of the Board of Directors of the parent company, as disclosed in Note 1.1.

The remuneration and other income of key management personnel and of the executive directors, members of the Board of Directors, and managers of the Group's subsidiaries amounted to EUR 522 thousand (2025: EUR 484 thousand), including:

- current remuneration – EUR 522 thousand (2025: EUR 461 thousand);
- bonuses – none (2025: EUR 23 thousand).

47. EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events have occurred after March 31, 2026, that would require additional adjustments and/or disclosures in the consolidated financial statements as of March 31, 2026.