

**TO**

**THE GENERAL MEETING OF SHAREHOLDERS**

**OF "SOPHARMA" AD**

**PROPOSAL**

**BY:** the Chairman of the Board of Directors of "Sopharma" AD

**ABOUT:** Members of the Company's Audit Committee

Dear shareholders,

"SOPHARMA" AD is an enterprise of public interest within the meaning of §1, item 26 of the Supplementary Provisions of the Independent Financial Audit Law in connection with §1, item 22 of the Supplementary Provisions of the Accountancy Law. In its capacity as such, the Company should form its own Audit Committee, which corresponds to the requirements of Art. 107, para 3 and 4 of the IFAL, namely:

1) to be composed of persons who have a bachelor's degree, knowledge in the field in which the enterprise operates, and at least one of the members must have at least 5 years of professional experience in the field of accounting or auditing;

2) the majority of the members of the audit committee are external to and independent of the enterprise of public interest /"Sopharma" AD/. An independent member of an audit committee may not be:

1. an executive member of a management or control body or an employee of the Company;
2. a person who has permanent business relations with the Company;
3. member of a management or supervisory body, procurator or employee of a person under point 2;
4. a person related to another member of a management or control body or to a member of the audit committee of the public interest entity.

The current audit committee of the company: Vasil Naidenov Naidenov, Tsvetanka Stoyanova Zlateva and Kristina Andreeva Atanasova-Eliot was selected by the General Meeting of the Company at a regular meeting held on 5 June 2020 and at the same meeting, the General Meeting also adopted the Statutes of the Audit Committee of "SOPHARMA" AD, according to which the mandate of the Audit Committee is three years. In view of that provision of the Statutes, the mandate of this audit committee expires and a decision should be adopted by the General Meeting to select an Audit Committee for a subsequent three-year term.

In view of the above and on the grounds of art. 107, para 2 of the Independent Financial Audit Act, I propose that the General Meeting re-elects the current members of the Audit Committee of the company for a new three-year term, i.e. to elect the following persons as members of the Audit Committee of "SOPHARMA" AD:

**Vasil Naydenov Naydenov:** holds a Master's degree with a specialization in "Transport economics". Previous member of the Audit Committee of "SOPHARMA" AD. He has over 35 years of professional experience in the field of managing large production companies.

**Tsvetanka Stoynova Zlateva:** holds an educational and qualification degree "Master" with a specialty "Economist". Former member of the Audit Committee of "SOPHARMA" AD. She has professional experience in the field of accounting for more than 30 years.

**Kristina Andreeva Atanasova - Eliot:** has an educational and qualification degree "Master" in the specialty of Law. Former member of the Audit Committee of Sopharma AD. She has professional experience as a legal consultant for over 6 years, as well as experience as a lawyer.

Pursuant to art. 107, para 4 IFAL the majority of the proposed persons, namely Vasil Naidenov Naydenov and Kristina Andreeva Atanasova – Eliot meet the requirements of art. 107, para 4 IFAL.

I am attaching copies of the diplomas held by the proposed persons certifying their respective educational and qualification degree, as well as declarations of the candidates Vasil Naydenov Naydenov and Kristina Andreeva Atanasova — Eliot regarding the circumstances under Article 107, Paragraph 4 of the Law on Independent Financial Audit, to be included in the materials for the agenda of the General Meeting of Shareholders, at which the Audit Committee of the Company will be voted on in accordance with the Law on Independent Financial Audit.

Respectfully:

/signature/

Ognian Ivanov Donev, PhD

Chairman of the Board of Directors, Executive Director