

To the Shareholders
SOPHARMA AD
City. Sofia

REPORT OF THE INDEPENDENT REGISTERED AUDITOR TO CHECK TRANSFORMATION

I verified the transformation of SOPHARMA AD (Receiving Company) by merging BIOPHARM-ENGINEERING AD (Transforming Company) into it, according to the Transformation Agreement dated 23.01.2023, amended by Additional Agreement No. 1 dated 21.03.2023, amended by Additional Agreement No. 2 of 15.05.2023 and compliance by SOPHARMA AD with the provisions of the Commercial Law of the Republic of Bulgaria (Commercial Law), Chapter Sixteen.

Responsibility of the management of the Host Company

The Management of the Receiving Company is responsible for making the decision on transformation, for preparing the transformation contract, for carrying out the actions related to the transformation in accordance with the requirements of the Commercial Law and for the preparation of the financial statements that fairly present the financial position, financial performance and cash flows of the company in accordance with the National Accounting Legislation.

Responsibility of the examiner

My responsibility is limited to compiling this report and expressing an opinion regarding the verification of the transformation in accordance with the requirements of Art. 262m in connection with the provisions of Art. 262 l of the Commercial Law.

Scope of inspection

I conducted the review in accordance with International Standard on Auditors (IAS) 800 Auditor's Reports on Special Purpose Engagements. I have applied this standard in the context of the Preface to International Standards for Quality Control, Auditing, Assurance and Related Services, which sets out the application and scope of the ISA. A review of a merger by merger consists of making investigative inquiries, principally of those responsible for making the decision to convert and those responsible for financial and accounting matters, and gathering sufficient and relevant evidence to fulfill this engagement, including:

- Conversion Agreement dated 23.01.2023, amended by Supplementary Agreement No. 1 dated 21.03.2023, amended by Supplementary Agreement No. 2 dated 15.05.2023;
- Report dated 23.01.2023 of the Board of Directors of SOPHARMA AD, amended by a decision based on the minutes of a meeting of the Board of Directors of "SOPHARMA" AD,

held on 21.03.2023, amended by a decision based on the minutes of a meeting of the Board of Directors of "SOPHARMA" AD, held on 15.05.2023, Sofia, pursuant to Art. 262 and of the Commercial Law regarding the transformation of SOPHARMA AD, Sofia, through the merger of BIOPHARM-ENGINEERING AD AD;

- Justification of the fair price of SOPHARMA AD shares;
- Interim individual financial report of SOPHARMA AD, compiled as of 30.09.2022;
- Interim consolidated financial report of SOPHARMA AD, compiled as of 30.09.2022;

My inspection is planned and conducted in such a way that I can express an opinion on the extent to which the transformation of the Acquiring Company SOPHARMA AD and the related determined exchange ratio is adequate and reasonable. This examination also requires an assessment of the methods used in determining the exchange ratio, the extent to which the use of these methods is appropriate and correct in the particular case, the values obtained under each method and the relative importance of each method in determining the value of the shares and the particular difficulties in valuation if there were any.

When determining the ratio of exchange of one share of the Transforming Company BIOPHARM-ENGINEERING AD with one share of the Receiving Company SOPHARMA AD, the following methods for determining the fair value (net value) of the assets of SOPHARMA AD and their respective relative weights:

Method	Value according to the method	Relative weight	Weighted value
Peers	18.53	40%	7.412
Net assets method	5.93	20%	1.186
FCFF model	6.67	40%	2.668
Fair value			11.266
	Rounded		BGN 11.27
Average weighted value of BSE transactions for the last 6 months	4.49	80%	3.592
Value according to valuation methods under Art. 5 para. 3. from Ordinance No. 41 of the FSC	11.27	20%	2.254
Fair value per share			5.846
	Rounded		BGN 5.85

Based on the calculated fair share prices of the two companies, the following exchange ratio was correctly determined:

Fair price of BIOPHARM-ENGINEERING AD	BGN 12.70
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Fair price of Sopharma AD	BGN 5.85
Exchange coefficient	2.17094
Rounded	2.17

As a result of the determined exchange ratio, one share of the Converting Company BIOPHARM-ENGINEERING AD should be replaced by 2.17 shares of the Receiving Company SOPHARMA AD. The share exchange ratio is set as of 23.01.2023.

As a result of the transformation:

- The transforming company BIOPHARM-ENGINEERING AD is terminated without liquidation on the basis of Art. 262 et seq. of the Commercial Law;
- The Receiving Company SOPHARMA AD becomes the universal legal successor of the Transforming Company;
- Due to the mathematical impossibility of exchanging the shares of each individual shareholder in the Converting Company with shares in the Receiving Company of a fully equivalent value, the difference up to this value will be compensated by additional cash payments in the corresponding amount, so that each shareholder of the Converting Company will get:

(a) such number of shares in the receiving company as is equal to the number of shares held by that shareholder in the converting company multiplied by the transformation factor of 2.17 and rounded down to the nearest whole number, and

(b) such amount of money, which is equal to (i) the determined market value of one share of the receiving company, BGN 5.85, multiplied by (ii) the difference from rounding down to a whole number of the number of shares in the rounding process under letter (a)) above.

As a result of the transformation:

- The transforming company BIOPHARM-ENGINEERING AD is terminated without liquidation on the basis of Art. 262 et seq. of the Commercial Law;
- The Receiving Company SOPHARMA AD becomes the universal legal successor of the Transforming Company;
- Due to the mathematical impossibility, the shares of each Each shareholder will receive a price for the shares he owns in the converting company to the maximum extent in the form of shares of the receiving company and cash compensation that fully covers the residual fair value. Repayment will be made in cash at the cash desk of the Receiving Company. Receivables will be paid to the shareholders of the Converting Company within 5 (five) years from the date they became due.

An approximate estimate of the expected cash payments is that the amount should not exceed BGN 35.

I did not encounter any difficulties during the verification of the transformation of the Receiving Company SOPHARMA AD, through the merger into it of the Converting Company BIOPHARM-ENGINEERING AD, according to the Transformation Agreement dated 23.01.2023, amended by Additional Agreement No. 1 dated 21.03.2023, amended with Additional Agreement No. 2 dated 15.05.2023 and compliance with the provisions of the

Commercial Law, Chapter Sixteen. I did not encounter any difficulties related to the assessment of the fair value (net value) of the property of SOPHARMA AD.

Conclusion

Based on my review, I certify that, in my opinion, the exchange ratio specified in the transformation agreement is adequate and reasonable.

19/05/2023
City Sofia

Examiner: /signature/
Nikolay Mihailov Polinchev, registered auditor