

**INSIDER INFORMATION OF SOPHARMA AD ON FACTS  
AND CIRCUMSTANCES WHICH HAVE OCCURRING  
AS AT 31 DECEMBER 2015**

1.1. No change in the persons controlling the Company.

1.2. No changes in the Board of Directors; Changes in the method of representation, appointment of a procurator: the Board of Directors decided to appoint Ivan Badinski, MPharm, director of Cooperation and Licenses, Sopharma AD as procurator of the company. Mr. Badinski has been working in Sopharma AD since 1997. This fact was entered in the Commercial Register on 25 September 2015.

1.3. Changes and/or amendments in the Articles of Association of the Company.

In the Articles of Association of the Company was changed the amount of the share capital in connection with the merger of Bulgarian Rose - Sevtopolis AD into Sopharma AD. The capital was increased from 132 000 000 to 134 797 899 BGN. The entry in the Commercial Register was on 26 February 2015.

1.4. Decision for transformation of the Company and implementation of the transformation. Structural changes in the Company as at 31 December 2015.

On 9 January 2015 the Extraordinary General Meeting of Shareholders of the Company took a decision for the transformation of Sopharma AD through the merger of Bulgarian Rose Sevtopolis AD, with seat in Kazanluk, UIC: 123007916 under a contract for merger from 19 June 2014 between Bulgarian Rose – Sevtopolis AD and Sopharma AD. The operation resulted in the transferring of all assets of Bulgarian Rose – Sevtopolis AD to Sopharma AD and Bulgarian Rose – Sevtopolis AD was terminated without liquidation. As a result of the merger, the share capital of Sopharma AD was increased by 2,797,899 new shares with a nominal value of 1 BGN and an issue price of 4,14 BGN equal to the fair value of one share of Sopharma AD, in connection with the merger of Bulgarian Rose – Sevtopolis AD into Sopharma AD. This fact was entered in the Commercial Register on 26 February 2015.

On a meeting on 18 September 2015 The Board of Directors took a decision to start a procedure of transformation of Sopharma AD, Sofia, UID 831902088 under the conditions of Chapter XVI of the Commercial Act und art. 122 and following of the Public Offering of Securities Act, which shall be executed by merging in Sopharma AD of Momina Krepost AD, Veliko Tarnovo, UID 104055543 with seat and address of management in Veliko Tarnovo, 23 Magistralna Str., and chose investment intermediary Elana Trading AD, UID 831470130, with seat and address of management in Sofia, Sredetz district, 4 Kuzman Shapkarov Str. as a consultant in relation to the executing of the procedure of transformation.

On 21 January 2016 Sopharma AD submitted to the Financial Supervision Commission an agreement for termination by mutual agreement of the contract for transformation through merger between Sopharma AD and Momina Krepost AD. The decision to end the procedure was taken in the interest of both companies in order to safeguard their good market positions.

As from 19 January 2015 Sopharmasi EOOD is a subsidiary through Sopharma Trading AD.

As from 18 February 2015 Alenfarm Plus ODO is an associated company and Medjel ODO is a subsidiary through Briz OOD, Latvia.

As from 19 February 2015 Salus Line ODO is an associated company through Briz OOD, Latvia.

As from 20 February 2015 Mobil Line OOO is an associated company and GalenaFarm

OOO and Danafarm OOO are subsidiaries through Briz OOD, Latvia.

As from 4 June 2015 Sopharma Trading OOD – Belgrade is a subsidiary through Sopharma Trading AD.

As from 17 June 2015 Sopharmasi 2 EOOD is a subsidiary of Sopharma Trading AD.

As from 9 July 2015 Alenpharm Plus ODO from an associated company becomes a subsidiary through Briz OOD, Latvia.

As from 26 October 2015 Medika AD has been transformed from an associated company to a subsidiary.

As from 2 December 2015 Sopharmasi 3 EOOD is a subsidiary through Sopharma Trading AD. Extab Corporation was a subsidiary until 14 May 2015.

Extab Corporation Limited is a subsidiary through Extab Corporation until 14 May 2015.

1.5. Opening of liquidation proceedings and all significant events associated to production.

As of 31 December 2015, the investment in the subsidiary Sopharma Poland OOD - in liquidation, Poland, is fully written-off (31 December 2014: completely written off are the investments in Sopharma Poland OOD - in liquidation, Poland, Extab Corporation, USA and Sopharma USA).

1.6. No opening of bankruptcy proceedings against the company or its subsidiary or any significant events related to production.

1.7. No acquisition, use or disposition of high-value assets under art. 114, par. 1, item 1 of POSA – none.

1.8. No decision on conclusion, termination and cancellation of joint venture agreements.

1.9. (Annulled – State Gazette, issue 82 from 2007).

1.10. No change in the Company's auditors - The regular General Meeting of Shareholders of Sopharma AD, conducted on 19 June 2015 elected AFA OOD with address of management in Sofia, 38 Oborishte Str. as a registered auditor for auditing and verification of the Annual financial statements of the Company for 2015.

1.11. Announcing the Company's profits - Sopharma AD completed the fourth quarter of 2015 with a net profit of 22 269 thousand BGN.

1.12. Significant losses and causes for such – none.

1.13. No unforeseen or unexpected circumstance of an extraordinary nature, as a result of which the Company or a subsidiary has suffered damages, amounting to three percent or more of the Company's equity.

1.14. The Company has not received and has not published a modified audit report.

1.15. Decision of the General Meeting on the type and amount of the dividend and the terms and conditions of its payment. – The decision of the GMS, conducted on 19 June 2015, is not to distribute dividends to the shareholders.

1.16. Occurrence of a liability which is essential for the Company or a subsidiary, including any non-fulfilment or increase of the liability:

Long-term bank loans:

Currency	Contracted loan amount	Maturity	31.12.2015			31.12.2014		
			Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
	'000		BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
<b>Investment-purpose loans</b>								
EUR	32 000	15.04.2021	30 819	7 380	<b>38 199</b>	37 972	7 391	<b>45 363</b>
EUR	1 617	31.01.2015	-	-	-	-	40	<b>40</b>
			<b>30 819</b>	<b>7 380</b>	<b>38 199</b>	<b>37 972</b>	<b>7 431</b>	<b>45 403</b>

The investment-purpose loan received in Euro was agreed at interest rate based on three-month EURIBOR plus a mark-up of 2.8 points, but not less than 2.8 points (2014: 3-month EURIBOR plus a mark-up of 2.8 points and 1-month EURIBOR plus a mark-up of 5 points).

The following collateral was established in favor of the creditor banks:

- Mortgages of real estate – BGN 44,285 thousand (31 December 2014: BGN 51,918 thousand) (*Note 14*);
- Special pledges on:
  - machinery and equipment – BGN 20,027 thousand (31 December 2014: BGN 21,503 thousand) (*Note 14*).

The agreements for long-term bank loans include clauses with covenants for maintaining certain financial ratios. Company's management currently controls the observance of these financial ratios in communication with the respective creditor bank.

#### 1.17 Occurrence of a receivable that is significant for the Company, with indication of its maturity

*Receivables from related parties* include:

	31.12.2015 BGN '000	31.12.2014 BGN '000
Receivables from subsidiaries	59 493	79 618
<i>Impairment of uncollectable receivables</i>	(975)	(2 286)
	58 518	332
Receivables from companies related through key managing personnel	21 545	14 476
Receivables from companies under a common indirect control	-	7 697
<b>Total</b>	<b>80 063</b>	<b>99 505</b>

The receivables from related parties by type are as follows:

	31.12.2015 BGN '000	31.12.2014 BGN '000
Receivables on sales of finished products and materials	50 825	69 473
<i>Impairment of uncollectable receivables</i>	(967)	(2 278)
	49 858	67 195
Trade loans granted	30 213	32 318
<i>Impairment of uncollectable receivables</i>	(8)	(8)
	30 205	32 310
<b>Total</b>	<b>80 063</b>	<b>99 505</b>

The receivables on sales are interest-free and BGN 28,371 thousand of them are denominated in BGN (31 December 2014: BGN 26,776 thousand) and in EUR – BGN 21,487 thousand (31 December 2014: BGN 40,419 thousand).

The receivables from a subsidiary with principal activities in the field of trade in pharmaceuticals were the most significant and amounted to BGN 27,081 thousand as at 31 December 2015 or 54,32% of all receivables on sales of finished products and materials to related parties (31 December 2014: BGN 28,390 thousand – 42,25%).

The Company usually negotiates with its subsidiaries payment terms of 180 days for receivables on sales of finished products and up to 90 days for receivables on sales of materials (incl. substances).

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

Currency	Contracted amount '000	Maturity	Interest %	31.12.2015		31.12.2014	
				BGN'000	BGN'000 including interest	BGN'000	BGN'000 including interest
<i>to companies related through key managing personnel</i>							
EUR	12 577	31.12.2016	4.50%	8 310	26	9 537	18
EUR	7 845	31.12.2016	4.50%	7 982	146	-	-
BGN	6 000	22.07.2016	5.50%	4 636	1	1 236	26
BGN	1 300	31.12.2016	5.50%	503	42	477	17
BGN	190	31.12.2016	5.50%	114	-	128	1
BGN	34 020	31.12.2015	5.50%	-	-	3 097	9
<i>to companies under a common indirect control</i>							
EUR	7 661	31.12.2015	4.50%	-	-	7 632	155
<i>to subsidiaries</i>							
EUR	2 770	31.12.2016	6.10%	7 042	1 624	6 711	1 294
BGN	3 552	31.12.2016	5.50%	1 568	42	2 903	158
BGN	600	31.12.2016	5.50%	50	-	151	-
USD	205	31.12.2015	3.50%	-	-	355	26
USD	25	31.12.2015	3.50%	-	-	46	5
USD	20	31.12.2015	3.50%	-	-	37	5
				<b>30 205</b>	<b>1 881</b>	<b>32 310</b>	<b>1 714</b>

The short-term loans granted to related parties are intended to support the financing of these companies' activities under common strategic objectives. They are secured by pledges on corporate shares and securities (shares).

1.18. There are no liquidity problems and measures for financial support.

1.19. Increase or decrease of the share capital – By decision of the Board of Directors from 10 February 2015 was determined the specific amount of the increase of the share capital of Sopharma AD from 132 000 000 BGN to **134 797 899 BGN** by issuing 2 797 899 new shares with a nominal value of 1 BGN and an issue price of 4.14 BGN equal to the fair value of one share of Sopharma AD. The entry in the Commercial Register was conducted on 26 February 2015

As at 31 December 2015 the registered share capital of Sopharma AD amounts to **134 797 899 BGN**, distributed in 134 797 899 share with a nominal value of 1 BGN per share.

Physical persons	/4 972/:	4 718 555 shares	- 3.50%
Legal persons	/167/:	130 079 344 shares	- 96.50%, including:

Shareholders with a share of over 5%:

**„Donev Investment Holding” AD,**

UID 831915121,

Sofia, Positano Str. № 12

33 330 426 /24,73%/

**“Telecomplect Invest” AD,**

UID 201653294,

Sofia, Slaveikov Square №9

27 056 752 /20,07%/

**„Rompharm Company” OOD**

UID 200732874

Sofia, Mladost residential complex,

Boian Damianov Str. 7, office 3

24 313 355 /18,04%/

The *treasury shares* were 5,219,296 at the amount of BGN 17,597 thousand as at 31 December 2015 (31 December 2014: 5,114,130 at the amount of BGN 17,203 thousand). During the current year were purchased 105,166 shares (2014: 304.031 shares) and no shares were sold (2014: 650.577 shares) through a broker.

As at 31 December 2015 the Company has shares held by its subsidiaries and associated companies as follows:

- Unipharm AD - 191 166 shares (31 December 2014: 191 166 shares);
- Medika AD - 27 573 shares (31 December 2014: 2,390 shares);
- Sopharma Trading AD - 43,110 shares (31 December 2014: 23 857 shares);

1.20. There have been no negotiated for the acquisition of the Company.

1.21. No conclusion or performance of essential contracts, which do not relate to the ordinary business of the Company.

1.22. Opinion of the governing body in connection with a tender offer.

On 23 March 2015 the Board of Directors took a decision to start a procedure under the Public Offering of Securities Act (POSA) for making a tender offering in accordance with Art. 149, para 6 of POSA where under all shares of Momina Krepost AD held by other shareholders to be purchased by Sopharma AD. The Financial Supervision Commission, at a meeting on 28 May 2015 reviewed a revised tender offer by Sopharma AD for the purchase through the investment intermediary Elana Trading of shares of Momina Krepost AD of the remaining shareholders of the company and decided under Protocol №27 from 28 May 2015 not to issue a definitive ban on its publication.

1.23. Termination or substantial reduction of relations with clients, who form at least 10% of the revenues of the company for the last three years.

Sales revenues for 2015 decreased by 14% compared to the same period of 2014, including 0.3% increase of domestic sales and a 20% decrease of export sales.

The management has planned to sustain the export activity in the months January and December 2016, as well as to improve the rhythm of sales in Russia in the summer months. Our expectations are for a better performance of our products, if the current macroeconomic environment remain stable. The expected increase for January 2016 is also high, mainly due to the low baseline from 2015, when due to the volatility of the Russian ruble the sales on the Russian market were temporarily stopped.

1.24. Introduction of new products and developments in the market.

Authorizations were received for the bringing to market of 5 new products for the Company – Paracedol suspension, Tuspan syrup, Desloratidin solution, Phynoten drops, and Videral drops.

Three to five new products are expected to be introduced by the end of 2016.

Around twenty-five production processes and technologies are in the process of transfer, validation and optimization. Pharmaceutical development is carried out of over 20 new products for the Company.

1.25. No large orders /amounting to over 10% of the average income of the Company for the last three years/.

1.26. No development and/or change in the volume of orders and the utilization of the production capacity:

1.27. No stopping of sales of a product, forming a significant part of the Company's revenue.

1.28. No purchase of patents.

1.29. No new acquisition, temporary cessation of use, withdrawal of permission to operate /license/.

1.30. No initiation or termination of a court or arbitration proceedings relating to claims or liabilities of the company or its subsidiary, with the price of the claim at least 10% of the company's equity.

1.31. Purchase, sale or pledge of shares in companies of the issuer or its subsidiary as at 31 December 2015.

In March 2015 the subsidiary of Sopharma AD, Sopharma Ukraine EOOD, with a core business the trading of pharmaceutical products increased its share capital to 317 531 502 UAH.

On 19 March 2015 the Company received Notifications for disclosure of share participation under art. 145 of POSA from Donev Investments Holding AD – the share participation in Sopharma AD decreases from 25.26% to 24.74%, Telecomplect Invest AD – the share participation in Sopharma AD decreases from 20.41% to 19.99%, and Telso AD – the share participation in Sopharma AD increases from 4.98% to 5.29% due to the capital increase of Sopharma AD through the merger of Bulgarian Rose Sevtopolis AD. The date of registration of the transaction in the Central Depository AD is 6 March 2015.

In May Sopharma AD finalized the sale of 75% of the capital of the subsidiary Extab Corporation. After the completion of the transaction Sopharma AD retains a 5% share in the capital of the company.

As at 30 June 2015 the investment in Sopharma USA has been written-off, as the company has been suspended in the USA.

On 16 July 2015 Sopharma AD bought 240 000 shares of the capital of Medica AD. After the transaction the share of Sopharma AD in the capital of Medica AD reached 36.10%.

On 28 July 2015 Sopharma AD bought 937,000 shares of the capital of Doverie United Holding AD. After the transaction the share of Sopharma AD in the capital of Doverie United Holding AD reached 14.898%.

On 3 August 2015 Sopharma AD received a notice of disclosure of shareholdings under art. 145 of the POSA from Telecomplect Invest AD for the purchase of 108 700 shares. After the transaction the share of Telecomplect Invest AD in the capital of Sopharma AD reached 20.07%. The date of registration of the transaction in the Central Depository AD is 31 July 2015.

On 3 August 2015 Sopharma AD received a notice of disclosure of shareholdings under art. 145 of the POSA from Telso AD for the sale of 397 057 shares. After the transaction the share of Telso AD in the capital of Sopharma AD fell below 5%. The date of registration of the transaction in the Central Depository AD is 31 July 2015.

On 28 July 2015 Sopharma AD bought 937,000 shares of the capital of Doverie United Holding AD. After the transaction the share of Sopharma AD in the capital of Doverie United Holding AD reached 14.898%.

On 22 October 2015 Sopharma AD bought 3 080 000 shares of the capital of Medica AD. After the

transaction the share of Sopharma AD in the capital of Medica AD reached 66.72%. The date of registration of the transaction in the Central Depository AD is 26 October 2015.

1.32. There is no revision of the projected results.

1.33. No award or change of rating, commissioned by the company.

1.34. Other circumstances which the company believes could be relevant for investors in deciding to acquire, sell or continue to hold publicly traded securities:

On 9 January 2015 was held an Extraordinary General Meeting of Shareholders of Sopharma AD, which approved a decision for transformation of Sopharma AD through the merger of Bulgarian Rose Sevtopolis AD, with seat in Kazanluk, UIC: 123007916. As a result of the merger, all assets of Bulgarian Rose – Sevtopolis AD was transferred to Sopharma AD under the conditions of general succession. Cash payments to the shareholders of the transferring company Bulgarian Rose - Sevtopolis acc. art. 261b, par. 2 of the Commercial Act are set at the amount of 2 597 BGN.

By decision №218/11.03.2015 the Commission for Protection of Competition allowed the concentrations between companies, which will be achieved through the acquisition of the sole control by Sopharma AD over Medica AD, Sofia.

On 19 March 2015, a contract was concluded between Sopharma AD and PAO Vitamini based on which the trade receivables of Sopharma AD, amounting to EUR 12,774 million, were transformed to their equivalent in Hryvnia - UAH 316,532 million. This right of receivable, in accordance with a Decision of the Board of Directors of Sopharma AD, dated 20 March 2015, was used as an additional contribution to the increase in the share capital of Sopharma Ukraine OOD, which at the end of March after the registration of the capital increase amounts to UAH 317 531 502.

In relation to Decision № 216-E/25.03.2015 of the FSC regarding the entry of a subsequent emission of shares, issued by Sopharma AD – Sofia (3JR) in the register of public companies and other issuers of securities under art. 30, par. 3 of the FSCA, guided by the FSC, the Board of Directors of BSE-Sofia AD, with protocol №12 from 7 April 2015 admits to trading on the Main market BSE, segment “Premium” the subsequent emission of shares, issued by Sopharma AD. The date of admission to trading is 9 April 2015.

In order to achieve synergy in the Sopharma Group, optimization of the management of products in the domestic market and higher efficiency of resources, the team responsible for the products produced by Sopharma AD and for the free market (OTC products) was transferred to Sopharma Trading AD. The management of both companies believes that this is a logical step in improving the performance and quality of work of the Group.

In connection with the requirements of art. 37, par. 1 of Ordinance №13 for tender offers for the purchase and exchange of shares, Sopharma AD as a tender offeror, who has made a tender offer under art. 149, par. 6 of POSA to purchase all the shares of the other shareholders of Momina Krepost AD, informs on the following results of the tender offer: shareholders who have accepted the tender offer: 38 shareholders with a total number of shares: 211 991.

As a result of the conducted tender offer and after completion of the transactions with shareholders who have accepted it, Sopharma AD holds directly 92.62% of the shares with voting right in the General Meeting of Momina Krepost AD.

On the Annual General Meeting of Shareholder of Sopharma AD, conducted on 19 June 2015 in Sofia, 5 Lachezar Stanchev Str., were taken the following decisions:

- AGM approves the proposal by the Board of Directors for the distribution of the profit generated in 2014 and the undistributed profit from past periods as follows: net profit for 2014 amounts to 26 532 491.96 BGN /twenty-six million, five hundred and thirty-two thousand, four hundred and ninety-one leva and ninety-six stotinki/. The undistributed profit from past periods amounts to 2 620 712.71 /two million, six hundred and twenty thousand, seven hundred and twelve leva and

seventy-one stotinki/. The total amount of the profit, subject to distribution, is 29 153 204.67 /twenty-nine million, one hundred and fifty-three thousand, two hundred and four leva and sixty-seven stotinki/. After the allocation of 10% to the statutory reserve, amounting to 2 915 320.46 BGN /two million, nine hundred and fifteen thousand, three hundred and twenty leva and forty-six stotinki/, from the remaining sum, amounting to 26 237 884.21 BGN /twenty-six million, two hundred and thirty-seven thousand, eight hundred and eighty-four leva and twenty-one stotinki/ shall be allocated to the additional reserves of the Company. No dividend shall be paid to the shareholders.

- AGM elects the audit company AFA OOD, with address of management Sofia, 38 Oborishte Str. for the audit and certification of the annual financial statements of the Company in 2015 in compliance with the proposal by the Audit Committee.

- Pursuant to art. 24, par. 3, letter B of the Articles of Association an additional fee of 1% /one percent/ of the net profit for 2014 according to the approved annual financial statements, shall be paid to the Executive Director of the Company.

- AGM approves the decision for the distribution of 2% /two percent/ of the net profit for 2014 among the members of the senior management of the Company in compliance with the requirements of art. 26a, item 12 of the Articles of Association of the Company.

On a meeting on 18 September 2015 The Board of Directors took a decision to start a procedure of transformation of Sopharma AD, Sofia, UID 831902088 under the conditions of Chapter XVI of the Commercial Act und art. 122 and following of the Public Offering of Securities Act, which shall be executed by merging in Sopharma AD of Momina Krepost AD, Veliko Tarnovo, UID 104055543 with seat and address of management in Veliko Tarnovo, 23 Magistralna Str., and chose investment intermediary Elana Trading AD, UID 831470130, with seat and address of management in Sofia, Sredetz district, 4 Kuzman Shapkarov Str. as a consultant in relation to the executing of the procedure of transformation.

On 30 September 2015 Sopharma AD and Momina Krepost AD signed a Contract for transformation through merger in accordance with the requirements of art. 262d and following of the Commercial Act (CA), as a result of which all assets of Momina Krepost AD shall be transferred to Sopharma AD and the latter shall become its legal successor. Momina Krepost AD shall be terminated without liquidation.

On 21 January 2016 Sopharma AD submitted to the Financial Supervision Commission an agreement for termination by mutual agreement of the contract for transformation through merger between Sopharma AD and Momina Krepost AD. The decision to end the procedure was taken in the interest of both companies in order to safeguard their good market positions.

The Board of Directors decided to appoint Ivan Badinski, MPharm, director of Cooperation and Licenses, Sopharma AD as procurator of the company. This fact was entered in the Commercial Register on 25 September 2015.

Subsequent decision of the Financial Supervision Commission from 13 January 2016 has not issued a ban on the publication of a revised tender offer by Sopharma AD, Sofia for the purchase through the investment intermediary Elana Trading AD of shares of Medika AD from the rest of the shareholders of the company.

On 18 January 2015 in accordance with the provisions of art. 149, para. 6 of the Public Offering of Securities Act (POSA) Sopharma AD made a tender offering to acquire all shares of the remaining shareholders in Medika AD until 12 February 2016. The period of the offering started on 18 January, after the offering was published in two daily newspapers. The Company currently owns 6 717 544 shares, representing 66.72% of the capital and voting rights in the General Meeting of Shareholders of Medika AD. The investment firm that serves the tender offer is ELANA Trading.



Sopharma AD offers a price of 3.50 BGN per share to the shareholders of Medica AD, which is the highest price, paid by the offeror, their related parties or by parties under art. 149, par. 2 of POSA in the last six months.

Shareholders of Medica AD may submit a written statement of acceptance of the tender offer to any investment intermediary until 15 February.

The offeror shall pay the price of the shares within 7 working days after the date of acceptance of the tender offer.

Sopharma AD informs all interested parties that the interim financial statements of the Company as at 31 December 2015 have not been verified by a registered auditor.

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Ognian Donev, PhD  
Executive Director