

REPORT

of the Investor Relations Director

of “Sopharma” AD for 2020

The activity of the Investor Relations Director is strictly regulated in the LPOS. In 2020, in the conditions of the COVID-19 pandemic and state of emergency, the Directorate made efforts to maintain a normal rhythm of work. 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 were focused in the following main areas:

1. to create 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:

The IRD, together with the Association of Bulgarian Investor Relations Directors, organized an online Junior class in which students from many universities participated. The aim was to promote the profession of investor relations director.

Submitting information to the Warsaw Stock Exchange:

In 2020, 161 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 2020 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 maintenance of certain registers, the GMS regime, the distribution of profits, and so on.

Improvements in reporting:

In 2020 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. In this year again, the Company does not take advantage of the simplified quarterly financial reporting regime and continues to publish the 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 2020 one Extraordinary General meeting of the shareholders and the Regular General meeting of the shareholders of "Sopharma" AD were organized.

Share capital:

As at 31 December 2020 the capital of "Sopharma" AD is BGN 134 797 899, divided into 134 797 899 dematerialized, freely transferable shares.

As at 31 December 2020 the Company's share capital was distributed among 6 801 shareholders. Out of them 152 are legal entities - 129 Bulgarian and 23 foreign legal entities holding a total of 91.60% of the Company's capital. Over 48 pension and investment funds are also shareholders and own a total of 20.69% of the Company's capital. Foreign investors represent 15.13% of all legal entities and hold a total of 4.02% of the Company's shares. 6 649 physical persons with a total of 8.40% of which Bulgarian - 99.31%, holding 8.30% of the Company's capital and foreign ones - 0.69%, owning 0.11% of the Company's capital are also shareholders in "Sopharma" AD.

The free float as at 31.12.20 is 34.78%.

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 31.12.2020 a total of 9 011 467 shares representing 6.69% of the Company's capital were bought back.

Dividends:

In 2020, an interim dividend of BGN 0.04 per share was distributed for the first half of 2020 for the amount of BGN 5 391 915,96.

Share prices:

On the "Bulgarian Stock Exchange – Sofia" AD, the price of the shares in 2020 ranged between BGN 2,40 and 3,58 (the Warsaw Stock Exchange, respectively, PLN 8,25 and 23,00). The weighted annual average price was BGN 3,033, and the Company's market capitalization as at the end of the year was BGN 430 544 489 million.

Trading:

For the whole year 5 599 904 lots were traded at a weighted average price of BGN 3,033. The total turnover of the "Bulgarian Stock Exchange - Sofia" AD in Company's shares over the year amounted to BGN 16,984 million or nearly over 37.09% of the total annual turnover on the official market, segment "PREMIUM".

Pelagia Viatcheva

Investor Relations Director