

## REPORT

### of the Investor Relations Director of Sopharma AD for 2017

The activity of the Investor Relations Director is strictly regulated in POSA and in 2017 the main efforts of the Investor Relations Directorate are directed towards:

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, with preparations being made over the past year for the introduction of new registers, containing information about the communication between the Company and the interested parties;
3. preparing, maintaining and disseminating materials, containing important data and information about the Sopharma Group, such as presentations, descriptions and 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 and securing the conduct the General Meetings of Shareholders,
6. maintaining the website of the Company, where improvements are continually being made in how the information is presented, in the organization of the site and the scope of the data provided in order to better present the activity of the company,
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, and
9. conducting regular meetings with the investors community and participating in investors conferences and other events, popularizing the activity of the Company.

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

**Management of the projects for making a tender offering to the shareholders of Unipharm AD and the merger of the latter in Sopharma AD.** On 14.09.2017, on the grounds of Art.262d and of the Commercial Law Unipharm AD, transforming company, and Sopharma AD, receiving company, have entered into a Transformation Agreement through merger. On 18 December 2017 the contract was



submitted for approval to the FSC on the grounds of Art. 124, para. 1 of the Public Offering of Securities Act.

**Submitting information to the Warsaw Stock Exchange.** In 2017, more than 135 notifications and documents were submitted to the Warsaw Stock Exchange as 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 of the Bulgarian and Warsaw Stock Exchange.

**National Commission on Corporate Governance.** The Directorate 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 Investor Relations Directors' Association.** The Investor Relations Director is a member of the Management Board of the Association and assists its activities accordingly.

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

In 2017 a number of changes were made to the Public Offering of Securities Act. The Company has taken action to meet the new requirements with regard to public companies, including the maintenance of certain registers, the GMS implementation regime, the distribution of profits, and so on.

**Improvements in reporting.** In 2017 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. The Company does not benefit from the simplified quarterly financial reporting regime and continues to publish the full quarterly individual and consolidated statements.

**Preparation and conducting of the general meetings of shareholders of the Company.** In 2017 were organized one Regular General Meeting of Shareholders and one Extraordinary General Meeting of Shareholders of Sopharma AD.

### Share capital

As at 31 December 2017 the capital of Sopharma amounted to 134 797 899 BGN, divided into 134 797 899 dematerialized, freely transferable shares.

As at the end of 2017 the Company's share capital was distributed among 5992 shareholders. The largest share have legal entities (92.76%), 87.96% of which are Bulgarian legal entities and hold 86.83% of the Company's capital with over 49 pension and investment funds holding a total of 20.12% of the Company's capital.



The foreign investors are 12.04% of all legal entities and hold a total of 5.94% of the Company's capital. In Sopharma AD are shareholders almost 6000 individuals with a total of 7.24% of which Bulgarian shareholders - 99.41% and own 7.18% of the capital of the company and foreign - 0.59% holding 0.06% of the capital of the company .

### **Treasury shares**

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 2017 the treasury shares amount to 9 032 980 representing 6.7% of the capital of the Company.

### **Dividends**

In 2017 was distributed a dividend of BGN 0.10 per share.

### **Share prices**

Share prices in 2017 were within the range from 3.02 to 4.95 BGN. On the Warsaw Stock Exchange this range was 6.50 and 9.50 PLN. The weighted annual average price was 4.270 BGN, and the Company's market capitalization as at the end of the year was 577 204 604 million BGN.

### **Trading**

Over the year 13 618 209 lots were traded in 736 transactions at a weighted-average price of 4.270 BGN. The total turnover of the "Bulgarian Stock Exchange - Sofia" AD in Company's shares over the year amounted to about 58 million BGN or nearly 38% of the total annual turnover on the official market, segment "PREMIUM".

Respectfully,

  
Pelagia Viatcheva