

REPORT

Of the Investor Relations Director for 2014

The activity of the Investor Relations Director is strictly regulated in POSA and in 2014 the main responsibilities of the Investor Relations Directorate remained:

1. keeping the records of the Board of Directors, the records of the General Meetings of the Company, the information, provided to the public and the internal rules for the operations of the Company,
2. facilitating the effective communication and mediation between the Company and the stakeholders, including the respective governmental institutions. The improvements in this field include the maintenance of electronic communication and archives, the updating of an email list, the addressees of which receive all announcements, made public by the Company at the time of their publication and the regular publishing of a newsletter, containing the essential information for each reporting period of the Company,
3. preparing, maintaining and disseminating materials, containing important data and information about the Sopharma Group, such as presentations, descriptions, informational files for the media,
4. participating in the preparation and publication of all financial reports of the Company and all official announcements, simultaneously in Bulgarian and English,
5. organizing the Annual General Meeting of Shareholders. In 2014 was completed and introduced an electronic voting system, which allows the quicker and more effective conducting of the general meetings and the correct and timely recording of all votes,
6. maintaining the website of the Company, where a variety of improvements were made, aiming at providing a quicker and easier access to the essential information,
7. supporting and providing information to all directorates in order to ensure adherence to the POSA and all regulations, accompanying its application,
8. supporting with information and concrete guidelines in order for conflicts of interests to be avoided,
9. conducting regular meetings with the investors community and participating in investors conferences and other events, popularizing the activity of the Company,
10. organizing investors meetings, and
11. keeping a constant and effective dialog with representatives of the investors' community and the media.

The Directorate also managed and took part in the following projects:

Managing the process of merging of Bulgarian Rose – Sevtopolis in Sopharma AD. In 2014 Sopharma AD started again the process of merging of Bulgarian Rose – Sevtopolis AD in Sopharma AD. The merger was completed and all the shareholders in Bulgarian Rose – Sevtopolis AD different from Sopharma AD received shares from the capital increase of the latter company. As a result of the good work of the teams of the FSC, Sopharma AD, and Elana Trading AD the process was successfully completed in early 2015.

Work on the guidelines contained in Ordinance 48 regarding the remuneration, participation in the preparation of the Report on remuneration in relation to the Remuneration Policy of Sopharma AD. The directorate assisted in the preparation of the Report on the remuneration of the members of the Board of Directors for 2014 according to current legislation.

Participation in international investor conferences. In November 2014 the Belgrade Stock Exchange organized its traditional investor conference where Sopharma AD was invited and participated. Within the conference were conducted meetings with international investors, on which the company was presented as a potential investment opportunity.

Submitting information to the Warsaw Stock Exchange. In 2014 Sopharma AD submitted over 130 notifications and documents to the Warsaw Stock Exchange as part of its legal obligations. This includes quarterly and annual reports, notifications of insider information, monthly results, etc. This guarantees equal treatment of investors trading with Company shares on the Bulgarian and the Warsaw Stock Exchanges.

National Commission for Corporate Governance. The Directorate continues supporting the work of the Executive Director in connection with his activities as a member of the National Committee on Corporate Governance.

Supporting the operation of the Association of Investor Relations Directors. The Investor Relations Director is a member of the Board of the Association and is assisting its activities.

Monitoring of the changes in legislation related to the operations of the Company.

Improvements in reporting. In 2014 we further improved the reporting documents of the Company and the process of updating the financial statements and all supporting documents was continued. All changes were made towards increasing the knowledge of the readers and providing a full and objective description of the state and the business of the Company.

Improving and updating the corporate website. The “Investors” section underwent numerous improvements and its data was updated in accordance with the principles of good corporate governance.

Preparation and conducting of the general meetings of shareholders of the Company. In 2014 were organized one regular and one extraordinary General Meeting of Shareholders.

Share capital

As at 31 December 2014 the capital of Sopharma amounted to 132 million BGN, divided into 132 million dematerialized, freely transferable shares.

As at the end of 2014 the Company's share capital was distributed among 4419 shareholders. The largest share have legal entities, 92.25% of which are Bulgarian legal entities and hold 89.40% of the Company's capital with over 40 pension and investment funds holding a total of 15.56% of the Company's capital. The foreign investors are 7.75% of all legal entities and hold a total of 7.51% of the Company's capital. Sopharma has also over 4200 shareholders - individuals holding a total of 3.09%.

Share repurchase

In accordance with the decision of the General Meeting of Shareholders from 23 June 2010 Sopharma AD initiated a share repurchase. On an Extraordinary General Meeting held in 2012 the threshold for share repurchase was increased to 10%, but not more than 3% for one calendar year.

The share repurchase by decision of the Board of Directors may be carried out without special delegation of authority from the General Meeting of Shareholders for each specific case but entirely on the grounds of the powers provided to the Board of Directors under the provision of the Articles of Associations, adopted by the General Meeting on 21 June 2013 for a period of two years from the moment of entry of the Articles of Associations in the Commercial Register at the Registry Agency.

As at 31 December 2014 the treasury shares amount to 5,114,130, representing 3.87% of the capital of the Company.

Dividends

In 2014 was distributed a gross dividend of 0.07 BGN per share with dividend right.

Share prices

Share prices in 2014 were within the range from 3.668 to 4.528 BGN. On the Warsaw Stock Exchange this range was 6.99 and 9.3 PLN. The weighted annual average price was 4.157 BGN, and the Company's market capitalization as at the end of the year was 512,424 thousand BGN.

Trading

Over the year 8,971,459 lots were traded in 3,268 transactions at a weighted-average price of 4.157 BGN. The total turnover of the “Bulgarian Stock Exchange - Sofia” AD in Company’s shares over the year amounted to about 37.8 million BGN or nearly 25.44% of the total annual turnover on the official market, segment “PREMIUM”.

Respectfully,
Pelagia Viatcheva