

INFORMATION OF SOPHARMA AD ON FACTS
AND CIRCUMSTANCES WHICH HAVE OCCURRING
AS AT DECEMBER 31, 2018
OF SOPHARMA AD

- 1.1. No change in the persons controlling the Company.
- 1.2. (Annulled – State Gazette, issue 63 from 2016).
- 1.3. (Annulled – State Gazette, issue 63 from 2016).
- 1.4. (Annulled – State Gazette, issue 63 from 2016).
- 1.5. (Annulled – State Gazette, issue 63 from 2016).
- 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.
- 1.8. No decision on conclusion, termination and cancellation of joint venture agreements.
- 1.9. (Annulled – State Gazette, issue 82 from 2007).
- 1.10. Change of the Company's Auditors - At the Annual General Meeting of Shareholders of SOPHARMA AD, held on 15 June 2018, the auditor company "BAYKER TILLY KLITOU AND PARTNERS" AD, with headquarters in Sofia, Acad. Ivan Evst. Geshov "№ 104, was elected for the auditing and certifying of the Annual Financial Statement of the Company for 2018.
- 1.11. (Annulled – State Gazette, issue 63 from 2016).
- 1.12. (Annulled – State Gazette, issue 63 from 2016).
- 1.13. (Annulled – State Gazette, issue 63 from 2016).
- 1.14. (Annulled – State Gazette, issue 63 from 2016).
- 1.15. (Annulled – State Gazette, issue 63 from 2016).
- 1.16. (Annulled – State Gazette, issue 63 from 2016).
- 1.17. (Annulled – State Gazette, issue 63 from 2016).
- 1.18. (Annulled – State Gazette, issue 63 from 2016).
- 1.19. (Annulled – State Gazette, issue 63 from 2016).
- 1.20. (Annulled – State Gazette, issue 63 from 2016).
- 1.21. (Annulled – State Gazette, issue 63 from 2016) No conclusion or performance of essential contracts, which do not relate to the ordinary business of the Company.
- 1.22. (Annulled – State Gazette, issue 63 from 2016).
- 1.23. (Annulled – State Gazette, issue 63 from 2016).
- 1.24. (Annulled – State Gazette, issue 63 from 2016).
- 1.25. (Annulled – State Gazette, issue 63 from 2016).
- 1.26. (Annulled – State Gazette, issue 63 from 2016).
- 1.27. (Annulled – State Gazette, issue 63 from 2016).
- 1.28. (Annulled – State Gazette, issue 63 from 2016).

1.29. (Annulled – State Gazette, issue 63 from 2016).

1.30. There is no opening or termination of a court or arbitration case relating to the debts or claims of the company or its subsidiary with a claim price of at least 10 % of the company's equity.

1.31. No purchase, sale or pledge of shareholdings in companies by the issuer or its subsidiary in 2018.

1.32. (Annulled – State Gazette, issue 63 from 2016).

1.33. (Annulled – State Gazette, issue 63 from 2016).

1.34. Other circumstances that the Company considers may be relevant to investors in taking a decision to acquire, sell or continue to hold publicly-traded securities:

On 30 January 2018, the company received a notification for disclosure of a shareholding under Art. 145 of the Public Offering of Securities Act (POSA), for the sale of 250,000 shares, representing 0.19%, with which the share participation of ZUPF "Allianz Bulgaria" in the capital of Sopharma AD reached 4.99%.

On 23 February 2018 an Extraordinary General Meeting of Shareholders of Sopharma AD took place.

At the General Meeting a decision was taken for the transformation by merger of Unipharm AD, UIC: 831537465, in Sopharma AD, UIC: 831902088. As a result of the merger, the whole property of Unipharm AD, UIC 831537465, will be transferred to Sopharma AD, UIC 831902088 under the conditions of general succession.

The General Meeting approved a Contract for the transformation by merger of Unipharm AD, UIC 831537465 in Sopharma AD, UIC 831902088, concluded on 14 September 2017 and of Annex №1 of 08 November 2017 to it.

The General Meeting approved the Report of the Board of Directors of Sopharma AD to the shareholders of the company regarding the transformation by merger of Unipharm AD into Sopharma AD.

The General Meeting approved the Auditor's Report under Art. 262m of the CA on the transformation by merger of Unipharm AD into Sopharma AD.

The General Meeting approves amendments to the Articles of Association of the Company which allow the payment of an interim dividend on the basis of a 6-month financial report pursuant to the Public Offering of Securities Act.

The General Meeting adopted a resolution for the redemption of own shares under the following conditions: up to 10% of the total number of shares issued by the Company but no more than 3% in each calendar year; term of the redemption - no longer than 5 (five) years; minimum redemption price - not less than the nominal value per share of the company's capital; maximum redemption price - BGN 5.50 per share.

On 15 June 2018 a General Meeting of Shareholders of Sopharma AD took place, where the following decisions were taken: 1. GMS approves the annual report of the Board of Directors on the Company's activities in 2017; 2. The GMS approves the Annual Activity Report of the Investor Relations Director in 2017; 3. The General Meeting of Shareholders approves the audited Annual Individual Financial Statement of the Company for 2017; 4. The GMS approves the Audited Annual Consolidated Financial Statement of the Company for 2017; 5. The GMS approves the Auditor's Report for the Audit of the Annual Financial Statements of the Company for 2017; 6. The GMS approves the Audit Report for the Audit of the Annual Consolidated Financial Statements of the Company for 2017; 7. GMS approves the proposal of the Board of Directors for distribution of the

Company's profit realized in 2017 and undistributed profits from past periods, as follows: The total amount of the distributable profit amounted to BGN 43,010,955.52 (forty three million ten thousand nine hundred and fifty five levs and fifty and two stotinki) of which BGN 42,237,884.12 (forty two million two hundred thirty seven thousand eight hundred and eighty four leva and twelve) profit realized in 2017 and BGN 773 071.40 (seven hundred and seventy-three thousand seventy-one leva and forty) unallocated profit from past periods. After allocating 10% to a mandatory reserve, a dividend of BGN 0.11 per share is distributed. The amount left over after the allocation should be taken as an additional reserve of the company. The right to receive a dividend shall have the persons entered in the registers of the Central Depository as shareholders on the 14th day following the day of the General Meeting at which the Annual Financial Statement was adopted and a decision on the distribution of the profit was taken. The costs of dividend payment are at the Company's expense. The payment of the dividend is made with the assistance of the Central Depository. The shareholders with open accounts with an investment intermediary will receive their dividend through the respective intermediary and those shareholders who do not use the services of an investment intermediary will receive their dividends from the branches of Eurobank Bulgaria AD (Postbank) in the country;

8. The GMS approves the Report of the Audit Committee on its activities in 2017;
9. The GMS discharges from liability the members of the Board of Directors for their activity in 2017;
10. The GMS elects a registered auditor for verifying and certifying the Annual Financial Statements of the Company for 2018, as proposed by the Audit Committee included in the agenda items;
11. GMS approves the report of the Board of Directors on the implementation of the remuneration policy of the members of the Board of Directors of the Company for 2017;
12. On the basis of Art. 24, para. 3, letter "A" of the Articles of Association of the company, the GMS decided: the permanent remuneration of the members of the Board of Directors and the permanent remuneration of the Executive Director in 2018 remain unchanged;
13. Pursuant to Art. 24, para. 3, letter "B" of the Articles of Association, the Executive Director of the Company shall be paid an additional remuneration of 1% (one percent) of the amount of profits realized in 2017 according to the accepted Annual Financial Report.;
14. The General Meeting adopts a decision of 2% (two percent) of the profit realized in 2017 to be distributed among the members of the company's senior management team, subject to the requirements of Art. 26a, item 12 of the Articles of Association of the Company. ;
15. The GMS approves the Substantiated Report of the Board of Directors for transactions from the scope of Art. 114, para. 1 of the Public Offering of Securities Act;
16. The GMS empowers the representative of the public company Sopharma AD to conclude on behalf of the Company as a contracting entity a transaction with Telekomplekt AD as a contractor falling within the scope of Art. 114, para. 1, in conjunction with paragraph 6 of the same provision of the Public Offering of Securities Act, according to the conditions specified in the Substantiated Report;
17. The GMS empowers the representative of the public company Sopharma AD to conclude on behalf of the Company as a seller a transaction with Sopharma Trading AD as a buyer falling within the scope of art. 114, para 1 of LPOS, according to the conditions stated in the Substantiated Report;
18. The GMS empowers the representative of the public company Sopharma AD to conclude on behalf of the company as a co-debtor an overdraft loan agreement with creditor Eurobank Bulgaria AD and Momina Krepost AD as a borrower - a transaction falling within the scope of Art. 114, para. 1 of POSA, according to the conditions stated in the Substantiated Report;
19. The GMS empowers the representative of the public company Sopharma AD to conclude a transaction within the scope of Art. 114, para. 1 between Sopharma AD and Sopharma Properties REIT under the conditions set out in the Substantiated Report, Section Four, Subsections 1 and 2;
20. The General Meeting of

Shareholders decided that the Company's shares should be granted as a bonus for 2018 on the occasion of the 85th anniversary of the Company to all persons having an employment relationship with the Company or working under a management contract at the date of taking this decision, the bonus will be at the expense of the Company's own shares. The proposal of the Board of Directors included in the agenda items contains detailed information on how to determine the number of shares to be given to each person. The GMS empowers the Chairman of the Board of Directors and the Executive Director to perform all necessary actions for the final transfer from the Company of the shares provided as a bonus to the employees.

On 25 June 2018 Sopharma AD received approval from the FSC of the Contract for Transformation through merger of Unipharm AD into Sopharma AD as well as the reports of the management bodies and the reports of the auditors. The fair value of the shares of the companies involved in the transformation is determined on the basis of generally accepted valuation methods. Based on the fair price of the shares of the companies involved in the transformation, a replacement ratio of 0.957502 is formed, which means that one share of the Transforming Company Unipharm AD should be replaced by 0.957502 shares of the Receiving Company Sopharma AD from the redemption shares, which the receiving company has.

On 1 August 2018 an extraordinary General Meeting of the Shareholders of Sopharma AD was held, where the following decisions were taken:

1. The EGM transformed Sopharma AD by merging Unipharm AD into it. As a result of the merger, the entire property of Unipharm AD was transferred to Sopharma AD under the conditions of a joint succession.

2. The EGM approved the Transformation Agreement through merger of Unipharm AD with Sopharma AD, concluded on 17 May 2018 and Additional Agreement No. 1 of 13 June 2018.

3. The EGM approved the Report of the Board of Directors of Sopharma AD to the shareholders of the Company regarding the merger of Unipharm AD into Sopharma AD.

4. The EGM approved the Auditor's Report under Art. 262m of the Commercial Law on the transformation by merger of Unipharm AD into Sopharma AD.

5. The EGM approved a Substantiated Report of the Board of Directors for Transactions within the scope of Article 114 of the POSA.

6. The EGM empowered the Board of Directors to conclude transactions for the inception of Sopharma AD as a co-debtor under the conditions of solidarity under an Investment Credit Agreement for the implementation of a project under an operational program and under a Contract for a credit line for working capital that is forthcoming to be concluded between DSK Bank EAD as a creditor and the subsidiary of Sopharma AD, Biopharm-Engineering AD, Sliven, as a borrower under the terms and conditions specified Substantiated Report prepared by the Board of Directors.

7. The EGM elected Ivan Venetskov Badinski for a member of the Board of Directors of Sopharma AD.

On 13 September 2018 completed the procedure of merging Unipharm AD into Sopharma AD with entry number 20180913171143 in the Commercial Register.

On 14 September 2018 an extraordinary General Meeting of the Shareholders of Sopharma AD was held, where the following decisions were taken:

1. The GMS approved the individual Financial statements of the company for the first half of 2018.

2. The General Meeting of Shareholders approved the distribution of a 6-month dividend of BGN 0.05 per share from the profit realized by the company according to the 6-month financial

report for the first half of 2018 and on the basis of the prepared by the Board of Directors Report on the requirements of Art. 115c of POSA.

3. The GMS approved a Substantiated Report of the Board of Directors for Transactions within the scope of Article 114 of the POSA.

4. GMS empowered the Board of Directors to conclude a manufacturing contract between Sopharma AD as Performer and Sopharma Trading AD as Assignor under the conditions set out in Section One of the Substantiated Report prepared by the Board of Directors.

5. The GMS empowered the Board of Directors to conclude a rental contract between Sopharma AD as a landlord and Sopharma Trading AD as a tenant under the conditions set out in Section Two of the Substantiated Report prepared by the Board of Directors.

6. The GMS empowered the Board of Directors to conclude a construction contract with Telecomplect AD as a contractor under the conditions set out in Section Three of the Substantiated Report prepared by the Board of Directors.

7. The GMS empowered the Board of Directors to conclude a loan contract with Telecomplect AD as a borrower under the conditions set out in Section Four of the Substantiated Report prepared by the Board of Directors.

On 22 October Sopharma AD initiated dividend payment of the voted on the EGM held on September, 14 2018 dividend of 0.05 BGN on October, 22 2018.

The persons eligible for dividend were those present in the register of the Central Depository 14 days after the date of the AGM, i.e. September, 28 2018.

In accordance with the Regulations of the Central Depository, the dividend was paid out as follows: for shareholders with client accounts at an investment intermediary – through the investment intermediary, for shareholders without accounts at an investment intermediary - through the branches of Eurobank EFG - Bulgaria AD /Postbank/ in the country.

The Annual meeting with investors took place on 16 November 2018, starting at 13:30 in Sofia, 16, Rozhen Blvd., and included a meeting with the management of the two companies and a visit to the Regional Distribution Center of Sopharma Trading AD automated with the KNAPP system.

Sopharma AD informs all interested parties that the interim financial statements of the Company as at 31 December 2018 have not been verified by a registered auditor.



Ognian Donev
Executive director