# REPORT

## of the Investor Relations Director

## of “Sopharma” AD for 2021

In 2021 despite the ongoing emergency epidemic in connection with the distribution of COVID_19. The activity of the Investor Relations Director is strictly regulated in the LPOS. The Company publishes financial and economic information, including its financial statements without changes in deadlines, held general meetings with the opportunity to vote by correspondence, provided the opportunity for online meetings with investors and a number of other digital means providing timely access to important information to all shareholders and investors for the activity of the company.

The main efforts of the Investor Relations Director traditionally are focused in the following main areas:

1. to create, disclose and store documents in the relevant registers, including the minutes of the Board of directors, the minutes of the General Meetings of the Company, the information, provided to the public and the internal rules for the operation of the Company, according to the requirements of art. 116d of LPOS;

2. to facilitate an effective communication and mediation between the Company and the stakeholders, including the respective government institutions;

3. to prepare, maintain and distribute materials, containing important data and information about Sopharma Group, such as presentations, descriptions and information files for the media;

4. to participate in the preparation and publication of all financial reports of the Company and all official announcements, simultaneously in Bulgarian and English, as well as condensed versions in Russian and Polish for the Company's website;

5. to prepare documents, organize and ensure the holding of the General Meetings of the Shareholders;

6. to maintain an active dialogue with the investment community;

7. to maintain the website of the Company, where improvements are currently being made in the way the information is presented, in the organization of the site and the scope of the data provided in order to better present the activities of the Company;

8. to support and provide information to all departments in order to ensure adherence to the LPOS and all regulations, accompanying its application, as well as European capital markets legislation;

9. to support with information and specific guidelines to avoid conflict of interests, and

10. to organize and participate in investors conferences and other events, popularizing the activities of the Company.

**Participation in projects:**

In 2021 the Company successfully issued 44,932,633 dematerialized, freely transferable and registered warrants with an issue value of BGN 0.28 under Art. 112b, para 11 of the LPOS. The underlying asset of the issued warrants are future ordinary, registered, dematerialized, freely transferable shares giving the right to one vote in the General Meeting of Shareholders, which will be issued by the company on condition only in favor of the owners of warrants. Each subscribed warrant entitles its holder to subscribe for one share of a future issue. Holders of warrants may exercise their right to subscribe for the respective number of shares from a future increase in the company's capital within 3 years at a fixed price of BGN 4.13 per share.

**Submitting information to the Warsaw Stock Exchange:**

In 2021, 203 notifications and documents were submitted to the Warsaw Stock Exchange as a part of Sopharma's regulatory obligations. This includes quarterly and annual reports, insider notifications, monthly results and others. This ensures equity for investors trading in shares on the Bulgarian and Warsaw Stock Exchanges.

**National Corporate Governance Commission:**

The IRD continues to support the Executive Director's work in connection with his activities as a member of the National Corporate Governance Commission.

**Supporting the work of the Association of Bulgarian Investor Relations Directors:**

The Investor Relations Director is a member of the Management board of the Association and assists with its activities in connection with the organization of trainings, meetings, conferences and drafting of opinions on relevant amendments in the legislation.

**Monitoring of the changes in legislation related to the operations of the Company:**

In 2021 a number of changes were made in the legal framework, concerning the activity of the Company. The IRD has taken actions to meet the new requirements with regard to public companies, including the new regime for disclosing the annual audited financial statements of public companies in accordance with the European Single Electronic Format, Regulation 2 of 9 November 2021, etc.

**Improvements in reporting:**

In 2021 the Company does not take advantage of the simplified regime for providing quarterly financial statements and continues to publish full quarterly individual and consolidated financial statements.

**Preparation and conducting of the general meetings of shareholders of the Company and meetings with the investment community:**

In 2021 in addition to the Annual General Meeting of Shareholders, an Extraordinary General Meeting of Shareholders of "Sopharma" AD was held in which more than 60 shareholders and after which informal meetings were held with management.

**Share capital:**

As at 31 December 2021 the capital of "Sopharma" AD is BGN 134 797 899, divided into 134 797 899 dematerialized, freely transferable shares.

As at 31 December 2021 the Company's share capital was distributed among 6 534 shareholders. Out of them 141 are legal entities - 119 Bulgarian and 22 foreign legal entities holding a total of 89.46% of the Company's capital. Over 38 pension and investment funds are also shareholders and own a total of 14.64% of the Company's capital. Foreign investors represent 15.60% of all legal entities and hold a total of 3.78% of the Company's shares. 6 393 physical persons with a total of 10.54% of which Bulgarian - 99.31%, holding 10.48% of the Company's capital and foreign ones - 0.69%, owning 0.07% of the Company's capital are also shareholders in "Sopharma" AD.

The free float as at 31.12.2021 is 36.54%.

**Treasury shares:**

In accordance with the decision of the General Meeting of Shareholders from 23.02.2018 "Sopharma" AD buys back shares, as at the 31.12.2021 a total of 13 055 000 shares representing 9.68% of the Company's capital were bought back.

**Dividends:**

At the General Meeting of Shareholders held on 4 June 2021, "Sopharma" AD decided not to distribute a dividend to shareholders.

**Share prices:**

On the "Bulgarian Stock Exchange – Sofia" AD the price of the shares in 2021 ranged between BGN 3,14 and 4,60 (the Warsaw Stock Exchange, respectively, PLN 6 and 10.80). The weighted annual average price was BGN 4,12 and the Company's market capitalization as at the end of the year was BGN 601 198 630 million.

**Trading:**

For the whole year 14 273 631 lots were traded at a weighted average price of BGN 4,12. The total turnover of the "Bulgarian Stock Exchange - Sofia" AD in Company's shares over the year amounted to BGN 58,816 million or 76.35% of the total annual turnover on the official market, segment "PREMIUM".

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Pelagia Viatcheva

Investor Relations Director