



PROSPECTUS

For an initial public offering of
up to 8,985,960 warrants

„SOPHARMA“ AD

TYPE OF SECURITIES OFFERED:	BOOK-ENTRY, FREELY TRANSFERABLE WARRANTS
EXERCISE PERIOD:	7 YEARS
NUMBER OF SECURITIES OFFERED:	8,985,960
ISSUE PRICE PER WARRANT:	BGN 0.27 (TWENTY-SEVEN STOTINKI) / €0.14

The prospectus for the initial public offering of warrants by „Sopharma“ AD (Sopharma, the Company, the Issuer) contains all information about the Issuer which, in accordance with the specific characteristics of the Issuer and the securities subject to public offering, is necessary for investors to accurately assess the economic and financial condition of the Issuer and the rights attached to the securities. It is in the interest of investors to read the entire Prospectus before making an investment decision.

THE FINANCIAL SUPERVISION COMMISSION, IN ITS CAPACITY AS THE COMPETENT AUTHORITY PURSUANT TO REGULATION (EU) 2017/1129, HAS APPROVED THIS PROSPECTUS BY DECISION No. /

THE FINANCIAL SUPERVISORY COMMISSION APPROVES THIS PROSPECTUS ONLY IF IT MEETS THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY. THIS APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER SUBJECT TO THIS PROSPECTUS. THE FINANCIAL SUPERVISION COMMISSION IS NOT RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THE PROSPECTUS. INVESTORS MUST ASSESS THE APPROPRIATENESS OF THE INVESTMENT IN THE SECURITIES THEMSELVES.

The members of the Board of Directors and the procurator of „Sopharma“ AD are jointly and severally liable for damages caused by false, misleading, or incomplete information in the entire Prospectus for the initial public offering of warrants of „Sopharma“ AD. The preparers of the Issuer's financial statements are jointly and severally liable with the persons referred to in the previous sentence for damages caused by false, misleading or incomplete information in the financial statements, and the Issuer's registered auditors are liable for damages caused by the financial statements audited by them.

NOVEMBER 18, 2025

**FINANCIAL ADVISOR AND
ISSUE MANAGER**

MAEN CAPITAL AD



INVESTMENT INTERMEDIARY

**SOFIA INTERNATIONAL
SECURITIES AD**



Investors interested in the securities offered may review the original of this document, obtain a free copy thereof, and receive additional information about it at the offices of:

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ISSUE MANAGER	MAEN CAPITAL AD
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This document can be found on the Company's website (www.sopharmagroup.bg) on the website of the investment intermediary “Sofia International Securities” AD (sis.bg)

The Company and the authorized investment intermediary “Sofia International Securities” AD inform potential investors that investing in the offered securities involves certain risks. See *Section 1. Risk Factors* of this Prospectus.

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SUMMARY

SECTION A – INTRODUCTION AND WARNINGS

A.1 Name and ISIN of the security

Based on this document, derivative financial instruments – **warrants** – are offered for initial subscription by „Sopharma“ AD. The warrants have ISIN code BG9200003259. CFI code: RWSTBE. FSN code: SOFARM/P WT SOFARM 0.27 2031003

A.2 Identification and contact details of the Issuer and contact details of the Issue Advisor and the servicing company

„Sopharma“ AD is a company registered in the Commercial Register maintained by the Registry Agency, with UIC 831902088. The Company's LEI code is 097900BGGW0000048796. Contact details:

Headquarters and address of management	Sofia 1220, Nadezhda district, 16 Iliensko Shose Str.
Correspondence address	Sofia 1220, Nadezhda district, 16 Iliensko Shose Str.
Phone	02 813 4200
Email	mail@sopharma.bg
Internet page	https://www.sopharmagroup.com/
Investor Relations	ir@sopharma.bg

The investment intermediary that will service the subscription of the warrants and the payment of their price is IP Sofia International Securities AD, UIC 121727057, with registered office and address of management at 140 G.S. Rakovski St., Sofia 1000. The consultant for this offering is „Maen Capital“ AD, UIC 202402882, with registered office and address of management at 1404 Sofia, Triaditsa district, Goce Delchev residential complex, bl. 22, entrance B, floor 2, office 1. Correspondence address: Sofia 1404, Manastirski Livadi – West, 8 Byala Akacia Street.

A.3 Identification and contact details of the competent authority that has approved the Prospectus

Financial Supervision Commission (FSC). Address: Sofia, 1000, Oborishte district, 16 Budapest Street; tel.: +359 2 9404 999 Website: www.fsc.bg; e-mail: delovodstvo@fsc.bg

A.4 Date of approval of the Prospectus

The prospectus was approved by the FSC on [●] by Decision [●] of the FSC.

A.5 Warnings

This summary of the Prospectus should be read as an introduction to the Prospectus. Any decision to invest in warrants should be based on a thorough and careful review by potential investors of the entire Prospectus, including all documents incorporated by reference, and any supplements to the Prospectus that may be made. Investors in warrants should be aware that they may lose all or part of their invested capital. Where a claim is brought before a court concerning the information contained in the Prospectus, the claimant investor may, under national law, be liable for the costs of translating the Prospectus before the court proceedings commence. Civil liability is borne only by the persons who prepared the Summary, including its translation, but only if it is misleading, inaccurate or inconsistent with the other parts of the Prospectus when considered together with the other parts of the Prospectus, or when, considered together with the other parts of the Prospectus, it does not provide material information to help investors decide whether to invest in the warrants.

SECTION B – KEY INFORMATION ABOUT THE ISSUER A

B.1 Who is the issuer of the securities?

„Sopharma“ AD is a joint-stock company with public status within the meaning of Article 110, paragraph 1 of the Public Offering of Securities Act. The company is registered in the Commercial Register maintained by the Registry Agency under the name „Sopharma“ AD. The issuer is a joint-stock company and also a public company within the meaning of Article 110, paragraph 1 of the Public Offering of Securities Act. The company operates in accordance with the requirements of Bulgarian legislation, in particular the provisions of the Commercial Law and the Public Offering of Securities Act, which sets specific requirements for public companies. „Sopharma“ AD is a company established in the Republic of Bulgaria and is registered in the Commercial Register maintained by the Registry Agency under UIC 831902088. Its LEI code is 097900BGGW0000048796. Headquarters and management address – Sofia, 16 Iliensko Shose St. Main activity

Main activity

„Sopharma“ AD manufactures a wide range of prescription medicines and OTC products. The Sopharma Group is a leading Bulgarian manufacturer, exporter, and local distributor of health-related products, with a strong presence in Eastern and Southeastern Europe. The Sopharma Group operates in the following areas:

- manufacture of pharmaceutical products, including medicines, mainly generics, plant-based substances, and food supplements, which is mainly carried out by „Sopharma“ AD;
- manufacture of medical devices and therapeutic cosmetics, such as plasters, dressing products, and sanitary and hygiene products;
- distribution of pharmaceutical products, medical consumables, sanitary materials, food supplements, and cosmetics.

Major shareholders and control relationships

As of the date of the prospectus, persons whose voting rights in the General Meeting of Shareholders of „Sopharma“ AD **directly** reach 5% of the capital:

- **„Donev Investments Holding“ AD** directly owns **40.22%** of the capital of „Sopharma“ AD and, accordingly, **40.22%** of the voting rights at the General Meeting of Shareholders of the Company.
- **„Telecomplect Invest“ AD** directly owns **15.98%** of the capital of „Sopharma“ AD and, accordingly, **15.98%** of the voting rights at the General Meeting of Shareholders of the Company.
- **Ognian Ivanov Donev** directly owns **9.09%** of the capital of „Sopharma“ AD and, accordingly, **9.09%** of the voting rights in the General Meeting of Shareholders of the Company.

Ognian Ivanov Donev's total participation in the capital of „Sopharma“ AD is:

- Direct participation: 9.09%
- Indirect participation: 40.22% (through „Donev Investments Holding“ AD)
- Participation of family members: 0.65%

As of the date of the Prospectus, there are no other legal entities or individuals who directly or indirectly, and/or through related parties, hold a stake in the Issuer's capital reaching 5% of the capital. As of the date of this Prospectus, there are no persons who indirectly hold a stake in the Issuer pursuant to the provisions of Article 146, paragraph 1, item 5 of the Public Offering of Securities Act.

As of the date of the Prospectus, the Issuer is not aware of any persons exercising control over the Issuer directly or indirectly, and/or through related parties. The Issuer is not aware of any agreements whose effect may lead to a change in control at any future date.

Information on the Issuer's key management personnel

Sopharma AD has a single-tier management system with a Board of Directors consisting of five members, as follows:

- **Ognian Donev** – Chairman
- **Vesela Stoeva** – Vice-Chair
- **Bisera Lazarova** – Member
- **Alexandar Tchaoushev** – Independent Member
- **Ivan Badinski** – Member

Simeon Donev is the company's procurator.

Information about the Issuer's statutory auditors

Baker Tilly Klitu and Partners EOOD, UIC 131349346, a specialized auditing company, member of the Institute of Certified Public Accountants in Bulgaria with registration number 129, with managers Marius Klitu, Stelios Grigoriou and Spiridon Gruits, Galina Lokmadzhieva-Nedkova, Andreas Pitakas, Moisis Aristidou, Tsvetana Stefanina and Nedyalko Apostolov, with address at 5 Stara Planina Street, Floor 5, Sofia 1000.

Table No. 1 Selected financial data on a consolidated basis

Table No. 1 Selected financial data on a consolidated basis

in thousands of leva	31.12.2022	31.12.2023	31.12.2024	30.6.2024	30.6.2025
Assets	1,253,978	1,514,162	1,796,283	1,482,668	1,974,992
Equity	716,634	753,626	843,103	820,399	926,366
Liabilities	537,344	760,536	953,180	662,269	1,048,626
	2022	2023	2024	30.6.2024	30.6.2025
Revenue from contracts with customers	1,663,016	1,875,304	2,129,097	998,853	1,272,054
Operating expenses	(1,597,890)	(1,809,881)	(2,091,999)	(982,366)	(1,225,426)
Operating profit	87,881	98,110	81,759	49,661	71,506
Net profit	76,333	99,874	80,431	48,827	76,031
Net cash flows from operating activities	110,082	45,031	76,728	(2,548)	(47,344)
Net cash flows from investing activities	(63,606)	(62,849)	(88,090)	7,628	(98,605)
Net cash flows from financing activities	(64,342)	126,842	(81,884)	(107,604)	144,867
Net earnings per share	0.59	0.73	0.46	0.28	0.42

Source: Annual consolidated financial statements for 2022, 2023 and 2024. Interim data are from the interim reports for the respective period.

B.3 What are the main risks specific to the Issuer?

Investing in warrants involves a certain degree of risk. Potential investors should carefully read and consider the information presented below regarding the main specific risks associated with the Company's activities, together with the information on the risks characteristic of the warrants offered, before deciding to acquire securities issued by the Company.

We caution potential investors that the actual future results of the Company's operations may differ materially from past results as a result of a number of factors, including the risk factors listed below. Each of the risks in the Prospectus may, individually or collectively, have a negative effect on the Issuer's business, financial condition, and future development, as a result of which the price of the Issuer's securities may decline and investors may suffer a loss of part or all of their investment.

Information on key risks specific and inherent to the issuer or its industry

- | | |
|---|---|
| <ul style="list-style-type: none"> ■ Strong competition ■ Risks related to the healthcare system in Bulgaria ■ Regulatory risk in the healthcare sector ■ Environmental risk ■ Dependence on key personnel and risk of disloyal behaviour by employees | <ul style="list-style-type: none"> ■ Risk of transactions with related parties under conditions other than market conditions ■ Risk of accounting errors that have a material impact on the financial statements ■ Uncertainty in financial indicators, estimates, and forecasts |
|---|---|

BASIC INFORMATION ABOUT THE SECURITIES

C.1 What are the main characteristics of securities?

Description of the type and class of securities

A warrant is a security that expresses the right to subscribe for a certain number of securities at a predetermined or determinable issue price until the expiry of a specified period. A warrant is a derivative security that is issued on other securities – the underlying asset. The underlying asset of the warrants in this issue are future ordinary, registered, book-entry, freely transferable shares, giving the right to one vote in the General Meeting of Shareholders, which will be issued by the Issuer of the warrants – „Sopharma“ AD, solely for the benefit of the warrant holders. Insofar as the underlying asset is shares of the class of shares currently issued by „Sopharma“ AD, investors in warrants from this issue should take into account the dependence of the price of the warrants and, accordingly, the value of their investment on the price of the Company's shares. The warrants from this issue are book-entry, freely transferable, and registered. All warrants from the issue grant equal rights to their holders and form a single class of securities. The warrants have ISIN code BG9200003259. CFI code: RWSTBE. FISN code: SOFARM/P WT SOFARM 0.27 20321003

The nominal and issue value of the current issue of warrants is in Bulgarian leva. The total number of warrants offered is **8,985,960**. The warrants from the current issue are offered for payment of their **issue value of BGN 0.27 (€0.14)**. All warrants entitle their holders to subscribe for shares from a future capital increase at an **exercise price** determined at the time of **issue in the amount of BGN 5.70 (€2.91 per share)**.

The warrants from the issue entitle their holders to subscribe for shares from an increase in the Issuer's capital, which may be exercised **within a period of up to 7 years**. The start of the period referred to in the previous sentence shall be the date on which the warrant issue is registered with "Central Depository" AD. The period shall expire on the corresponding day of the seventh calendar year, and if that day is a non-working day, on the first following working day.

Description of the rights attached to the securities

Each warrant from the current issue gives the following rights to its holder:

- The right to subscribe for shares from the upcoming capital increase of „Sopharma“ AD, which will be carried out if the conditions described below are met.

- Right to one vote at the meeting of warrant holders.

If the holder of the warrant exercises their right to convert it into a share, they acquire the status of a shareholder, and a membership relationship arises between the shareholder and „Sopharma“ AD. If the holder of the warrant was a shareholder in „Sopharma“ AD prior to exercising the warrant, the scope of his/her membership relationship is expanded. Each registered share, upon exercising the right conferred by the warrant, confers on its holder **property** and **non-property rights**.

Property rights of the shareholder:

- Right to dividends.
- Right to a liquidation share.

Non-property rights of the shareholder:

- **Management rights** – a. Right to vote; b. Right of the shareholder to participate in the management of the Company, including the right to elect and be elected to the management bodies.
- **Control rights**
- **Protective rights** – a. Each shareholder may bring an action against the Company before the district court at its registered office to revoke a decision of the general meeting when it contravenes the mandatory provisions of the law or the articles of association (Art. 74 of the Commercial Act); b. Each shareholder may bring an action before the district court at the Company's registered office to protect their right of membership and individual membership rights when these are violated by the bodies and procurator of the Company (Art. 71 of the Commercial Act); c. The right to request the appointment of registered auditors by the Registry Agency if such auditors have not been elected by the general meeting of shareholders – Art. 249 of the Commercial Act.

Additional rights of the shareholder – a. the right to subscribe for a portion of the new shares in the event of a capital increase, proportional to the shares held prior to the increase; b. the right to preferential acquisition of securities entitling the holder to acquire shares of the same class as the shares of the current issue, through their conversion or the exercise of the rights attached to them.

Order of claims in the Issuer's capital structure in the event of insolvency

The warrants offered are of one class and provide equal rights to investors. To date, the Issuer has not issued any other securities that grant their holders the same rights as the rights under the warrants. The Issuer's Articles of Association, the decision of the Issuer's Board of Directors to issue the warrants, and this Prospectus do not contain any clauses that are intended to affect the arrangement or subordinate the security to the Issuer's current or future obligations. In the event of insolvency, the holders of the warrants shall not be entitled to a claim under Article 722 of the Commercial Act. The order of claims on ordinary shares (after exercising the rights on the warrants) in the Issuer's capital structure in the event of insolvency is in accordance with Article 722 of the Commercial Act. Ordinary shares have the lowest priority in the event of the Issuer's insolvency and their claims are satisfied only after the claims of all creditors and preferred shareholders (if any) have been satisfied.

Restrictions on free transfer

The warrants from the current issue, as well as the shares – the underlying asset of the warrants, when issued, may be freely transferred in accordance with the procedure provided for in the ZPFI, Ordinance No. 38, the Rules of Procedure of the Bulgarian Stock Exchange AD, and the Rules of Procedure of the „Central Depositor“ AD.

Dividend policy

The Issuer's General Meeting of Shareholders has not expressly approved or committed to a policy for distributing the Company's profits in the past. During the period covered by the historical financial information presented, the Issuer has distributed dividends to its shareholders. At the 2025 AGM, a gross dividend of BGN 0.08 per share for 2024 and a net dividend (only for individual shareholders) of BGN 0.076 per share were voted. The dividend voted for the first half of 2024 is BGN 0.075 gross per share and BGN 0.071 net per share (only for individual shareholders). For 2023, a gross dividend of BGN 0.09 per share has been voted. The net dividend is BGN 0.0855 per share (only for natural persons).

C.2 Where will the securities be traded?

If the subscription is successful and the new issue of warrants is registered with the „Central Depository“ and entered in the FSC register for trading on a regulated market, the Issuer will request admission of the warrant issue to trading on the regulated market organized by „Bulgarian Stock Exchange“ AD. „Sopharma“ AD does not intend to request admission to trading of the current warrant issue on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie). The warrants from the current issue will not be subject to an application for admission to trading on a third-country market, a market for small and medium-sized enterprises or a multilateral trading facility.

C.3 What are the main risks associated with the securities?

Investing in warrants involves a certain degree of risk. Potential investors should carefully read and understand the information presented below on the main specific risks associated with the Company's activities, together with the information on the risks specific to the warrants offered, before deciding to acquire securities issued by the Company.

- | | |
|---|--|
| ■ Failure to fulfill the Issuer's commitments | ■ Time risk during the period for exercising the warrant until the acquisition of the underlying asset |
|---|--|

- Factors adversely affecting the value and market price of the warrants
 - Market risk affecting the underlying asset for the period until maturity
- Restrictions on the exercise of warrants

- Suspension and termination of trading in the issue at the initiative of the supervisory authority, the regulated market, or the Issuer
- Future events that could affect the price of the underlying asset and the warrants

SECTION D – OFFER

C.1 Under what conditions and according to what schedule can I invest in these securities?

After confirmation of this Prospectus by the FSC, „Sopharma“ AD will publish an announcement of the public offering, the start and end dates of the subscription, the start and end dates of the sale, the number of the commission's decision to approve the prospectus for the initial public offering of the warrants, and the place, time, and manner of reviewing the prospectus.

In accordance with the requirement of Article 89t, paragraph 2 of the Public Offering of Securities Act, „Sopharma“ AD will publish the announcement on the website of the Issuer and on the website of “Sofia International Securities” AD at least 7 (seven) days before the start date of the subscription. The date of publication of the announcement on the Issuer's website and on the website of “Sofia International Securities” AD shall be considered the start date of the public offering. The earliest date on which warrants from the current issue can be subscribed is the start of the subscription period.

The rights shall be issued in favor of the shareholders registered as such in the register of „Central Depository” AD no later than 5 business days after the date of publication of the announcement under Article 89t, paragraph 1 of the Public Offering of Securities Act on the Issuer's website and on the website of “Sofia International Securities” AD. “Sofia International Securities” AD. The starting date from which the period for the transfer of rights begins to run is the first business day following the expiry of 10 calendar days from the starting date of the public offering. The deadline for the transfer of rights is 15 calendar days after the start date for the transfer of rights. If the deadline expires on a non-business day, in accordance with the rules of the Obligations and Contracts Act, the first following business day shall be considered the deadline for the transfer of rights.

The transfer of rights shall be carried out on the “Bulgarian Stock Exchange” AD, main market, rights segment. The public company shall organize the subscription in a manner that allows for remote registration of shares through the central securities depository where the securities are registered. On the fifth working day after the expiry of the deadline for the transfer of rights, the Company offers, through the authorized investment intermediary “Sofia International Securities” AD, on a regulated market, for sale, under the terms of an open auction, the unexercised rights within the deadline for the transfer of rights.

All persons wishing to subscribe for warrants from the new issue of „Sopharma” AD must first acquire rights. Existing shareholders acquire the rights free of charge. Each shareholder receives one right for each share they hold. All other investors can purchase rights through a transaction on the main market organized by “Bulgarian Stock Exchange” AD, rights segment within the rights transfer period or at the open auction for unexercised rights organized by “Bulgarian Stock Exchange” AD after the expiry of the rights transfer period. Each shareholder may acquire one warrant for every sixty rights they hold.

If the shareholders of the Company wish to subscribe for additional warrants in excess of the rights they hold, they may purchase rights through a transaction on the main market organized by “Bulgarian Stock Exchange” AD, rights segment within the rights transfer period or at an open auction for unexercised rights organized by the “Bulgarian Stock Exchange” AD after the expiry of the rights transfer period. If the holder of the rights does not wish to subscribe for warrants from this offering against all or part of the rights held by him, he may offer the unused rights for sale. Persons who have purchased shares of the Issuer on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie) may participate in the offering through a Bulgarian investment intermediary.

The start date for subscribing for warrants coincides with the date on which the transfer of rights begins - the first business day following the expiry of 10 calendar days from the start date of the public offering. The start of the warrant subscription period coincides with the start of the rights transfer period. Shareholders who wish to exercise the rights issued in their favor may submit an application for subscription of warrants until the expiry of the period specified for the transfer of rights. Shareholders who do not wish to exercise their right to subscribe for warrants from the offered issue may sell the rights issued in their favor until the expiry of the period specified for the transfer of rights.

The rights are traded on the regulated market of “Bulgarian Stock Exchange” AD, main market, rights segment. Each shareholder may transfer their rights by submitting a sell order to the investment intermediary whose account with “Central Depository” AD the rights are registered in. Any person who has purchased rights within the period for transfer of rights may exercise them by submitting an application for subscription of warrants until the expiry of the specified period for transfer of rights. Any person who has purchased rights during the auction may exercise them by submitting a warrant subscription application until the expiry of the specified warrant subscription period.

The deadline for subscribing for warrants expires 15 business days after the deadline for transferring the rights. No subscription for warrants shall be allowed before the start and after the end of the deadline for subscribing for warrants. Pursuant to Article 89l of the Public Offering of Securities Act, the deadlines for the transfer of rights and subscription of warrants may be extended once by „Sopharma” AD to 60 days, by making the relevant amendments to the prospectus and notifying the commission. In this case, the last day of the extended period shall be considered the deadline for the subscription. Pursuant to Article 89l of the Public Offering of Securities Act, „Sopharma” AD shall immediately publish information about the extension of the deadline on its website and notify the Commission and Sofia International Securities AD of the extension. Following the notification, Sofia International Securities AD shall announce the extension of the period on its website.

Amount and percentage of immediate dilution of capital resulting from the offering

Upon exercise of the warrants from the current issue, there will be **an immediate anti-dilution of the Issuer's capital**, as the newly issued ordinary shares have an issue price that is higher than the net book value of the shares prior to exercise. Upon full exercise of the current issue of warrants, at an exercise price of BGN 5.70 per 1 new ordinary share (€2.91 per share), at the minimum subscription amount, there would be anti-dilution of the capital of the current shareholders by 0.69%, and at the maximum subscription amount, there would be an anti-dilution of the capital of the current shareholders by 3.44%. In the event that the current shareholders do not participate in the subscription for this offering and the warrants are subscribed by other persons who exercise them into new ordinary shares, this will result in a dilution of the shareholding (share in the share capital) of existing shareholders by up to 0.33% at the minimum subscription amount and 1.64% at the maximum subscription amount.

Terms

One (1) right shall be issued for each share held by the Issuer's shareholders. For every 60 (sixty) rights, shareholders or third parties who have acquired rights during the period for transfer of rights or during the organized public auction shall be entitled to subscribe for **1 (one) warrant** from the current issue at an issue price of BGN 0.27 (€0.14). Sixty rights entitle the holder to acquire one warrant.

If at least 1,797,192 of the offered warrants are subscribed by the subscription deadline, the subscription shall be deemed successfully completed.

Issue Costs

The total approximate costs of the Issue are expected to be BGN 52,147.45. These costs include:

- BGN 8,000 fee to the FSC for prospectus approval;
- BGN 13,810 in fees to Central Depository AD
- BGN 25,337.45 remuneration to "Maen Capital" AD and BGN 4,000 to "Sofia International Securities" AD for preparing the prospectus for the issue and other consulting services related to the preparation of the issue;

1,000 leva for admission to trading on the Bulgarian Stock Exchange (excluding VAT). The expenses will be deducted from the total proceeds of the Issue.

D.2 Why has this prospectus been prepared?

This issue is offered for public subscription based on a decision of the Board of Directors of „Sopharma“ AD, held on September 24, 2025, pursuant to Article 25 of the Issuer's Articles of Association.

The proceeds from the upcoming issue of warrants, with a minimum subscription of 1,797,192 warrants after deduction of issue costs in the amount of BGN 52,147.45, are expected to be BGN 433,094.39. These funds will be used to purchase a filling line for ampoule production. The total cost of the line is BGN 4.1 million. The remaining amount of this price will be financed with the company's own funds.

The proceeds from the upcoming issue of warrants, with a maximum subscription of 8,985,960 warrants after deduction of issue costs in the amount of BGN 52,147.45, are expected to be BGN 2,374,061.75. These funds will be used to acquire a filling line for ampoule production. The total cost of the line is BGN 4.1 million. The remaining amount of this price will be financed with the company's own funds or with proceeds from another issue of warrants, which will be issued at the same time. The proceeds from the issue will not be used to acquire assets other than those related to the company's normal business activities.

The Issuer believes that the proceeds from the issue will not be sufficient to achieve the specific objectives of the Company and therefore intends to use proceeds from two other warrant issues and its own funds.

At the time of preparation of this Prospectus, the Issuer is not aware of any participation or interest, including any conflict of interest, that is material to the issue/offer. The warrants are offered on behalf of and for the account of the Issuer. There are no blocking agreements.

1. RISK FACTORS

Investing in warrants involves a certain degree of risk. Potential investors should carefully read and consider the information presented below regarding the main specific risks associated with the Company's activities, together with the information on the risks specific to the warrants offered, before deciding to acquire securities issued by the Company.

We caution potential investors that the actual future results of the Company's operations may differ materially from past results as a result of a number of factors, including the risk factors listed below. Each of the risks in the Prospectus may, individually or collectively, have a negative effect on the Issuer's

business, financial condition, and future development, as a result of which the price of the Issuer's securities may decline and investors may suffer a loss of part or all of their investment.

1.1. RISKS SPECIFIC TO THE COMPANY AND THE SECTOR IN WHICH IT OPERATES

1.1.1. The Issuer is exposed to strong competition

The Issuer's activities are concentrated in markets where there is significant competition from foreign and local companies. The Company's main competitors on the Bulgarian market are Novartis, Roche, Merck Sharp doh, Actavis, Pfizer, and ABBVie.

1.1.2. The Issuer is exposed to risks related to the healthcare system in Bulgaria

Part of the revenue of the subsidiary „Sopharma“ Trading AD in Bulgaria is generated from sales to state hospitals, which predetermines a high degree of risk. Also, part of the Group's revenue, particularly in Bulgaria, depends on the inclusion of the Company's medicines in the reimbursement lists.

1.1.3. Regulatory risk in the healthcare sector

The Group is dependent on approvals from regulatory authorities. There may be changes in the legislation governing the Group's business, which could lead to an increase in compliance costs or have other effects on its operations. The production facilities and processes of the Company and the Group companies are subject to strict requirements and approvals by regulatory authorities, which may delay or interrupt the Group's operations.

1.1.4. Environmental risk

This risk is related to environmental pollution. The environmental legislation of the Republic of Bulgaria requires companies to take a number of measures to prevent, control, and reduce various types of environmental pollution. The Company is required to strictly comply with all legal obligations and restrictions related to environmental protection, including planning, monitoring, and reporting, bringing and maintaining facilities in compliance with the required standards and norms.

Regardless of the actions taken, if the Company is found liable for causing environmental damage, it will be required to pay compensation and fines, which could significantly affect its financial condition and operating results, as well as damage its ability to compete for future investment projects.

1.1.5. Dependence on key personnel and risk of disloyal behaviour by employees

The Issuer's activity is specific and requires knowledge and skills from its employees, the acquisition of which requires specific training. The risk associated with dependence on employees stems from the shortage of certain skilled workers, including technical personnel, on the labor market. Separately, there is also a risk of disloyal behaviour on the part of employees, namely trained employees terminating their employment with the Company. In such a case, the company will need time to replace them.

1.1.6. Uncertainty in financial indicators, estimates, and forecasts

The strategy, plans, estimates, and forecasts for the Issuer's future development are based on certain assumptions about its activities and the state and trends of the markets. Although the Issuer is confident that these assumptions are reasonable, many of them are beyond its control.

1.1.7. Currency risk

The companies in the Group conduct their activities through active exchanges with foreign suppliers and customers and are therefore exposed to currency risk.

The Group, through its companies in Belarus, Ukraine, Kazakhstan, Poland, Serbia, and Russia, the Group carries out business operations in these countries and, accordingly, may at any given moment have significant exposures in Belarusian rubles, Ukrainian hryvnia, Serbian RSD, Polish zlotys, Kazakhstani tenge, and Russian rubles. The currency risk is related to the negative movement of the exchange rate of these currencies against the Bulgarian lev in future business operations, on recognized currency assets and liabilities, and on net investments in foreign companies. The other companies abroad sell their products mainly on local markets, which leads to currency risk in relation to their currencies - the Polish zloty and the Kazakh tenge. Most of the Group companies' transactions are usually denominated in Bulgarian leva, with the Bulgarian lev pegged to EUR, which reduces the potential currency volatility for these Group companies.

To control currency risk, a system has been introduced throughout the Group for planning imports, for sales in foreign currency, as well as procedures for daily monitoring of movements in the USD exchange rate and control over upcoming payments. The exposure of almost all subsidiaries in Bulgaria to currency risk is insignificant, as almost all sales are made on the local market in Bulgarian leva. Imports of goods are mainly carried out in EUR. Loans, when denominated in foreign currency, are mainly granted in EUR.

1.1.8. Price risk

The company is exposed to price risk related to the price of goods, raw materials, and components for the products and services it offers. Minimizing price risk from negative changes in the prices of materials and services subject to commercial transactions is achieved through periodic analysis and review of contractual relationships in order to update prices in line with market changes.

1.1.9. Liquidity risk

Liquidity risk is expressed in the Company not falling into a situation and/or condition in which it cannot unconditionally meet all its obligations within their maturity. The management bodies of the company constantly monitor the level of cash inflows to ensure that it is sufficient to repay current financial obligations.

1.1.10. Credit risk

Credit risk is mainly the risk that potential customers and/or commercial counterparties of the Company will not be able to pay in full and within the usual time limits the amounts due on their commercial receivables. The Company strives to avoid counterparties that are considered risky.

1.1.11. Risk of transactions between related parties under conditions other than market conditions

The Company has conducted transactions with related parties as specified in *Section 17 Transactions between Related Parties* of this Prospectus. Apart from these transactions, the Company has not conducted any other transactions with related parties.

In the future, it is possible that other such transactions may be entered into, and it is also possible that, for various reasons, transactions may be entered into on terms that differ from market terms and are not in the best interests of the Company and its creditors, including the holders of the Issuer's securities.

1.1.12. Risk of accounting errors that have a material impact on the financial statements

There are risks of accounting errors that could have a material impact on the Issuer's financial statements. The identification and correction of accounting errors in the Company's financial statements may result in additional costs for the company for corrections, subsequent audits, and possible tax effects from the correction of accounting errors identified in previous reporting periods.

1.1.13. Risk of unsuccessful completion of the public offering of the current issue of warrants

There is a risk for the company of unsuccessful implementation of the current issue of warrants. The management bodies of „Sopharma” AD believe that a possible failure to successfully complete the public offering of the current issue of warrants will not pose serious difficulties for the Company, but this failure will force the Company to reconsider its investment program and seek alternative solutions.

1.2. RISKS RELATED TO THE FINANCIAL INSTRUMENT

1.2.1. General risks

By purchasing warrants, the investor demonstrates through his actions that he is aware of the risks and complexity of warrants as a derivative financial instrument and that they are suitable for his investment objectives.

This Prospectus cannot set out all the risks and important aspects of warrants. No one should invest in financial instruments of this type unless they understand the nature of the transaction and the risk of potential loss, and should carefully consider whether warrants are a suitable instrument for them.

The market for the current issue of warrants may be limited, and this may adversely affect their value or the ability of the holder to sell them.

The issuer has not given and does not give potential investors (either directly or indirectly) any guarantee regarding the future performance of the warrants and has no obligation, nor has it assumed or will it assume in the future, any responsibility to ensure the liquidity of the warrants or to repurchase them.

The risks for the warrants may include, among other things:

- sudden and significant declines in price;
- changes in the price or market capitalisation of the underlying asset or changes in the Issuer;
- the price of the warrants and their return may either increase or decrease;
- total or partial loss of the investment in the warrants.

Warrants are financial instruments that are affected by fluctuations in the price of the underlying asset, and there is a risk that they may not be exercised. This risk is inherent in this type of financial instrument, whose value, all other things being equal, and if not exercised, decreases over time and, upon maturity, the warrants lose their value completely.

There is a possibility that investors may lose the value of their entire investment or part of it.

All other things being equal, the further out of the money the warrant is and the less time remaining until maturity, the greater the risk for investors of losing part or all of their investment. This risk means that in order to achieve a return, an investor in warrants must correctly predict the direction, timing, and magnitude of the expected change in the price of the underlying asset. By acquiring warrants, investors

risk losing their entire investment if the price of the underlying asset does not move in the direction they initially expected.

1.2.2. Failure to fulfill the Issuer's commitments

Since a warrant is a contract between the Issuer and the warrant holder, investors may be exposed to the risk of non-performance of the Issuer's commitments under this contract.

In order for investors to properly assess this risk, they need to carefully review all aspects of the issue and the Issuer described in this Prospectus.

In the event of incorrect, misleading, or incomplete information included in this Prospectus, investors may seek liability from the members of the Board of Directors and the procurator of the Issuer, pursuant to Article 89e, paragraph 3 of the Public Offering of Securities Act.

1.2.3. Factors adversely affecting the value and market price of the warrants

The time value of warrants depends in part on the time remaining until their maturity and expectations regarding the value of the underlying asset. Warrants offer opportunities for hedging and diversifying investors' portfolios, but they also create additional risks with respect to their value during the period between their issue and maturity. This value varies with the price of the underlying asset, as well as other related factors described in this Prospectus.

Before warrants are purchased, exercised, or sold, holders of these derivatives should carefully consider, among other things:

- the market price of the warrants;
- the value and volatility/standard deviation of historical prices of the underlying asset;
- the time remaining until the issue matures;
- the liquidity and depth of the market for the underlying asset;
- all costs associated with the transfer or exercise of the warrants.

1.2.4. Market risk affecting the underlying asset during the time to maturity

The success of an investment in warrants depends primarily on the performance of the underlying asset during the time to maturity. If the value of the underlying asset does not increase, investors will not realize a profit on their investment. Moreover, they will realize a loss not only when the value of the underlying asset decreases, but also when the price of the underlying asset remains unchanged.

1.2.5. Multiplication of losses

Every investment involves market risk. The financial efficiency of multiplying profits offered by investing in warrants can also lead to multiplying losses, expressed as a percentage of the initial investment. So, theoretically, if the price of the underlying asset (share) falls, the losses for investors in warrants will be relatively greater than if they had invested directly in shares.

1.2.6. Liquidity risk. Possible lack of liquidity in the secondary market for warrants

Lack of liquidity means that investors will not be able to sell their warrants at a price acceptable to them. This risk may manifest itself as a lack of sufficient orders to buy warrants or an excessively low price offered by the market. It is also possible that the lack of liquidity in warrant trading is due to the lack of liquidity in the trading of the company's shares.

It is not possible to predict the price at which the warrants will be traded on the secondary market or whether this market will be liquid or illiquid. Trading in warrants may be suspended by decision of the Board of Directors of the regulated market if the issue ceases to meet the requirements set out in the rules of the „Bulgarian Stock Exchange” AD or at the request of the Issuer. In this case, it may be difficult to find information about the price of the warrants and the liquidity of the warrants may be significantly reduced. It is possible that if the secondary market for the warrants becomes illiquid, their holders may be required to exercise the warrants.

1.2.7. Restrictions on the exercise of warrants

The warrants cannot be exercised at any time until maturity.

The Board of Directors decides on a capital increase through the exercise of warrants at the discretion of the warrant holders.

1.2.8. Time risk during the period for exercising the warrant until the acquisition of the underlying asset

There is a certain period between the decision to exercise the warrant and the possibility for the investor to trade the underlying asset, due to the procedures required for the exercise of the warrants, the issue of new shares, and their admission to trading. There is a risk that this period may be significant, which may in the meantime lead to a decrease in the price of the underlying asset relative to its price at the time of the decision to exercise the warrant.

1.2.9. Suspension and termination of trading in the issue at the initiative of the supervisory authority, the regulated market, or the Issuer

Pursuant to the provisions of Article 276(1) of the FIMA, the FSC, or the Deputy Chairman of the FSC, may suspend trading in certain financial instruments (point 4) or remove financial instruments from trading on a regulated market or other trading system (point 9) when it finds that an investment intermediary, tied agent, regulated market, approved reporting mechanism or approved publication mechanism under Article 1, item 3 of the FIMA, its employees, a member of the management or supervisory body of the investment intermediary, tied agent, regulated market, approved reporting mechanism or approved publication mechanism under Article 1(3) of the FIMA, persons who perform managerial functions under contract, persons who conclude transactions on behalf of the investment intermediary, as well as persons holding a qualifying holding, have carried out or are carrying out activities in violation of this law, the acts implementing it, the applicable acts of the European Union, including Regulation (EU) No. 2019/2033, Regulation (EU) No. 575/2013, Regulation (EU) No 600/2014, Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ L 352/1 of 9 December 2014) (Regulation (EU) No 1286/2014), Regulation (EU) No 648/2012 and Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317/1, 9 December 2019), their implementing acts, internal acts of trading venues approved by the Commission, decisions of the Commission or the Deputy Chairman, as well as when the exercise of supervisory activities by the Commission or the Deputy Chairman is impeded or the interests of investors are threatened.

Pursuant to Article 212, paragraph 1, item 4 of the PPL, when it establishes that supervised persons, their employees, persons who perform managerial functions under contract or conclude transactions on behalf of supervised persons, their liquidators or receivers, as well as trustees of bondholders, violate, by action or inaction, the PPL, the acts implementing it, and/or the applicable acts of the European Union, with the exception of Chapter Six and Chapter Thirteen of the PPL, Regulation (EU) 2017/1129, Regulation (EU) 2020/1503 and the acts implementing them, decisions of the commission or the deputy

chairperson, internal acts of the Central Depository AD, as well as when the exercise of control activities by the Commission or the Deputy Chairman is impeded or the interests of investors are threatened, the Commission or the Deputy Chairman, respectively, may suspend for a period of up to 10 consecutive working days the sale or trading of certain securities.

Pursuant to Article 20(1) of the Law on the Implementation of Measures against Market Abuse with Financial Instruments for the Prevention and Termination of Administrative Violations of the aforementioned law, Regulation (EU) No. 596/2014 and its implementing acts, in order to prevent and eliminate the harmful consequences thereof, as well as in the event of obstruction of the supervisory activities of the commission or the Deputy Chairman or in the event of a threat to the interests of investors, the commission may suspend trading in certain financial instruments.

Pursuant to Article 74 of the BSE Trading Rules, the Council shall have the right to decide to suspend trading in financial instruments admitted to trading, unless the suspension could significantly harm the interests of investors or the normal functioning of the market pursuant to Article 80 of Delegated Regulation 2017/565, in the following cases:

1. upon the occurrence of an event related to the relevant instruments or their issuer which may affect their price;
2. in the event of a significant change in the price of the financial instrument on the relevant segment on which it is traded, or on a related market, for a short period of time;
3. where there is suspicion of market abuse;
4. in case of violation of the requirements for disclosure of inside information under Part V Rules for the supervision of trading;
5. in the event of a tender offer relating to the relevant financial instrument;
6. upon the opening of proceedings for the transformation of an issuer;
7. upon submission of an application to the CSD for registration of a change in the nominal value of financial instruments;
8. upon a change in the parameters of a bond issue compared to those previously set out in the prospectus, which requires re-registration of the issue in accordance with the Rules for Admission to Trading;
9. upon the occurrence of an event with the issue or the issuer, which could result in changes in the rights accompanying the financial instrument, as a result of which a change in the parameters of the issue in the exchange systems is required;
10. upon receipt of a notification of a non-payment of interest or amortization, as well as upon receipt of a notification of such payment;
11. upon receipt of a notification of an application submitted to the CSD by the investment intermediary servicing the buyout offer under Article 157a, paragraph 1 of the Public Offering of Securities Act, for the transfer of the shares of the remaining shareholders to the account of the trading offeror;
12. upon temporary suspension of trading in financial instruments registered on the BSE International Market on one or more regulated markets to which they have been admitted;
13. upon termination of trading in financial instruments registered on the Frankfurt Stock Exchange (FSE) regulated market for issues admitted to trading on the BSE Main Market, EuroBridge Market Segment;
14. when the issuer has failed to comply with its obligation to disclose information under Article 27 of Regulation No. 2;

15. when there is no market maker registered in accordance with the Membership Rules for an exchange-traded fund issue admitted to trading on the Main Market of the BSE, Exchange-Traded Products Segment;

16. when the issuer, the authorized exchange member, the management company, or the person requesting admission to trading of the financial instruments without the consent of the issuer, has not paid the annual fee for maintaining the registration or the fee for admission to trading of a new issue of shares of the same class that is already admitted to trading within the deadlines specified in the Exchange's Fee Schedule;

17. in the procedure for registering the issue in TARGET2-Securities (T2S) or in the event of a change in the trading currency.

1.2.10. Future events that could negatively affect the price of the underlying asset and the warrants

Future events may affect the price of the underlying asset and, accordingly, the price of the warrants. The Issuer cannot predict the occurrence of such events and the future movement of the price of the underlying asset, nor can it give any guarantees as to their occurrence and their possible impact on the price of the underlying asset and, accordingly, on the price of the warrants of the current issue.

Such events may include the distribution of dividends to the holders of the Issuer's ordinary shares, an increase in the Issuer's capital with its own funds, the issue of other securities, the sale of blocks of ordinary shares, the transformation of the Issuer, etc.:

- **Distribution of dividends** – dividends lead to a decrease in the rate of increase in the value of the underlying asset, respectively to a decrease in the fair value of the underlying asset and, accordingly, to a decrease in the value of the warrant.
- **Capital increase with own funds** – when the capital is increased with own funds, part of the Company's reserves and retained earnings are converted into share capital, and the number of shares in the Company increases, although the net asset value remains unchanged. In this case, the net asset value per share decreases and there is a dilution of capital.
- **Issuance of other securities** – in the event of a future issuance of new securities that have a dilutive/anti-dilutive effect on the net asset value per share of the Issuer, the new exercise price of the warrant is adjusted using a formula.
- **Sale of large blocks of ordinary shares in the Company** – the sale of a block or blocks of ordinary shares by one of the larger shareholders in the Issuer, or the expectation that such a sale may occur, may have a significant, including negative, impact on the price of the Company's shares and, accordingly, on the price of the warrants from the current issue.
- **Transformation of the Issuer** – any strategic decisions, including transformations of the commercial company, acquisitions of other companies, sale of significant assets, etc., may have a serious effect on the Company's operational and financial position and lead to significant changes in the price of the underlying asset and the warrants.

1.3. SYSTEMIC RISKS

Systemic risks are related to the market and the macro environment in which the Company operates, and therefore cannot be managed and controlled by the Company's management team. Systemic risks include: political risk, macroeconomic risk, sovereign credit risk, inflation risk, currency risk, interest rate risk, tax risk, and regulatory risk.

1.3.1. Political risk

This is the risk arising from political processes in the country – the risk of political destabilisation, changes in the direction of governance, legislation and economic policy. Political risk increases the

likelihood of adverse and sudden changes in the government's long-term policy, resulting in the risk of negative changes in the business environment and investment climate.

1.3.2. Macroeconomic risk

This is the risk of macroeconomic shocks that may affect economic growth, household income, supply and demand, profits of economic entities, etc. Trends in the macroeconomic environment affect market performance and the final results of all sectors of the economy. The following table presents statistical data and forecasts for key macroeconomic indicators.

Table 2 Key macroeconomic indicators for the period 2021-2025

Macro indicator	2021	2022	2023	2024	first quarter 2025	second quarter 2025
GDP (annual real rate of change, %)	7.8	4.1	1.7	3.4	2.8	3.5
Inflation (compared to the corresponding period of the previous)	3.3	15.3	9.5	2.4	3.9	3.9
Unemployment (%)	4.8	5.4	5.6	5.2	5.5	-
Budget balance (% of GDP)	-4.0	-2.9	-2.0	-3.0	-0.5	0.0

Source: BNB

1.3.3. Credit risk

Credit risk represents the probability of a deterioration in the international credit ratings of the Republic of Bulgaria. Low credit ratings for the country may lead to higher interest rates and more difficult financing conditions for economic entities, including the Issuer.

Credit agencies give stable ratings to our country thanks to its stable fiscal policy. Bulgaria's credit ratings also depend on the management of external debt, for which the Ministry of Finance has focused its policy in the following areas:

- Controlling the size, dynamics, and servicing of all financial obligations assumed on behalf of and for the account of the state, representing an obligation for the state and covering domestic and external public debt.
- Developing and implementing a public debt management policy, the fundamental purpose of which is to ensure unimpeded budget financing and debt refinancing at the lowest possible cost in the medium and long term and at an optimal level of risk.
- Developing and implementing the issuance policy, controlling transactions with government securities, issuing permits for investment intermediation with government securities, and carrying out activities aimed at developing an efficient, transparent, and liquid local government debt market.
- Monitoring the servicing of all financial obligations for which a guarantee has been issued on behalf of and for the account of the state, as well as providing official information on the consolidated public debt, including the public debt, the debt of municipalities, and the debt of social security funds.
- Ensuring the necessary conditions for the effective functioning of the domestic debt market, as well as supporting the institutional development of financial markets in the country as a whole, given the challenges and high priority of this area, determined by the need for smooth integration of the local capital market into the European capital market.
- Identifying and monitoring potential risks that may arise in the implementation of the strategic objectives.
- Taking adequate and timely action to minimize and/or avoid the impact of identified risks and their potential negative effects.
- Taking adequate and timely action to minimize and/or avoid the impact of identified risks and their potential negative effects.

Table No. 3 Credit ratings of the Republic of Bulgaria

Long-term credit rating of the Republic of Bulgaria in foreign currency

Agency	Date	Rating	Perspective	Action
Scope Ratings	July 11, 2025	A-	Stable	Increased
Fitch	July 10, 2025	BBB+	Stable	Increased
S&P Global Ratings	July 10, 2025	BBB+	Stable	Increased
Moody's	January 24, 2025	Baa1	Stable	Confirmed

Source: Ministry of Finance, <http://www.minfin.bg/bg/page/69>

1.3.4. Impact of the global economy

At present, the war in Ukraine is having a negative impact on macroeconomic conditions in Bulgaria, leading to a loss of markets in Russia for a number of European and Bulgarian manufacturers.

The trade policy of the new US administration would also lead to significant disruptions in world trade due to the US desire to change import and export tariffs on goods with a number of important trading partners.

1.3.5. Inflation risk

This is the risk of depreciation of the local currency and a decrease in its purchasing power. The risk of rising inflation leads to a corresponding depreciation of investments made or the value of savings over time.

1.3.6. Currency risk and possible negative effects in connection with Bulgaria's entry into the Eurozone

This risk is related to the possibility of a depreciation of the local currency. Bulgaria will adopt EUR on January 1, 2026. This will eliminate the risk of a fall in the country's currency board. The main currency risk for the country will be the risk of depreciation of EUR against the currencies of the EU's main trading partners.

Membership in the Eurozone could have negative effects. The main risk is a potential decline in the competitiveness of Bulgarian producers on international markets. Another possible negative effect is a potential deterioration in fiscal policy, which could lead to a debt crisis in the long term.

1.3.7. Interest rate risk

Interest rate risk is related to the possibility of a change in the prevailing interest rates in the country. This would affect the Company's operations, as all other things being equal, a change in interest rates leads to a change in the cost of the financial resources used by the Issuer to implement various projects. In the eurozone, interest rates are set by the ECB.

1.3.8. Tax risk

The taxes paid by Bulgarian commercial entities include withholding taxes, local taxes and fees, corporate income tax, value added tax, excise duties, export and import duties, and property taxes. The tax system in Bulgaria is largely harmonized with European tax legislation, which reduces the chance of conflicting tax practices at the central and local levels. There is a risk that corporate tax and social security contributions may increase in the future in the event of a surge in the budget deficit.

Investors should also take into account that the value of investments in warrants may be adversely affected by changes in the current tax legislation concerning the taxation of transactions with financial instruments. At the time of writing, no political or public consensus has been reached on this issue, and no change in tax legislation on this matter is expected in the coming months. On the other hand, the Issuer's investment horizon is long-term and there is a risk of such a tax on transactions with financial instruments being introduced, which could lead to a certain outflow of investors in the securities issued by the Issuer.

Current taxes on the profits of the Bulgarian companies in the Group are determined in accordance with the requirements of Bulgarian tax legislation – the Corporate Income Tax Act. The nominal tax rate in Bulgaria for 2024 is 10% (2023: 10%). Subsidiaries and joint ventures abroad are taxed in accordance with the requirements of the respective tax laws by country at the following tax rates: Ukraine - 18%; Serbia - 15%; Poland - 19%; Kazakhstan - 20%; Russia - 20%; Belarus - 20%.

1.3.9. Regulatory risk

Regulatory risk is the probability of unexpected changes in legislation that could lead to a deterioration of the economic situation in the country. Although most of Bulgarian legislation has already been harmonized with EU legislation, the implementation of the law has been criticized by Bulgaria's European partners. Judicial and administrative practice remains problematic: Bulgarian courts are unable to effectively resolve disputes relating to property rights, breaches of legal and contractual obligations, etc., as a result of which the systematic regulatory risk for all Bulgarian companies, including the Issuer, is relatively high.

Regardless of the problems in the Bulgarian legal system, Bulgarian commercial law is part of European law and, as such, is relatively modern. The introduction of new regulations in areas such as company law and public offering of securities, as well as harmonisation with EU laws and regulations, are expected to lead to a reduction in regulatory risk in the near future.

1.3.10. Force majeure events

Natural disasters, sudden climate change, war, and terrorist acts could have a significant negative impact on the Company's business.

The military conflict between Russia and Ukraine and the related economic sanctions and other measures taken by governments around the world have had a significant impact on both the local economies of individual countries and the global economy. Typically, in such conflicts, pharmaceutical products are not subject to sanctions or other restrictions in order to avoid a humanitarian crisis. For this reason, the company's activities in the two countries are and could be restricted mainly due to reasons such as logistical difficulties and restrictions on the free movement of funds.

The company has investments in two subsidiaries in Ukraine. As of June 30, 2025, the investment in the subsidiary Sopharma Ukraine amounts to BGN 9,669 thousand, and the investment in Vitamini amounts to BGN 1,283 thousand. As at 30 June 2025, the assets of these subsidiaries were not physically affected by military action, but it is possible that the value of these investments may need to be reviewed in the future depending on the development of the war and its impact on the companies' operations.

In 2025, the company reports a 34% increase in sales in Russia compared to 2024 and an 8% decrease in sales in Ukraine compared to 2024.

Despite the potential negative economic effects of the war and its escalation into a long and protracted conflict, the company has sufficient current assets and financing to continue its existence as a going concern.

2. RESPONSIBLE PERSONS, INFORMATION FROM THIRD PARTIES, EXPERT REPORTS, AND APPROVAL BY THE COMPETENT AUTHORITY

2.1. PERSONS RESPONSIBLE FOR THE INFORMATION IN THE PROSPECTUS

This Prospectus is for the initial public offering of warrants issued by „Sopharma“ AD with its registered office and address of management at 16 Ilienko Shose St., Sofia. The consultant for this offering, based on a decision of the Board of Directors dated September 24, 2025, is:

The consultant for this offering, based on a decision of the Board of Directors dated 24 September 2025, is:

- **Mane Capital AD**, UIC 202402882, with its registered office and address of management at: Sofia 1404, Triaditsa district, Goce Delchev residential area, bl. 22, entrance B, floor 2, office 1. Correspondence address: Sofia, Manastirski Livadi – West, 8 Byala Akacia Street.

This Prospectus has been structured by:

- **Svetoslav Tasev** – Investment Banking Department at „**Mane Capital**“ AD.

„Maen Capital“ AD and Svetoslav Tasev declare that, to the best of their knowledge, the information contained in the prospectus is true and accurate, and that the prospectus does not contain any omissions that could affect its meaning. „Maen Capital“ AD and Svetoslav Tasev are responsible for ensuring that the information in this prospectus complies with the requirements of Annex 1, Annex 11, and Annex 17 of Delegated Regulation (EU) 2019/980.

The issuer of the offered warrants is „Sopharma“ AD, with its registered office and address of management at 16 Ilienko Shose Street, Sofia. The company has a single-tier management system, and its activities are managed by a Board of Directors. The members of the Board of Directors and the proxy of the Issuer, referred to in item 12. The members of the Board of Directors and the procurator of the Issuer, referred to in item 12. *Administrative, Management and Supervisory Bodies and Senior Management* of this Prospectus, are jointly and severally liable for any damage caused by incorrect, misleading or incomplete information in the Prospectus.

The Issuer's individual financial statements for 2024, 2023, 2022, and for the nine months of 2025 and 2024 have been prepared by:

- **Yordanka Petkova** in her capacity as chief accountant.

The Issuer's consolidated financial statements for 2024, 2023, 2022, and for the first six months of 2025 and 2024 have been prepared by:

- **Lyudmila Bondzhova** in her capacity as Head of the Issuer's Reporting Department.

The persons referred to in the preceding sentences are jointly and severally liable with the members of the Board of Directors and the procurator of the Issuer, in their capacity as persons under Article 17, paragraph 1 of the Accounting Act, for damages caused by incorrect, misleading, or incomplete data in the Issuer's financial statements prepared by them. The persons who audited the Issuer's financial statements for the last three financial years, listed below in Section II, are liable for damages caused by the financial statements they audited.

This Prospectus for the public offering of warrants of „Sopharma“ AD was approved on November 20, 2025, by the Board of Directors of „Sopharma“ AD.

2.2. DECLARATIONS

The required declarations are included in the annexes to the prospectus.

2.3. REPORTS, STATEMENTS, AND INFORMATION FROM THIRD PARTIES

This document does not contain any statements or reports by experts other than those responsible for preparing the Prospectus.

The Prospectus uses publicly available information from third parties – the Bulgarian National Bank, the Commercial Register, and the Ministry of Finance. Information from IQVIA Inc. has also been used.

The information used by third parties has been accurately reproduced and, to the extent that the Issuer is aware and can verify from the information published by these parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

2.4. COMPETENT AUTHORITY THAT APPROVED THE PROSPECTUS

THE FINANCIAL SUPERVISORY AUTHORITY, IN ITS CAPACITY AS THE COMPETENT AUTHORITY PURSUANT TO REGULATION (EU) 2017/1129, HAS APPROVED THIS PROSPECTUS BY DECISION No. /

THE FINANCIAL SUPERVISION COMMISSION APPROVES THIS PROSPECTUS ONLY IF IT MEETS THE STANDARDS OF COMPLETENESS, COMPREHENSIVENESS, UNDERSTANDABILITY, AND CONSISTENCY.

THIS APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER, WHICH IS THE SUBJECT OF THIS PROSPECTUS. THE FINANCIAL SUPERVISION COMMISSION IS NOT RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THE PROSPECTUS. INVESTORS SHOULD ASSESS THE APPROPRIATENESS OF THE INVESTMENT IN THE SECURITIES THEMSELVES.

3. LEGALLY APPOINTED AUDITORS

3.1. NAMES AND ADDRESSES OF THE ISSUER'S AUDITORS

The Issuer's annual individual financial statements for **2024**, **2023**, and **2022** were audited by “**Baker Tilly Klitu and Partners**” **EOOD**, UIC 131349346, a specialized auditing company, member of the Institute of Certified Public Accountants in Bulgaria with Registration No. 129, with managers Marius Klitu, Stelios Grigoriou, Spiridon Gruits, Galina Lokmadzhieva-Nedkova, Andreas Pitakas, Moises Aristidou, Tsvetana Stefanina, and Nedyalko Apostolov, with address at 5 Stara Planina St., Floor 5, Sofia 1000.

The Issuer's annual consolidated financial statements for **2024**, **2023**, and **2022** have been audited by „**Baker Tilly Klitou & Partners**” **EOOD**, UIC 131349346, a specialized auditing company, member of the Institute of Certified Public Accountants in Bulgaria with registration number 129, with managers Marius Klitu, Stelios Grigoriou, Spiridon Gruits, Galina Lokmadzhieva-Nedkova, Andreas Pitakas, Moises Aristidou, Tsvetana Stefanina, and Nedyalko Apostolov, with address at 5 Stara Planina St., Floor 5, Sofia 1000.

The declaration under Article 89e, paragraph 6, in conjunction with paragraph 3 of the Public Offering of Securities Act, has been prepared by Galina Lokmadzhieva-Nedkova in her capacity as a registered auditor with registration number 0778 and correspondence address: 5 Stara Planina Street, 5th floor.

The above persons are liable for any damage caused by the financial statements they have audited.

The prospectus does not contain any other audited information.

3.2. INFORMATION ON LEAVING OR REMOVAL OF AUDITORS

The persons described in point 3.1 have not resigned or been dismissed during the period covered by the financial information for previous periods.

4. INFORMATION ABOUT THE ISSUER

4.1. COMPANY AND TRADE NAME OF THE ISSUER

„Sopharma“ AD is a joint-stock company with public status within the meaning of Article 110, paragraph 1 of the Public Offering of Securities Act. The company is registered in the Commercial Register maintained by the Registry Agency under the name „Sopharma“ AD.

4.2. PLACE OF REGISTRATION OF THE ISSUER, ITS REGISTRATION NUMBER AND IDENTIFICATION CODE OF THE LEGAL ENTITY

„Sopharma“ AD is a company established in the Republic of Bulgaria. The company is registered in the Commercial Register maintained by the Registry Agency under UIC 831902088 and LEI code 097900BGGW0000048796.

4.3. DATE OF ESTABLISHMENT AND DURATION OF THE ISSUER'S EXISTENCE, UNLESS THE PERIOD IS INDEFINITE

„Sopharma“ AD dates back to 1933. The company was registered on November 15, 1991, by Decision No. 1/1991 of the Sofia City Court. The company manufactures and trades in medicinal substances and dosage forms, and conducts scientific research in the fields of phytochemistry, chemistry, and pharmacy. „Sopharma“ AD provides services related to both its manufacturing activities and its ancillary and support activities.

The company's existence is not limited in time.

4.4. REGISTERED OFFICE AND LEGAL FORM OF THE ISSUER, LEGISLATION GOVERNING ITS ACTIVITIES, COUNTRY OF INCORPORATION, AND ADDRESS AND TELEPHONE NUMBER OF THE ISSUER'S REGISTERED OFFICE

The legal and organizational form of the Issuer is a joint-stock company. „Sopharma“ AD is a public company within the meaning of Article 110, paragraph 1 of the Public Offering of Securities Act.

„Sopharma“ AD operates in accordance with the requirements of Bulgarian law, in particular the provisions of the Commercial Act and the Public Offering of Securities Act, which sets specific requirements for public companies.

The registered office, management address, telephone number, e-mail address and website of the Company are as follows:

Headquarters and address of management	Sofia 1220, Nadezhda district, 16 Iliensko Shose Str.
Correspondence address	Sofia 1220, Nadezhda district, 16 Iliensko Shose Str.
Phone	02 813 4200
Email	mail@sopharma.bg
Internet page	https://www.sopharmagroup.com/
Investor Relations	ir@sopharma.bg

The information on the Issuer's website (www.sopharmagroup.com) is not part of the prospectus unless this information is included by reference in the prospectus

5. OVERVIEW OF BUSINESS ACTIVITIES

5.1. MAIN ACTIVITIES

5.1.1. Key factors relating to the nature of the issuer's operations and its main activities

Sopharma is a leading Bulgarian manufacturer, exporter, and local distributor of health-related products, with a strong presence in Eastern and Southeastern Europe. Sopharma offers a wide range of prescription drugs, OTC drugs, medical devices, and other health-related products.

Sopharma operates in the following areas:

- manufacture of pharmaceutical products, including medicines, mainly generics, plant-based substances, and food supplements, which is mainly carried out by „Sopharma“ AD;
- manufacture of medical devices and therapeutic cosmetics, such as plasters, dressing products, and sanitary and hygiene products, concentrated in a production site in the town of Sandanski;
- distribution of pharmaceutical products, medical consumables, sanitary materials, vitamins, food supplements, and cosmetics;

„Sopharma“ AD

The company has more than 200 products in its portfolio, including nearly 190 medicinal products and 11 groups of medical devices. The medicinal products mainly include generics and 15 traditional products, 12 of which are plant-based. The company's traditional products (in particular Tabex, Carsil, and Tempalgin) account for the majority of its export market revenue, while its generic products, led by Analgin, are the most important for its domestic sales.

„Sopharma“ AD's product portfolio focuses on the following therapeutic areas: cardiology, gastroenterology, pain management, cough and cold, immunology and dermatology, respiratory tract and asthma, neurology and psychiatry, urology and gynecology, nephrology, surgery, orthopedics, and traumatology.

Sopharma Trading AD

The main activity of „Sopharma Trading“ AD is related to wholesale and retail trade in medicinal products. The company serves a portfolio of over 20,000 items, including OTC drugs, medical equipment, consumables, sanitary and hygiene materials, food supplements, and cosmetics. The company provides 100% national coverage in Bulgaria thanks to its own fleet of over 120 vehicles.

As a leading company in the healthcare sector, „Sopharma Trading“ AD strives to provide the highest level of service to its customers and services that follow the latest trends in Europe and the world. The services offered include logistics services for pharmaceutical products of manufacturing companies, marketing of Bulgarian and foreign brand products, etc.

5.1.2. Significant new products and services that have been introduced and announced

In 2025, marketing authorizations were obtained for 14 new medicinal products:

- Nebivolol Sopharma 5 mg tb. (Bulgaria);
- Urimax modified-release 0.4 mg capsules, hard (Bulgaria);
- Syafen oral powder 400 mg (Bulgaria);
- Sophtica 60 mg film-coated tablets (Bulgaria);
- Sophtica 90 mg film-coated tablets (Bulgaria);
- Revelio 25 mg film-coated tablets (Bulgaria);
- Valdivipin HCT 5 mg/ 160 mg/ 12.5 mg film-coated tablets (Bulgaria);
- Valdivipin HCT 10 mg/ 160 mg/ 12.5 mg film-coated tablets (Bulgaria);
- Valdivipin HCT 10 mg/ 160 mg/ 25 mg film-coated tablets (Bulgaria);
- Telmitan Duo 80 mg/ 5 mg tablets (Bulgaria);
- Telmitan Duo 80 mg/10 mg tablets (Bulgaria);
- Tussiphen bebe (Butamirate citrate) 5 mg/ml oral drops (Georgia);
- Nexopral 40 mg powder for solution for injection/infusion; (Ukraine);
- Pantoprazole 40 mg powder for solution for injection (Ukraine).

In 2025, documentation was submitted for the registration of 25 medicinal products:

- Sydnopharm 4 mg tb. (Bulgaria);
- Hedratusan 7 mg/mL syrup (Poland);
- Mucovent 30 mg/5 mL syrup (Poland);
- Pethidine Macure 50 mg/mL solution for injection (Netherlands);
- Diclofenac Redcare Schmerzgel 2% 23.2 mg/g gel (Austria) MRP;
- Diclofenac Redcare Forte 20 mg/g 23.2 mg/g gel (Belgium) MRP;
- Diclofenac Redcare Schmerzgel forte 23.2 mg/g gel (Germany) MRP;
- Hederospan Med 7 mg/mL syrup (Poland);
- Paraceptin 120 mg/5 mL oral suspension (Poland);
- Paraceptin 500 mg tb. (Poland);
- Butamirate citrate (Tuspan) 5 mg/mL oral drops (Ukraine);
- Butamirate citrate (Antitussin) 5 mg/mL oral drops (Russia);
- Glicerax Pico 7.5 mg/mL oral drops, solution (Georgia);
- Revelio 25 mg film-coated tablets (Ukraine);
- Syafen Duo 200 mg/500 mg granules (Bulgaria);
- Vit. C 200 mg/ml inj DCP-(Latvia; Bulgaria; Romania);
- Tempalgin tb. (Albania);
- Buscolysin injection (Bosnia and Herzegovina);
- Syafen Duo 500/200 granules (Bulgaria);
- Felodexan 25 mg film-coated tablets (Poland);
- Digoxin Macure 0.25mg/ml sol. Inj (DCP FI NO SE);
- Dexketoprofen Sopharma 50 mg/2 ml sol. for inj./in. (EAEU in Armenia);
- Revelio (Dexketoprofen) film-coated tablet 25 mg (Azerbaijan);
- Antitussin (Butamirate citrate) oral drops, solution 5 mg/ml (Uzbekistan);
- Picosulfate Sopharma (Sodium picosulfate) oral drops, solution 7.5 mg/ml (Uzbekistan);

Medicinal products have been registered for **12** new indications:

- Paracetamol Siromed 500 mg tb. (Lithuania);
- Vitamin C Zentiva 100 mg/mL solution for injection/infusion (Poland);
- Ambrolytin 30 mg/5 mL syrup (Moldova);
- Ticarda 60 mg film-coated tb. (Ukraine);
- Ticarda 90 mg film-coated tb. (Ukraine);
- Tempalgin 500 mg/20 mg film-coated tablets (Armenia);
- Bromhexine Sopharma 2 mg/ml solution for injection (Iran);
- Tempaforte 500 mg tb. (Peru);

- Tempalgin Trio tb. (Peru);
- Pethidine Macure 50 mg/ml solution for injection (Netherlands);
- Zondaron injection (Albania);
- Dexamethasone injection (Albania).

Approved registrations in the EAEU – **21** in 2025:

- Belarus – Carsil 90 mg hard capsule;
- Belarus – Tribestan 250 mg film-coated tb.;
- Russia - Dusopharm 100 mg film-coated tb.;
- Russia - Dusopharm 200 mg film-coated tb.;
- Russia - Tuspan 7 mg/ml syrup;
- Russia - Ketoprofen Vramed 25 mg/g gel;
- Russia - Indometacin Sopharma 100 mg/g ointment;
- Russia - Indometacin Sopharma 25 mg gastro-resistant tablets;
- Russia - Ketotifen Sopharma 1 mg tablets;
- Russia - Piroxicam 10 mg hard capsule;
- Russia - Piroxicam 20 mg hard capsule;
- Russia - Tabex 1.5 mg film-coated tablets;
- Russia - Troxerutin Vramed 300 mg hard capsule;
- Kyrgyzstan - Carsil Forte 90 mg capsule, hard;
- Kyrgyzstan - Tribestan 250 mg film-coated tb.;
- Russia - Indometacin Sopharma 50 mg; 100 mg suppository;
- Russia - Spasmalgon solution for injection;
- Russia - Tempalgin Trio tb.;
- Russia - Trixerutin Vramed 20 mg/g gel;
- Russia - Nivalin 1mg/ml, 2.5 mg/ml; 5 mg/ml; 10 mg/ml sol. for inj.;
- Russia - Ketotifen syrup 1mg/5ml.

Submitted for harmonization in the EAEU - **5**:

- Armenia - Vitamin B Complex sol. for injection;
- Armenia - Analgin 500 mg tb.;
- Armenia - Dimex syrup;
- Armenia - Paracetamol Sopharma 120/5ml syrup;
- Armenia - Salbutamol Sopharma 2mg/5ml syrup.

Submitted for recognition in the EAEU - **15**:

Re-registrations/changes

- Renewed marketing authorizations for **62** medicinal products.
- Submitted documentation for renewal of marketing authorizations for 52 medicinal products to agencies.
- **399** changes for medicinal products submitted to agencies;
- **351** changes for medicinal products approved by agencies.

Approved registrations of food supplements: **31**.

- Valerian 50mg + Melatonin 1mg for Moldova;
- Valerian 150mg + Melatonin 3mg for Moldova;
- Magnissimo for Bulgaria;

- Magnissimo Forte x 20 tablets for Bulgaria;
- Magnissimo Forte x 60 tablets for Bulgaria;
- Vigor for healthy bones for Bulgaria;
- Vigor for sharp mind and nervous system balance for Bulgaria;
- Vigor for memory and a strong immune system for Bulgaria;
- Vigor synbiotic for balanced intestinal flora for Bulgaria;
- Vigor Synbiotic for balanced intestinal flora and good digestion for Bulgaria;
- Vigor for healthy hair, skin, and nails for Bulgaria;
- Vigor Omega 3 for normal brain and heart function for Bulgaria;
- Vigor for stress-free days for Bulgaria;
- Vigor for emotional balance and stress-free days for Bulgaria;
- Vigor for good mood for Bulgaria;
- Vigor for a peaceful menopause for Bulgaria;
- Vigor Iron for a healthy immune system and energy for Bulgaria;
- Vigor for normal liver function for Bulgaria;
- Vigor for healthy joints for Bulgaria;
- Icelandica syrup for Ukraine;
- Islandica Spray for Ukraine;
- Sleepfix Plus + B6 for Georgia;
- Broncholitit Fito for Kazakhstan;
- Gastro Comfort Mint for Kazakhstan;
- Valerian + Melatonin 25 mg + 1 mg, spray for Moldova;
- Magnissimo Forte for Moldova;
- Gastro Comfort Mint for Moldova;
- Gastro Comfort Cherry for Moldova;
- Gastro Comfort Orange for Moldova;
- Vigor Intensive Formula for Energy and Protection from Oxidative Stress, drinkable solution for Bulgaria;
- Vigor Intensive Formula for a healthy nervous system and concentration, drinkable solution for Bulgaria;
- Vigor Intensive Formula for Strong Immunity, drinkable solution for Bulgaria;
- Melatonin Max 3 mg tablets for Moldova.

5.2. MAIN MARKETS

Table No. 4 Revenues from sales of products of the parent company

Revenue from sales of products	2022	2023	2024	30.9.2024	30.9.2025
	<i>in thousand BGN</i>	<i>thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>
Abroad	141,467	157,437	138,733	99,787	113,120
Bulgaria	86,891	93,536	95,925	73,362	71,894
Total	228,358	250,973	234,658	173,149	185,014
Sales revenue in Bulgaria by product:					
Tablet forms	47,570	47,589	50,095	38,164	39,916
Ampoule forms	14,562	15,830	16,133	10,992	12,925
Bandage products	6,446	6,490	6,583	5,090	4,556
Syrup forms	3,249	4,256	3,825	3,133	2,216
Others	15,064	19,371	19,289	15,983	12,281
General	86,891	93,536	95,925	73,362	71,894
Revenue from sales abroad by product:					
Tablet forms	110,452	118,917	106,260	76,697	91,083
Ampoule forms	14,023	16,424	12,618	8,710	8,779
Ointments	5,558	6,406	4,711	3,735	4,332
Syrup forms	7,759	11,057	9,989	6,761	6,464
Others	3,675	4,633	5,155	3,884	2,462
Total	141,467	157,437	138,733	99,787	113,120

The annual data in the table are from the public audited individual financial statements of Sopharma AD, and the source of data for the comparative periods was the audited statements for the following period, as recalculations or reclassifications were required for various reasons (for example, mergers of subsidiaries, changes in IFRS, etc.), the interim data in the table are from the public individual financial statements as of 30.09.2024 and 30.09.2025.

Markets of „Sopharma“ AD

Revenues from sales of manufactured medicinal products of „Sopharma“ AD on the domestic market decreased by BGN 1.5 million or 2% in the first nine months of 2025, to BGN 71.9 million, compared to BGN 73.4 million in the first nine months of 2024. According to IQVIA data, at the end of the first nine months of 2025, the company accounted for 1.69% (seventeenth position) of the total volume of the Bulgarian pharmaceutical market in value terms and 6.18% (second position) of sales in volume terms. The positions of the main companies operating on the pharmaceutical market in the country are as follows: Merck Sharp & Dohme - 6.05% (0.16% in number), AstraZeneca - 5.32% (0.57% in number), Roche - 4.76% (0.25% in number), Swixx Biopharma - 4.43% (1.39% in number), Novartis - 4.19% (1.13% in number), Abbvie - 4.05% (0.09% in number), Pfizer – 3.77% (0.71% in number), Johnson & Johnson – 3.09% (0.73% in number), Teva – 2.89% (8.62% in number), Stada – 2.76% (4.50% in number). The Company's products with the largest share of sales in the country are Analgin, Vicetin, Famotidine, Vitamin C, Paracetamol, and Methylprednisolone.

Main markets of „Sopharma Trading“ AD

In Bulgaria, the main competitors of „Sopharma Trading“ AD are Phoenix Pharma, Sting, and Pharmnet. According to a study by IQVIA, the market shares of distributors in the overall pharmaceutical market for the period January-September 2025 are as follows: „Sopharma Trading“ AD – 19.10% market share; Phoenix Pharma – 22.81% market share; Sting – 20.15%; Farmnet – 16.63% market share.

Phoenix Pharma serves over 3,000 pharmacies and 250 hospitals and has over 20,000 products and specialized healthcare software in its portfolio. „Sting“ AD has five warehouses and delivers products throughout the country. Pharmnet has four warehouses in Sofia, Varna, Plovdiv, and Veliko Tarnovo.

In Serbia, the main competitors are Phoenix, Vega, and Pharmalogistic.

Table No. 5 Structure of Sopharma Trading's customers on an individual basis

Customer group	Sales	Structure	Sales	Structure	Amendment
	01.09.2025	01.09.2025	01.09.2024	01.09.2024	%
Pharmacy market	619,570	53.72%	539,140	53.30%	14.92%
Hospital market	310,200	26.90%	298,299	29.49%	3.99%
Equipment	18,159	1.57%	18,264	1.81%	-0.57%
Wholesalers	205,331	17.80%	155,837	15.41%	31.76%
Total	1,153,261	100.00%	1,011,540	100.00%	14.01%

Source: "Sopharma Trading" AD

5.3. IMPORTANT EVENTS IN THE DEVELOPMENT OF THE ISSUER'S BUSINESS

Since the Company was established in 1990, the following changes affecting the Company's legal identity have been made:

Transformations

By a decision of the Sofia City Court dated 17 February 1990 (Case No. 480 of 1990), a subsidiary of the company "Pharmacy," Stanke Dimitrov, was registered under the name "Sopharma", with its registered office in Sofia, ul. "Iliensko Shose" No. 16, with the following scope of activity: design and construction, scientific research, engineering and implementation, production and commercial activity in the field of fine organic synthesis of medicinal substances and semi-finished products, medicinal forms, hygiene and prophylactic preparations, raw materials and semi-finished products for them, biotechnological products for healthcare needs and for export. The company has a registered capital of BGN 34,061 thousand.

By a decision of the Sofia City Court dated 15.11.1991 (company case No. 19359), a single-member limited liability company with state property, Sopharma Ltd., was registered with its registered office in Sofia, ul. "Iliensko Shose" No. 16, with the following scope of activity: design, research, engineering, implementation, production, and trade in the field of fine organic synthesis of medicinal substances and intermediates, dosage forms, hygiene and prophylactic preparations, raw materials and intermediates for them, biotechnological products for healthcare needs and for export. The company's capital amounts to BGN 175,659 thousand.

By a decision of the Sofia City Court dated 04.04.1994, „Sopharma” EOOD with state property was transformed into a single-member joint-stock company „Sopharma” EAD.

By a decision of the Sofia City Court dated 15.04.1997, the single-member joint-stock company was transformed into a joint-stock company. The name of the company became „Sopharma” AD.

Mergers

The following company mergers were registered in the Commercial Register:

Table No. 6 Mergers of companies into „Sopharma” AD

Conversion type	A transforming company	Successor	Registration number in the TR
Infusion	Nivalinpharma EOOD	Sopharma EAD	20080411122002
Infusion	Bulgarian Rose - Sevtopolis AD	Sopharma AD	20150226134200
Infusion	Medica AD	Sopharma AD	20170808155501
Infusion	Unipharm AD	Sopharma AD	20180913171143
Infusion	BIOPHARM-ENGINEERING	Sopharma AD	20230823133229
Infusion	VETA PHARMA	Sopharma AD	20240902121904

Source: Commercial Register

As of the date of this Prospectus, there is no information available regarding bankruptcy, liquidation, or other significant circumstances related to the Issuer's business activities.

5.4. STRATEGY AND OBJECTIVES

Key points of the strategy envisage the Group:

- to increase sales from its existing portfolio, as well as by adding new products in categories in which the Company has a strategic interest. To this end, the Group is actively exploring various opportunities to acquire products that would complement and diversify its own portfolio;
- to achieve a phased transformation of its production processes and capacities by optimizing the Company's production capacity through the purchase and modernization of new machinery and equipment and the transfer of production activities and technologies. In addition, a strategy has been developed and is being implemented to optimize planning, supply, production, and distribution processes through active supply chain management. This would allow for the development of new business segments such as potential contract manufacturing;
- support the operation of production in full compliance with good manufacturing practices adopted in the EU;
- introduce new technologies to support the automation of business processes;
- develop its staff through training to improve their qualifications and competencies and maintain its reputation as a preferred employer with career development opportunities, as well as to work closely with specialized higher education institutions and offer career start opportunities to staff;
- to implement a diversity policy with the aim of creating a working environment free from prejudice, cultivating an atmosphere of respect and mutual trust, and fostering a corporate culture of mutual respect and appreciation for each individual. Managers and employees carry out their activities professionally, impartially, with dignity and integrity, avoiding conflicts of interest;

- to focus and optimize its activities. In this regard, the company has entered into a preliminary agreement for the sale of a separate part of its commercial enterprise related to the production and trade of veterinary medicinal products and laboratory testing of food and biological products;
- to implement a green policy with the aim of reducing its carbon footprint through the use of energy from renewable sources.

„Sopharma“ AD will strive to achieve a stable result of developing eight to ten new products per year for its pharmaceutical business.

The main markets for finished products, apart from Bulgaria, continue to be Russia and Ukraine. The Group plans to increase its presence on the Russian market through increased investment in marketing and advertising activities and human resources. In addition, there are plans to expand the portfolio and relationships with various counterparties. In Ukraine, given the military conflict at this stage, the main immediate goal is to maintain market presence through the distribution company for the local market, Sopharma Ukraine, and the manufacturing company PAO Vitamini. In the other traditional markets in Poland, Serbia, Belarus, Kazakhstan, Moldova, the countries of the Caucasus region, and the Baltic states, the Group continues its presence and plans to strengthen its positions through additional marketing activities and the introduction of products in therapeutic groups with growth potential. The Group will continue to seek opportunities for an even more active presence in a rapidly developing market such as Vietnam.

5.5. PATENTS AND LICENSES, INDUSTRIAL, COMMERCIAL, AND FINANCIAL AGREEMENTS

The company's activities are regulated by the Executive Agency for Medicines (EAM) in Bulgaria and the relevant drug agencies in the countries where it operates. „Sopharma“ AD depends on the EAM for:

- issuing permits for the manufacture of medicinal products intended for clinical trials;
- issuing or changing permits for retail trade in medicinal products in the pharmacies of Sopharma Trading AD;
- issuing a single marketing authorization for medicinal products;
- issuing permits for the advertising of medicinal products;
- approval of clinical trials of medicinal products.

„Sopharma“ AD depends on the IAL for a number of other permits in addition to those mentioned in the previous paragraph. Similar permits are required from the relevant state agencies in the markets where „Sopharma“ AD operates.

The company's production facilities, products, commercial activities, and other aspects of its operations are subject to licensing. The existing plants operate in full compliance with the Good Manufacturing Practices adopted in the EU.

The company is not dependent on industrial, commercial, or financial contracts or new production processes.

5.6. THE GROUNDS FOR THE STATEMENTS MADE BY THE ISSUER IN RELATION TO ITS COMPETITIVE POSITION

„Sopharma“ AD's main competitive advantage over other pharmaceutical companies operating on the Bulgarian market is its own wholesale and retail network in the country. The main activity of the subsidiary „Sopharma Trading“ AD is related to the wholesale and retail trade of medicines, sanitary and hygiene materials, food supplements, and cosmetics, with a total of over 20,000 items. The

company has 100% national coverage in Bulgaria and Serbia through three distribution centers. According to IMS, „Sopharma Trading” AD has a 19.85% market share in Bulgaria.

For its part, „Sopharma” Trading AD manages to compete successfully thanks to the fact that it is part of a large pharmaceutical group and is able to finance itself on very favorable terms, which is an advantage when working with state hospitals. For this reason, „Sopharma Trading” AD and „Sopharma” AD report significant synergies due to the fact that they are part of the same group. These synergies enable the Group to compete successfully with other pharmaceutical companies as well as with other wholesale and retail traders in medicinal products.

5.7. INVESTMENTS

5.7.1. Description (including amount) of the Issuer's major investments for each financial year for the period covered by the historical financial information up to the date of the registration document

Investment properties are those properties that are held by the Group for long-term rental income and/or for internal appreciation in value. They are presented in the consolidated statement of financial position at their fair value.

Long-term investments representing interests in associates and joint ventures are presented in the consolidated financial statements using the equity method – a value that includes the acquisition cost, representing the fair value of the consideration paid, including direct costs of acquiring the investment, adjusted by the investing company's share in the profits or losses, and, respectively, other reserves of joint ventures and associates after the date of their acquisition.

Other long-term equity investments are non-derivative financial assets in the form of shares and equity interests in other companies (minority interests) held with a long-term perspective.

Table No. 7 Investment properties and investments in associates and joint ventures (consolidated basis)

Investments	31.12.2022 in thousand BGN	31.12.2023 in thousand BGN	31.12.2024 in thousand BGN	30.6.2024 in thousand BGN	30.6.2025 in thousand BGN
Investment properties	10,568	11,013	7,691	11,201	7,378
Warehouses	5,139	5,313	3,990	5,316	3,990
Offices	2,720	2,272	1,754	2,272	1,754
Production buildings	2,199	2,915	1,435	2,915	1,435
Social sites	510	513	512	513	-
Commercial establishments	-	185	199	185	199
Investments in associates and joint ventures	162,844	231,292	252,142	239,649	267,751
Investments in associates	162,678	231,292	252,142	239,649	267,751
Investments in joint ventures	166	-	-	-	-
Other long-term capital investments	4,778	3,942	12,048	12,520	6,272

Source: Annual consolidated financial statements for 2022, 2023 and 2024. Interim data are from the interim reports for the respective period.

The individual investments in BGN described below are in the amount of and above BGN 1 million, with all investments below this threshold for the period being summarized with a brief description:

2022

- | | |
|---|---------------|
| 1. Renovation of the Suppositories workshop | 1,046,493.71 |
| 2. Packaging line | 2,621,813.58 |
| 3. Total investments below the threshold, as follows: | 10,651,996.28 |
| ■ Biological assets | 114,790.60 |
| ■ Buildings related to production | 1,273,817.17 |
| ■ Buildings of administrative units | 856,951.71 |

■ Production-related facilities	1,065,925.62
■ Administrative facilities	132,938.30
■ Transmission devices related to production	485,280.42
■ Transmission devices for administrative units	362,277.69
■ Machinery and equipment related to production	4,148,078.97
■ Machinery and equipment for administrative units	1,162,182.06
■ Cars and vehicles	685,302.11
■ Business inventory	364,451.63
2023:	
1. Mass spectrometer + liquid chromatograph	1,148,305.00
2. Total investments below the threshold, as follows:	8,380,352.07
■ Land regulated land property	689,886.85
■ Buildings related to production	669,071.61
■ Production-related facilities	126,592.12
■ Machinery and equipment related to production	5,331,781.25
■ Machinery and equipment for administrative units	1,018,977.73
■ Cars and vehicles	46,173.32
■ Business inventory	497,869.19
2024:	
1. Upgrade ampoule inspection machine	1,107,277.76
2. Total investments below the threshold, as follows:	4,553,299.22
■ Buildings related to production and administrative units	126,755.63
■ Facilities related to production and administrative units	86,626.15
■ Transmission devices for administrative units	77,082.00
■ Machinery and equipment related to production	2,201,898.83
■ Machinery and equipment for administrative units	1,777,986.83
■ Cars and vehicles	26,227.67
■ Business inventory	256,722.11
3. Contractual rights to marketing authorizations and trademarks, including	165,039,685.44
■ License for use - 36 items	164,512,830.54
■ Trademarks - 3 items	526,854.90
2025:	
1. Drying system	1,187,735.49
2. Total investments below the threshold, as follows:	6,659,717.52
■ Buildings related to production and administrative units	641,012.30
■ Facilities related to production and administrative units	226,043.86
■ Transmission devices for administrative units	257,691.84
■ Machinery and equipment related to production	3,605,600.15
■ Machinery and equipment for administrative units	1,618,696.31
■ Cars and vehicles	4,531.66
■ Business inventory	306,141.40

The costs of acquiring long-term tangible assets in 2025 up to the date of the prospectus include:

- advances paid for the purchase of machinery and equipment – BGN 15,674 thousand;
- expenses for the construction of new buildings – BGN 3,694 thousand;
- renovation of buildings – BGN 123 thousand;
- other – BGN 28 thousand.

The expenses for the acquisition of long-term intangible assets in 2025 until the date of the prospectus include:

- expenses for the implementation of a software product – BGN 7,898 thousand;
- costs for acquiring marketing authorizations for medicinal products – BGN 741 thousand;
- costs for acquiring licenses – BGN 699 thousand;

- costs for acquiring copyrights – BGN 186 thousand;
- other – BGN 86 thousand.

The expenses for the acquisition of investment properties in 2025 up to the date of the prospectus amount to BGN 231 thousand.

As of the date of the prospectus, the carrying amount of machinery, plant, and equipment includes machinery and equipment purchased under financing agreements under the Operational Program "Development of the Competitiveness of the Bulgarian Economy 2007-2013," the Operational Program "Innovation and Competitiveness 2014-2020," and the Operational Program "Energy Efficiency" as follows:

- for tablet production worth BGN 4,360 thousand;
- compact line for filling vials under an isolator worth BGN 3,006 thousand;
- for ampoule production worth BGN 1,954 thousand;
- general exchange installations for ventilation and air conditioning in the production of medical products worth BGN 312 thousand;
- air conditioning installation with water cooling unit worth BGN 96 thousand;
- for the production of innovative artificial tear eye drops worth BGN 63 thousand;
- a control and monitoring system for climate chambers, chillers, and lighting installations worth 69 thousand leva;
- a machine for dispensing liquid medicines worth 41 thousand leva;
- an automatic sachet machine worth 19 thousand leva;
- a diesel forklift worth BGN 4,000;
- a liquid and gas chromatography system worth 3 thousand leva;
- reactors worth BGN 2,000.

5.7.2. Description of all significant investments of the issuer that are in progress or for which firm commitments have been made

„Sopharma“ AD has an investment in progress worth BGN 9.9 million at the production site in Kazanlak and the acquisition of a soldering line for ampoule production worth BGN 4.1 million. The company will use part of the proceeds from the Warrant Issue to finance these investments. If the Warrant Issue is unsuccessful, the company will finance the investments with its own funds.

The only firm commitment is to the BGN 9.9 million investment in the production site in Kazanlak and the BGN 4.1 million soldering line.

5.7.3. Joint ventures in which the issuer holds a share of the capital, which share may have a significant impact on the valuation of the issuer's own assets and liabilities

As of the date of the prospectus, the Group's joint ventures are:

- „Momina krepost“ AD – a commercial company registered in Bulgaria by decision of the Veliko Tarnovo District Court No. 3426/1991, with its registered office and address of management at 23 Magistralna Street, Veliko Tarnovo.
- ZAO „Interfarm Company“, Belarus – a commercial company registered in Belarus by Decision No. 300000556 of 27 November 1996 of the Vitebsk Regional Executive Committee, with its registered office and address of management at: Republic of Belarus, 210027, Vitebsk, 3/2-162 Stroiteley Blvd. Associated companies

Associated companies

As of the date of the prospectus, the associated companies in the Group are:

- „Doverie Obedinen Holding“ AD – a commercial company registered with the Sofia City Court under company case No. 13056 of 1996, with its registered office and address of management at 5 Lachezar Stanchev Street, Building A, Floor 7, Sofia 1756, floor 7.

- „Sopharma Properties” REIT – a commercial company registered with the Sofia City Court under Decision No. 1/24.03.2006, with its registered office and address of management at 5 Lachezar Stanchev Street, Sofia 1756.
- „Sopharma Buildings” REIT – a commercial company registered with the Sofia City Court by Decision No. 1/14.08.2007, with its registered office and address of management at 5 Lachezar Stanchev Street, Sofia 1756. GalenaFarm LLC, Belarus – a commercial company registered in Belarus by Decision No. 291192483 of 12.06.2006, with its registered office and address of management at
- OOO „alenaFarm”, Belarus – a commercial company registered in Belarus by Decision No. 291192483 of 12.06.2013 of the Minsk Regional Executive Committee, with its registered office and address of management in the Republic of Belarus, Minsk District, Shchomyslitsy Village Council No. 18;
- ODO „Mezhel”, Belarus – a commercial company registered in Belarus by Decision No. 100100334 of 22.06.1993 of the Minsk Regional Executive Committee, with its registered office and address of management in the Republic of Belarus, Minsk Region, Shchomyslitsy Village Council No. 18;
- ODO „Alenfarm-plus”, Belarus – a commercial company registered in Belarus by Decision No. 191068124 of 25.09.2008 of the Minsk Regional Executive Committee, with its registered office and address of management in the Republic of Belarus, Minsk District, Shchomyslitsy Village Council No. 18;

5.7.4. Description of potential environmental protection issues

„Sopharma” AD upholds and complies with its commitments in accordance with national legislation in the field of environmental protection. The company implements measures for:

- Separate collection of waste, minimization, recovery, and recycling of industrial and household waste;
- Providing appropriate training to staff on issues related to environmental protection and pollution prevention;
- Responsibly implementing the mandatory requirements of Council of Ministers Decree 137 and the Ordinance on Packaging and Packaging Waste;
- Annual measurement of waste gas emissions into the atmosphere from the Phytochemical Plant and the Solid Dosage Forms Plant;
- Sofia Water measures the emissions in the waste water at production sites A and B in Sofia on a monthly basis.

The Group has identified insignificant risks caused by climate change that could affect the Group's assets and liabilities. The Group monitors changes in legislation resulting from climate issues and, at this stage, has not identified any possible direct impact on future cash flows, financial results, and financial position of the Group.

6. ORGANIZATIONAL STRUCTURE

6.1. DESCRIPTION OF THE GROUP

The economic group consists of the Parent Company and its subsidiaries. According to the definition in § 1, item 10 of the Additional Provisions of the Public Offering of Securities Act, a "subsidiary of a public company" is a company in which the public company exercises control. Control is exercised when the parent company: a) holds, including through a subsidiary or by virtue of an agreement with another person, more than 50 percent of the votes in the general meeting of a company or other legal entity; b) can directly or indirectly appoint more than half of the members of the management or supervisory body of a legal entity; or c) can otherwise exercise decisive influence over the decision-making process in relation to the activities of a legal entity.

The Sopharma Group consists of „Sopharma“ AD and its ninety subsidiaries, directly or indirectly controlled by the Company. In addition, the Group has investments in six associates (as at 30 September 2025, the Group has two joint ventures - „Momina Krepost“ AD and ZAO„Kompaniya Interfarm“, Belarus).

6.2. SIGNIFICANT SUBSIDIARIES

As of the date of the prospectus, the Issuer's Group includes 90 subsidiaries in which „Sopharma“ AD has a direct and indirect stake. The most significant of these subsidiaries are:

Table No. 8 Significant subsidiaries

	Country of incorporation	Participation	Date of acquisition of control	Type	Note
"Sopharma Trading" AD	Bulgaria	87.13%	08.06.2006	directly	Public company. The shares are traded on the Bulgarian Stock Exchange - Sofia AD. Subsidiary through "Sopharma Trading" AD - "Sopharma Trading" AD owns 100% of the capital of "Sopharmasi" EOOD
"Sopharmacy" EOOD	Bulgaria		19.01.2015	indirectly	-
PAO "Vitamins"	Ukraine	100%	18.01.2008	directly	-
OOO "Sopharma Ukraine"	Ukraine	100%	07.08.2012	directly	-
TOO "Sopharma Kazakhstan"	Kazakhstan	100%	06.11.2014	directly	-
"Sopharma Trading" D.o.o.	Serbia	87.13%	09.08.2017	indirectly	Subsidiary through "Sopharma Trading" AD - capital
"Sopharma Rus" OOO	Russia	100%	13.10.2023	directly	-

Source: "Sopharma" AD

7. OPERATIONAL AND FINANCIAL REVIEW

7.1. FINANCIAL POSITION

7.1. Review of the development of business activities and their results

The analysis of the Issuer's financial position is based on the Issuer's audited annual consolidated financial statements for the last three financial years – 2024, 2023, and 2022, the individual audited annual financial statements for 2024, 2023, and 2022, the individual interim unaudited reports as of 30.09.2024 and 30.09.2025, and the consolidated interim unaudited reports as of 30.06.2024 and 30.06.2025.

No disclaimer of opinion has been issued on the presented audited historical financial information and the audit reports do not contain any qualifications.

This document does not include pro forma financial information.

On 24.09.2025, the Issuer's Board of Directors, in accordance with Article 8, paragraph 5 of the Articles of Association of „Sopharma“ AD, adopted a decision to issue warrants. A successful offering of the warrants would lead to a positive change in the Issuer's financial position. **Since the end of the last reporting financial period (September 30, 2025), and for any published financial information, there has been no other significant change in the financial or commercial position of the Issuer's group.**

All of the above documents are available to investors on the Issuer's website and on x3news (www.sopharma.bg and www.x3news.com).

The following two tables present selected financial data for the Issuer on a consolidated and individual basis.

Table No. 9 Selected financial data for the Issuer on a consolidated basis

in thousands of leva	31.12.2022	31.12.2023	31.12.2024	30.6.2024	30.6.2025
Assets	1,253,978	1,514,162	1,796,283	1,482,668	1,974,992
Equity	716,634	753,626	843,103	820,399	926,366
Liabilities	537,344	760,536	953,180	662,269	1,048,626
	2022	2023	2024	30.6.2024	30.6.2025
Revenue from contracts with customers	1,663,016	1,875,304	2,129,097	998,853	1,272,054
Operating expenses	(1,597,890)	(1,809,881)	(2,091,999)	(982,366)	(1,225,426)
Operating profit	87,881	98,110	81,759	49,661	71,506
Net profit	76,333	99,874	80,431	48,827	76,031
Net cash flows from operating activities	110,082	45,031	76,728	(2,548)	(47,344)
Net cash flows from investing activities	(63,606)	(62,849)	(88,090)	7,628	(98,605)
Net cash flows from financing activities	(64,342)	126,842	(81,884)	(107,604)	144,867
Net earnings per share	0.59	0.73	0.46	0.28	0.42

Source: Annual consolidated financial statements for 2022, 2023 and 2024. Interim data are from the interim reports for the respective period.

Table No. 10 Selected financial data for the Issuer on an individual basis

in thousands of leva	31.12.2022	31.12.2023	31.12.2024	30.9.2024	30.9.2025
Assets	699,817	875,267	942,228	768,582	987,860
Equity	592,955	576,097	608,557	618,776	672,752
Liabilities	106,862	299,170	333,671	149,806	315,108
	2022	2023	2024	30.6.2024	30.6.2025
Revenue	230,832	253,276	237,596	180,779	195,522
Operating expenses	(192,916)	(220,308)	(228,863)	(160,531)	(172,141)
Operating profit	44,406	49,266	28,304	27,571	33,164
Net profit after taxes	36,581	47,570	28,227	26,796	33,531
Net cash flows from operating activities	88,153	(2,827)	5,136	(3,021)	38,170
Net cash flows from investing activities	(50,347)	(39,745)	(54,758)	34,697	(144,062)
Net cash flows from financing activities	(50,101)	142,597	(44,009)	(124,390)	94,703
Net earnings per share	0.30	0.36	0.17	0.16	0.16

The annual data in the table are from the public audited individual financial statements of Sopharma AD, and the source of data for the comparative periods was the audited statements for the following period, as recalculations or reclassifications were required for various reasons (for example, mergers of subsidiaries, changes in IFRS, etc.), the interim data in the table are from the public individual financial statements as of 30.09.2024 and 30.09.2025.

Table No. 11 Key financial indicators (consolidated data)

	31.12.2022	31.12.2023	31.12.2024	30.6.2024	30.6.2025
Profit/Sales revenue	4.59%	5.33%	3.78%	4.89%	5.98%
EBITDA margin	8.35%	8.12%	6.55%	7.70%	8.26%
Cost of sales/inventories (annualized)	4.36	4.06	3.53	1.98	2.06
Return on assets	6.84%	7.51%	5.51%	3.79%	4.42%
Return on equity	9.24%	13.54%	9.16%	5.84%	7.14%

Source: "Sopharma" AD

The main non-financial performance indicator that the company has set for itself is to achieve a stable result in the future by developing eight to ten new products per year, which would have a positive effect on the financial indicators.

7.1.2. Future development of the issuer

The Issuer's likely future development will continue to be closely linked to its current core business activities: the manufacture and distribution of medicinal products. „Sopharma“ AD intends to consolidate its position as a leading manufacturer of medicinal products on the Bulgarian market. On the local market, the Group aims to provide patients with more affordable treatment by registering new generic products in a shorter time frame. On foreign markets, efforts are focused on maintaining and increasing the Group's share in its main markets (Russia, Ukraine, and Poland), as well as establishing and expanding market positions in other countries (Central and Eastern European countries and the Caucasus region). The Group continues its policy of active partnership with established international pharmaceutical companies and new companies, as well as expanding the product range of existing partnerships.

7.1.3. Research and development

The Group focuses its research and development activities mainly on generic products. Research and development projects are aimed at finding and developing new formulas and compositions or physical qualities (such as dosage form or tablet form) of a product in order to adapt it to current market needs. The parent company mainly submits applications for marketing authorizations for new products, including new product forms, in Bulgaria and/or export markets, and for existing products in new markets.

In 2025, pharmaceutical development of 40 new medicinal products/projects is carried out. Marketing authorizations have been obtained for eleven new medicinal products. Documentation for the registration of 18 medicinal products has been submitted.

7.2. OPERATIONAL RESULTS

7.2.1. Significant factors, unusual or random events, or new circumstances that have a material impact on revenue

In pursuit of its growth strategy and its goal of becoming a stronger regional player, the Company initiated a transaction to acquire a portfolio of pharmaceutical products consisting of both over-the-counter and prescription products in the following therapeutic areas: sex hormones and modulators of the genital system, urological and antiviral agents for systemic use. The acquisition includes a total of 68 marketing authorizations for 14 well-known brands in 10 of the Company's traditional markets.

At the time of preparation of this prospectus, there are no other unusual events or exceptional factors that have affected the activities of „Sopharma“ AD and the companies of the „Sopharma“ AD Group.

7.2.2. Significant changes in income for previous periods

Changes in income for previous periods are explained in section 18, FINANCIAL INFORMATION ON THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION, PROFITS AND LOSSES.

8. CAPITAL RESOURCES

8.1. SHORT-TERM AND LONG-TERM CAPITAL RESOURCES

The capital resources available to the Group are:

- **Equity capital** – independently generated cash flows from the operating activities of the Group companies, issuance of shares (capital increase).
- **Borrowed funds** – use of bank loans, leasing and grant schemes, loans from associated companies, and issuance of bonds.

The Issuer considers that its working capital is sufficient to cover its current needs.

8.2. EXPLANATION AND DESCRIPTION OF THE SOURCES OF THE ISSUER'S CASH FLOWS

This section and the following tables present data on the Issuer's cash flows on a consolidated and unconsolidated basis for the financial periods under review.

Consolidated cash flows from operating activities decline in 2023 and increase in 2024. In 2024, net cash flows from operating activities are positive in the amount of BGN 76,728 thousand. In 2023, net cash flows from operating activities are also positive, amounting to BGN 45,031 thousand. In the first half of 2025, net cash flows are negative.

Consolidated cash flows from investing activities for 2024, 2023, and 2022 are negative mainly due to purchases of property, plant, and equipment and purchases of intangible assets. In the first half of 2025, cash flows from investing activities are negative due to purchases of intangible assets and property, plant, and equipment.

Consolidated cash flows from financing activities are positive in 2023 due to the exercise of a previous issue of warrants. The main reason for the negative cash flows from financing activities in 2024 is the dividend paid. In the first half of 2025, net cash flows from financing activities increased and reached BGN 144,867 thousand. The increase compared to the first half of 2024 is due to proceeds from short-term bank loans.

Cash flows from operating activities of the parent company: In 2024, the net cash flow from operating activities amounted to BGN 5,136 thousand. In 2023, it was negative in the amount of BGN 2,827 thousand, and in 2022 it was BGN 88,153 thousand.

In the first nine months of 2025, cash flow from operating activities increased significantly compared to the first nine months of 2024 and reached BGN 38,170 thousand, mainly due to lower payments to suppliers and an increase in receipts from customers.

Cash flows from investing activities on an individual basis are negative in 2024, 2023, and 2022, mainly due to purchases of property, plant, and equipment, purchases of intangible assets, and purchases of shares and interests in subsidiaries. In the first nine months of 2025, cash flow from investing activities declines significantly compared to the first nine months of 2024, mainly due to purchases of intangible assets.

Cash flows from financial activities on an individual basis are subject to various changes for the period 2022–2024. In 2022, cash flow is negative in the amount of BGN 50,101 thousand. In 2023, the result is positive in the amount of BGN 142,597 thousand due to proceeds from capital issuance. In 2024, it is again negative in the amount of BGN 44,009 thousand. In the first nine months of 2025, the cash flow from financial activities is positive, mainly due to proceeds from short-term bank loans and sales of repurchased own shares.

8.3. INFORMATION ON THE ISSUER'S BORROWING REQUIREMENTS AND FINANCING STRUCTURE

The Issuer's balance sheet capitalization and indebtedness are presented in the following tables.

Table No. 12 Balance sheet capitalization of the Issuer on an individual basis

in thousands of leva	31.12.2022	31.12.2023	31.12.2024	30.9.2024	30.9.2025
Equity					
Share capital	134,798	172,591	179,100	179,100	539,158
Own shares repurchased	(52,203)	(57,452)	(53,559)	(53,559)	(26,602)
Reserves	461,603	445,274	465,322	464,303	110,927
Other capital components (reserve for issued warrants)	12,488	1,857	260	162	-
Retained earnings	36,269	13,827	17,434	28,770	49,269
Total equity	592,955	576,097	608,557	618,776	672,752

The annual data in the table are from the public audited individual financial statements of Sopharma AD, and the source of data for the comparative periods was the audited statements for the following period, as recalculations or reclassifications were required for various reasons (for example, mergers of subsidiaries, changes in IFRS, etc.), the interim data in the table are from the public individual financial statements as of 30.09.2024 and 30.09.2025.

Table No. 13 Balance sheet capitalization of the Issuer on a consolidated basis

in thousands of leva	31.12.2022	31.12.2023	31.12.2024	30.6.2024	30.6.2025
Equity					
Share capital	134,798	172,591	179,100	179,100	179,719
Reserves	47,503	167,987	190,713	193,731	202,433
Other capital components (reserves on issued warrants)	12,488	1,857	260	162	-
Retained earnings	509,869	395,897	448,032	429,656	512,039
Total equity	704,658	738,332	818,105	802,649	894,191

Source: "Sopharma" AD

Short-term bank loans

Bank loans in EUR are agreed at an interest rate based on the one-month EURIBOR plus a margin of 1%, while those in BGN are agreed at a reference interest rate plus a margin of 0.90% to 2.20%, but not less than 2.80% to 3.10%, and a variable base interest rate plus a margin of 1.50% (2024: loans in EUR are agreed at an interest rate based on the one-month EURIBOR plus a margin of 1%, and for those in BGN – the one-month EURIBOR plus a margin of 1.25% and a reference interest rate plus a margin of 0.90% to 1.20%). The loans are for working capital.

Table No. 14 Short-term bank loans (overdrafts) of the parent company

bank loans (overdraft) - individual basis					
Currency type	Maturity	30.9.2024	Currency type	Maturity	30.9.2025
		<i>in thousand</i>			<i>in thousand</i>
leva	01.11.2024	19,992	leva	01.10.2025	19,483
euro	20.11.2024	16,559	leva	31.07.2026	17,602
leva	01.11.2024	9,715	leva	31.07.2026	9,865
leva	31.07.2025	114	euro	05.02.2026	4,857
leva	31.07.2025	11	leva	01.10.2026	3,412
leva	01.11.2024	-	leva	01.10.2026	-
Total		46,391	-	-	55,219

Source: "Sopharma" AD

Table No. 15 Extended credit lines of the parent company as at September 30, 2025

Currency type	Agreed amount	Maturity	30.9.2025	Currer	Maturity	30.9.2025
leva	45,000	01.06.2026	44,758	leva	01.06.2026	44,758
Total			44,758			44,758

Source: "Sopharma" AD

Lease liabilities

The liabilities under lease agreements with third parties and related parties included in the statement of financial position are presented net of future interest payable and are as follows:

Table Lease liabilities on a consolidated basis

	2022	2023	2024	30.6.2024	30.6.2025
	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>
Up to one year	15,584	16,136	21,781	17,029	24,330
Over a year	69,964	71,643	87,766	74,284	95,066
Total	85,548	87,779	109,547	91,313	119,396

Source: "Sopharma" AD

The parent company's liabilities under lease agreements to third parties are as follows:

Thousands of BGN	30.09.2024	30.09.2025
Up to one year	850	1,118
Over one year	2,055	2,313
Total	2,905	3,431

Significant non-cancellable contracts and commitments

„Sopharma“ AD

The company has received government funding under the Operational Program "Development of the Competitiveness of the Bulgarian Economy 2007-2013," the Operational Program "Innovation and Competitiveness 2014-2020," and the Operational Program "Energy Efficiency," mainly related to the acquisition of long-term assets, reconstruction of buildings, and technological renewal and modernization of tablet production, the introduction of innovative products in ampoule production, the acquisition of a compact line for filling vials under an isolator, the acquisition of general exchange installations for ventilation and air conditioning in the production of medical products, and the introduction of innovative artificial tear eye drops. The company has undertaken not to make any significant changes affecting the nature and conditions of implementation or giving rise to unjustified benefits for the company for a period of 5 years after the completion of the relevant projects, as well as changes resulting from a change in the nature of ownership of the acquired assets related to the financing. In case of non-compliance with these requirements, the financing provided is subject to repayment. As of the date of the prospectus, all contractual requirements have been met.

Guarantees and collateral provided

The company has provided the following collateral to banks for loans received from related parties:

a) for loans to subsidiaries:

- mortgages on real estate with a carrying amount as at 30 September 2025: BGN 11,688 thousand
- special pledges on:
 - inventories with a carrying amount as at 30 September 2025: BGN 28,030 thousand
 - special pledge on shares in the capital of a subsidiary with a carrying amount as at 30 September 2025 of BGN 10,129 thousand.

b) on loans to associated companies:

mortgages on real estate with a carrying amount as at 30 September 2025: BGN 5,534 thousand

Bank guarantees

The company is a co-debtor and guarantor for bank loans received, bank guarantees issued, and lease agreements concluded by the following companies:

Table No. 17 Companies for which „Sopharma“ AD is a co-debtor and guarantor

Company	Maturity period	Currency	Size	Debt status as of 30.09.2025
			<i>in thousand BGN</i>	<i>in thousand BGN</i>
"Sopharma Trading" AD	2025-2026	leva	206,669	196,347
"Sopharma Trading" AD	2026	euro	66,889	30,173
Belgrade	2026	euro	68,474	52,338
"Sopharma Buildings" REIT	2027	leva	10,000	10,000
"Doverie United Holding" AD	2027	leva	30,000	7,500
"Energoinvestment" AD	2026	leva	2,000	1,550
Total				297,908

Source: "Sopharma" AD

8.4. ANY RESTRICTIONS ON THE USE OF CAPITAL RESOURCES THAT HAVE SIGNIFICANTLY AFFECTED OR COULD SIGNIFICANTLY AFFECT THE ACTIVITY

There are no such restrictions.

8.5. SOURCES OF FUNDS NECESSARY TO FULFILL INVESTMENT COMMITMENTS

The funds for the implementation of the Issuer's investment commitments will be raised from the proceeds of the three warrant issues that will be offered to investors. If the funds raised are insufficient, the company will use its own funds.

9. REGULATORY ENVIRONMENT

9.1. DESCRIPTION OF THE REGULATORY ENVIRONMENT IN WHICH THE ISSUER OPERATES

The activities „Sopharma“ AD and its subsidiaries are regulated by a number of EU acts, laws, and regulations, Bulgarian legislation, and, in the case of the subsidiary „Sopharma Trading“ DOO, Belgrade, the legislation of the Republic of Serbia.

As companies established and operating in the Republic of Bulgaria, the Issuer and its subsidiaries established in the Republic of Bulgaria are subject to the general rules of Bulgarian legislation and the acts of the European Union.

The subsidiary „Sopharma Trading“ AD operates in the traditionally highly regulated wholesale and retail market for medicinal products and medical devices, and in this sense, a number of specific regulations for the healthcare sector apply.

In addition, „Sopharma Trading“ Doo, Belgrade operates on the Serbian market and is subject to the regulations of the Republic of Serbia. Insofar as these acts do not directly regulate the Issuer's activities, no specific list is included in this Prospectus. Similar to the acts regulating the Issuer's activities, the acts regulating the company's activities in the Republic of Serbia include acts that are generally applicable to all companies in the country, but also specific acts regulating the company's activities as a wholesaler of medicinal products and medical devices. European Union acts have no direct effect on the company in the Republic of Serbia.

The issuer makes significant sales to public sector customers, and these sales are indirectly dependent on local and supranational regulation of activities in the health sector, including regulations governing the structure and competence of public enterprises (medical institutions), their budgets, and state and supranational policies regarding their activities. The main regulatory risks for the Group are related to changes in healthcare regulations and the unsatisfactory pace of modernization of legislation in this sector, including in order to respond to the opportunities for digitization of services in the sector.

No changes are currently expected in the regulatory environment in which the Issuer and its subsidiaries operate that could have a material impact on its activities.

As of the date of this Prospectus, there are no known specific planned changes in general national and supranational economic, tax, and monetary policies that are highly likely to be implemented and that would significantly affect the activities of the Issuer and its subsidiaries.

The companies in the „Sopharma“ AD group are exposed to the influence of the relevant state, economic, tax, and monetary policies, as well as the political course. More information on this is provided in section 1 Risk Factors of this Prospectus. The Issuer is not aware of any other factors that could significantly affect its operations.

„Sopharma“ AD has subsidiaries in Belarus, Ukraine, Russia, and Kazakhstan. The activities of these companies are not affected by restrictive measures imposed by the EU. The trade and manufacture of pharmaceutical products are not subject to sanctions.

SPECIAL LEGISLATION (for the pharmaceutical sector)

EUROPEAN UNION ACTS

1. Regulation (EC) No. 1901/2006 of the European Parliament and of the Council of December 12, 2006 on medicinal products for pediatric use and amending Regulation (EEC) No. 1768/92, Directive 2001/20/EC, Directive 2001/83/EC and Regulation (EC) No 726/2004
2. Regulation (EC) No 726/2004 of the European Parliament and of the Council of 31 March 2004 laying down Community procedures for the authorisation and supervision of medicinal products for human and veterinary use and establishing a European Medicines Agency
3. Regulation (EC) No 1394/2007 of the European Parliament and of the Council of 13 November 2007 on advanced therapy medicinal products and amending Directive 2001/83/EC and Regulation (EC) No 726/2004
4. Regulation (EU) 2017/745 of the European Parliament and of the Council of 5 April 2017 on medical devices, amending Directive 2001/83/EC, Regulation (EC) No 178/2002 and Regulation (EC) No 1223/2009 and repealing Council Directives 90/385/EEC and 93/42/EEC
5. Regulation (EC) No. 178/2002 of the European Parliament and of the Council of January 28, 2002, laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety
6. Commission Regulation (EU) No 432/2012 of 16 May 2012 establishing a list of permitted health claims made on foods, other than those referring to the reduction of disease risk and to children's development and health
7. Regulation (EC) No 107/2008 of the European Parliament and of the Council of 15 January 2008 amending Regulation (EC) No 1924/2006 on nutrition and health claims made on foods as regards the implementing powers conferred on the Commission
8. Regulation (EC) No 109/2008 of the European Parliament and of the Council of 15 January 2008 amending Regulation (EC) No 1924/2006 on nutrition and health claims made on foods
9. Regulation (EC) No 1223/2009 of the European Parliament and of the Council of 30 November 2009 on cosmetic products
10. Directive 2011/62 of the European Parliament and of the Council of 8 July 2011 amending Directive 2001/83/EC on the Community code relating to medicinal products for human use, as regards the prevention of the entry into the legal supply chain of falsified medicinal products
11. Directive 2001/83/EC of the European Parliament and of the Council of 6 November 2001 on the Community code relating to medicinal products for human use
12. Directive 2012/26/EU of the European Parliament and of the Council of 25 October 2012 amending Directive 2001/83/EC as regards pharmacovigilance

NATIONAL LEGISLATION

1. Law on Medicinal Products for Human Use (State Gazette No. 31/13.04.2007).
2. Law on Medical Devices (State Gazette No. 46/12.06.2007).
3. Law on Medical Establishments (State Gazette No. 62/09.07.1999).
4. Food Act (State Gazette No. 52/09.06.2020).
5. Health Act (State Gazette No. 70 of 10.08.2004).
6. Law on Control of Narcotic Substances and Precursors (State Gazette No. 30/02.04.1999).
7. Waste Management Act (State Gazette No. 53/13.07.2012).

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8. Regulation No. 1 of January 25, 2012, on the requirements for the advertising of medicinal products (State Gazette No. 10/03.02.2012).
 9. Regulation No. 28 of 09.12.2008 on the structure, order, and organization of the work of pharmacies and the nomenclature of medicinal products (State Gazette, No. 109/23.12.2008).
 10. Regulation No. 39 of 13.09.2007 on the principles and requirements for Good Distribution Practice (State Gazette No. 77/25.09.2007).
 11. Regulation No. 10 of 2009 on the conditions, procedure, mechanism, and criteria for payment by the National Health Insurance Fund for medicinal products, medical devices, and dietary foods for special medical purposes, as well as aids, appliances, equipment, and medical devices for people with disabilities, negotiation of discounts and reimbursement of excess funds through the application of a mechanism ensuring the predictability and sustainability of the NHIF budget (State Gazette No. 24/31.03.2009).
 12. Regulation No. 15 of 17.04.2009 on the conditions for issuing permits for the manufacture/import and the principles and requirements for good manufacturing practice of all types of medicinal products, medicinal products for clinical trials and active substances (State Gazette No. 38 of 22.05.2009).
 13. Regulation on the conditions, rules, and procedures for regulating and registering the prices of medicinal products (State Gazette No. 40/30.04.2013).
 14. Regulation No. 2 of 5 February 2008 on the requirements for the collection, confirmation, and provision of information on adverse drug reactions and on the content and format of urgent reports on adverse drug reactions and periodic safety reports (State Gazette No. 24 of 04.03.2008).
 15. Regulation No. 4 of 04.03.2009 on the conditions and procedure for prescribing and dispensing medicinal products (State Gazette No. 21/20.03.2009).
 16. Regulation No. 1 of January 26, 2016 on food hygiene (State Gazette No. 10/05.02.2016).
 17. Regulation No. 1 of January 5, 2018, on the conditions and procedures for disinfection, disinsection, and deratization (State Gazette No. 7/January 19, 2018).
 18. Regulation No. 9 of 23.04.2008 on the conditions and procedures for blocking and withdrawing medicinal products that do not comply with the requirements for quality, safety, and efficacy (State Gazette, No. 45/13.05.2008).
 19. Ordinance No. 1 of 09.02.2015 on the requirements for waste collection and treatment activities on the territory of medical and healthcare facilities (State Gazette, issue 13/17.02.2015).
 20. Ordinance No. 4 of 31.05.2019 on the specialized electronic system for tracking and analyzing medicinal products (State Gazette, No. 46/11.06.2019).
 21. Regulation No. 2 of July 23, 2014 on the classification of waste (State Gazette No. 66/08.08.2014).
 22. Regulation No. 3 of January 10, 2001 on the destruction of legally manufactured, acquired, and stored narcotic substances and medicinal products containing narcotic substances that have become unfit for use (State Gazette No. 6/19.01.2001).
 23. Regulation No. 4 of February 3, 2015 on the requirements for the use of food additives (State Gazette No. 12/13.02.2015).
 24. Regulation No. 4 of May 16, 2018 on the conditions and procedure for the destruction of medicinal products (State Gazette No. 111 of 2020).

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25. Regulation No. 5 of July 6, 2011 on the conditions and procedure for obtaining a permit for the storage and sale of medicinal products by doctors and dentists and their supply with medicinal products (State Gazette No. 54/15.07.2011).
 26. Regulation on the conditions and procedure for authorizing the activities under Article 73, paragraph 1 of the Law on Control of Narcotic Substances and Precursors (State Gazette No. 78 of October 6, 2016, amended and supplemented by State Gazette No. 84 of October 12, 2018).
 27. Regulation No. 7 of August 5, 2008, on the conditions and procedure for taking samples and specimens from medical devices for testing (State Gazette No. 72/August 15, 2008).
 28. Regulation No. 14 of July 28, 2014, on the detailed rules for the presentation of information under Article 19, paragraph 4 of Regulation (EC) No. 1223/2009 on cosmetic products, requirements for the efficacy of sunscreen cosmetic products, and chemical methods for testing the composition of cosmetic products (State Gazette No. 68/15.08.2014).
 29. Regulation No. 21 of October 12, 2000, on the requirements for documentation and reporting when performing activities with narcotic substances and medicinal products containing narcotic substances (State Gazette No. 86/20.10.2000).
 30. Regulation No. 22 of October 14, 2008, on the conditions and procedure for blocking, withdrawing, and/or destroying medical devices (State Gazette No. 97/11.11.2008).
 31. Regulation No. 31 of August 12, 2007, on the rules for good clinical practice (State Gazette No. 67/17.08.2007).
 32. Regulation No. 47 of December 28, 2004, on the requirements for food supplements (State Gazette No. 5/14.01.2005).
 33. Regulation No. 64 of May 16, 2006, on the conditions and procedure for submitting information on pharmacovigilance (State Gazette No. 47/09.06.2006).
 34. Regulation on the essential requirements and procedures for assessing compliance with the essential requirements for medical devices under Article 2, paragraph 1, item 3 of the Medical Devices Act (State Gazette No. 65/10.08.2007)..
 35. Regulation No. 25 of 10.11.2008 on the conditions and procedure for putting into service medical devices without the conditions under Article 8 of the Medical Devices Act (State Gazette No. 99 of 18.11.2008).
 36. Regulation on the essential requirements and procedures for assessing conformity with the essential requirements of in vitro diagnostic medical devices (State Gazette No. 65/10.08.2007).
 37. Regulation on the essential requirements and procedures for assessing conformity with the essential requirements of active implantable medical devices (State Gazette No. 65/10.08.2007).
 38. Regulation No. 14 of 28.07.2014 laying down detailed rules for the presentation of information under Article 19, paragraph 4 of Regulation (EC) No. 1223/2009 on cosmetic products, requirements for the efficacy of sunscreen cosmetic products, and chemical methods for testing the composition of cosmetic products (State Gazette No. 68/15.08.2014).
 39. Regulation No. 27 of 15.06.2007 on the requirements for data and documentation for the authorization for use and registration of medicinal products.

10. INFORMATION ON TRENDS

10.1. CURRENT TRENDS AND SIGNIFICANT CHANGES IN THE ISSUER'S FINANCIAL POSITION

The Council of the European Union is now ready to start negotiations with the European Parliament after reaching agreement on new rules aimed at making the pharmaceutical sector in the EU more competitive and fair.

The proposals for a regulation and a directive, which make up the "pharmaceutical package," represent the biggest reform of EU legislation on medicines in more than two decades.

The package introduces new rules for all medicines. It also includes a recommendation adopted by the Council in June 2023 to strengthen the fight against antimicrobial resistance (AMR).

The package includes incentives for pharmaceutical companies to develop products aimed at meeting unmet medical needs.

It is proposed that companies that introduce a new medicine to the market should benefit from an eight-year data protection period, during which they will have exclusive rights to data from preclinical and clinical trials. Other companies will only have access to this data after the eight-year period has expired.

Antibiotic manufacturers will benefit from three years of market protection instead of the current two.

The reform also aims to make the European Medicines Agency (EMA) more efficient in order to reduce the regulatory burden and speed up the approval of medicines.

Since the end of the last reporting period (September 30, 2025), and for any published financial information, there has been no other significant change in the financial or trading position of the Issuer's group.

10.2. INFORMATION ON KNOWN TRENDS, FLUCTUATIONS, REQUIREMENTS, COMMITMENTS, OR EVENTS THAT COULD HAVE A SIGNIFICANT EFFECT ON THE PROSPECTS

There are no other trends, fluctuations, requirements, commitments or events known to the Issuer that could have a significant effect on the prospects of the Issuer and the companies in the Issuer's group for the current financial year other than those described in the previous point.

11. PROFIT FORECAST OR ESTIMATE

11.1. PUBLISHED PROFIT FORECASTS OR ESTIMATES

The Issuer does not provide forecasts for its sales and profit.

12. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

12.1. MANAGEMENT BODIES

12.1.1. Board of Directors

„Sopharma“ AD has a single-tier management system with a Board of Directors consisting of five members, as follows:

- **Ognian Donev** – Chairman
- **Vesela Stoeva** – Vice-Chair
- **Bisera Lazarova** – Member
- **Alexandar Tchaoushev** – Independent Member
- **Ivan Badinski** – Member

The company has one procurator:

- **Simeon Donev** – procurator

1. Ognian Ivanov Donev – Chairman of the Board of Directors and Chief Executive Officer

Ognian Donev has been a member of the Board of Directors since October 17, 2000.

Business address

Sofia 1756, 5 Lachezar Stanchev Street, Sopharma Business Towers, Tower A, Floor 17 Activities performed outside the Issuer that are significant to the Issuer

Activities outside the Issuer that are significant to the Issuer

- Member of the Advisory Committee of the Confederation of Employers and Industrialists in Bulgaria (CEIB)
- Chairman of the International Chamber of Commerce for Bulgaria
- Member of the Board of Trustees of Sofia Medical University
- Vice President of the Vienna Economic Forum

Family ties

There are no family ties between Ognian Donev and any other member of the Company's Board of Directors.

Management experience and knowledge

Ognian Donev graduated from the German High School in Sofia. He studied in Hamburg and Vienna. He graduated in International Economic Relations from the Higher Economic Institute in Sofia. He graduated in International Economic Relations from the Higher Economic Institute in Sofia. In 1986, he defended his doctoral degree in economics in Berlin. Dr. Ognian Donev has been the Executive Director of „Sopharma“ AD since October 2000.

Information on any convictions, sanctions, or insolvency in the last five years preceding the preparation of the Prospectus

In the last five years, Ognian Donev has not been:

- convicted of fraud.
- involved in insolvency, receivership, or liquidation as a member of an administrative, management, or supervisory body or as a senior manager of a company or other entity in respect of which such circumstances existed.
- officially publicly incriminated and/or sanctioned by legal or regulatory authorities (including certain professional bodies).
- deprived by a court of the right to be a member of the administrative, management or supervisory bodies of an issuer or to perform management functions or carry out the activities of an issuer.

2. Vesela Lyubenova Stoeva – Deputy Chairman of the Board of Directors

Vesela Stoeva has been a member of the Board of Directors since October 17, 2000.

Business address

Sofia 1756, 5 Lachezar Stanchev Street, Sopharma Business Towers, Tower A, Floor 16 Main activities performed outside the Issuer that are significant to the Issuer

No such activities.

None

There is no family relationship between Vesela Stoeva and any other member of the Board of Directors of the Company.

There is no family relationship between Vesela Stoeva and any other member of the Company's Board of Directors.

Management experience and knowledge

She graduated from the French Language High School "G. Kirkov" in Sofia in 1982 and then continued her higher education at the Karl Marx Higher Institute of Economics in Sofia, majoring in Finance and Credit. She graduated in 1989.

She has been with „Sopharma“ AD since 2000 as an advisor on economic issues to the Executive Director and Deputy Chairman of the Board of Directors. Her professional experience includes working for large Bulgarian companies in various industries, including WTO Rudmetal and Bulgartabac Holding AD.

She speaks French, English, and Italian.

Information on any convictions, sanctions, or insolvency in the last five years preceding the preparation of the Prospectus

In the last five years, Vesela Stoeva has not been:

- convicted of fraud.
- involved in insolvency, receivership, or liquidation as a member of an administrative, management, or supervisory body or as a senior manager of a company or other entity in respect of which such circumstances existed.

-
- officially publicly incriminated and/or sanctioned by legal or regulatory authorities (including certain professional bodies).
 - deprived by a court of the right to be a member of the administrative, management or supervisory bodies of an issuer or to perform management functions or carry out the activities of an issuer.

3. Bisera Lazarova – Member of the Board of Directors

Bisera Lazarova has been a member of the Board of Directors since June 14, 2021.

Business address

Sofia, ul. "Galichitsa" No. 44, fl. 3

Main activities performed outside the Issuer that are significant in relation to the Issuer

None

There is no family relationship between Bisera Lazarova and any other member of the Board of Directors of the Company.

There are no family ties between Bisera Lazarova and any other member of the Company's Board of Directors.

Management experience and knowledge

Ms. Lazarova graduated with a degree in economics, majoring in International Economic Relations, from the K. Marx Higher Institute of Economics in Sofia. She has acquired additional qualifications through a number of training courses, including She has acquired additional qualifications through a number of training courses, including Business Accounting and Financial Services – Certificate III – South Western Institute of TAFE – Liverpool, Australia. Ms. Lazarova's professional experience includes a number of management positions in the field of international trade, accounting and control, and organization. From 2002 to 2021, Ms. Lazarova worked as an assistant to the Executive Director of „Sopharma“ AD. She is fluent in German, English, and Russian. **Information on any convictions, sanctions, or insolvency in the last five years preceding the preparation of the Prospectus**

In the last five years, Bisera Lazarova has not been:

- convicted of fraud.
- involved in insolvency, receivership, or liquidation as a member of an administrative, management, or supervisory body or as a senior manager of a company or other entity in respect of which such circumstances existed.
- officially publicly incriminated and/or sanctioned by legal or regulatory authorities (including certain professional bodies).
- deprived by a court of the right to be a member of the administrative, management or supervisory bodies of an issuer or to perform management functions or carry out the activities of an issuer.

4. Alexandar Viktorov Tchauchev – independent member of the Board of Directors

Alexandar Tchauchev has been a member of the Board of Directors since July 12, 2011.

Business address

Sofia, 16 Iliensko Shose St.

Main activities performed outside the Issuer that are significant to the Issuer

None

There is no family relationship between Alexandar Tchauchev and any other member of the Board of Directors of the Company.

There are no family ties between Alexandar Tchauchev and any other member of the Company's Board of Directors.

In 1984, he graduated from the English Language High School in Sofia, and later, in 1991, he completed his higher education at the Moscow State Institute of Foreign Languages.

In 1984, he graduated from the English Language High School in Sofia, and later, in 1991, he completed his higher education at the Moscow State Institute of International Relations. Mr. Tchaoushev was elected as a member of the Board of Directors of „Sopharma“ AD at the General Meeting of Shareholders held on June 29, 2011. Mr. Tchaoushev's professional experience includes membership in the management bodies of a number of successful companies. Mr. Tchaoushev began his career at the Ministry of Trade as an expert in 1993.

Information on any convictions, sanctions, or insolvency in the last five years preceding the preparation of the Prospectus

In the last five years, Alexandar Tchauchev has not:

- convicted of fraud.
- involved in insolvency, receivership, or liquidation as a member of an administrative, management, or supervisory body or as a senior manager of a company or other entity in respect of which such circumstances existed.
- officially publicly incriminated and/or sanctioned by legal or regulatory authorities (including certain professional bodies).
- deprived by a court of the right to be a member of the administrative, management or supervisory bodies of an issuer or to perform management functions or carry out the activities of an issuer.

5. Ivan Venetskov Badinski – Member of the Board of Directors

Ivan Badinski has been a member of the Board of Directors since August 29, 2018.

Business address

Sofia, 16 Iliensko Shose St.

Main activities performed outside the Issuer that are significant to the Issuer

None

There is no family relationship between Ivan Badinski and any other member of the Board of Directors of the Company.

There are no family ties between Ivan Badinski and any other member of the Company's Board of Directors.

Management experience and knowledge

He graduated in Pharmacy in 1980 with a master's degree in pharmacy. He has a specialization in "Organization and Economics of Distribution and Pharmacy Practice," acquired in 1996. In 2005, he

acquired a professional qualification in Health Management from the Faculty of Public Health at the Medical University of Sofia. Until 1997, he worked as a Master Pharmacist at the pharmacy of the Pirogov Institute for Emergency Medical Care in Sofia. From October 1997 to October 2000, he was a member of the Board of Directors of „Sopharma“ AD, and from 1998 he was the company's Executive Director. He also held the position of Commercial Director. After the privatization of „Sopharma“ AD in 2000, he worked for the company as Director of Cooperation and Licensing. Since September 2015, he has been a procurator of „Sopharma“ AD.

Information on any convictions, sanctions, or insolvency in the last five years preceding the preparation of the Prospectus

In the last five years, Ivan Badinski has not been:

- convicted of fraud.
- involved in insolvency, receivership, or liquidation as a member of an administrative, management, or supervisory body or as a senior manager of a company or other entity in respect of which such circumstances existed.
- officially publicly incriminated and/or sanctioned by legal or regulatory authorities (including certain professional bodies).
- deprived by a court of the right to be a member of the administrative, management or supervisory bodies of an issuer or to perform management functions or carry out the activities of an issuer.

6. Simeon Ognianov Donev – Procurator

Simeon Donev has been a procurator since June 16, 2020.

Business address

Sofia 1756, 5 Lachezar Stanchev Street, Sopharma Business Towers, Tower A, Floor 15 Activities performed outside the Issuer that are significant to the Issuer

Activities performed outside the Issuer that are significant to the Issuer

None

Family ties

There is a family relationship between Simeon Donev and Ognian Donev, a member of the Company's Board of Directors. Simeon Donev is the son of Ognian Donev.

Management experience and knowledge

Simeon Donev has more than 5 years of experience in areas such as international projects, commercial activities, marketing, and strategic planning. For more than 3 years, Mr. Simeon Donev has been leading the Business Development team at „Sopharma“ AD, and during this period he has successfully completed a number of projects. Simeon Donev has been a procurator of „Sopharma“ AD since June 2020.

Information on any convictions, sanctions, or insolvency in the last five years preceding the preparation of the Prospectus

In the last five years, Simeon Donev has not been:

- convicted of fraud.

- been involved in insolvency, receivership, or liquidation as a member of an administrative, management, or supervisory body or as a senior manager of a company or other entity in respect of which such circumstances existed.
- officially publicly incriminated and/or sanctioned by legal or regulatory authorities (including certain professional bodies).
- deprived by a court of the right to be a member of the administrative, management or supervisory bodies of an issuer or to perform management functions or carry out the activities of an issuer.

12.1.2. Companies and partnerships in which members of the Issuer's board of directors and procurator have been members of the administrative, management or supervisory bodies, or partners in the last five years preceding the preparation of this document, including an indication of whether the person holds this position at present

Participation in the capital of companies at present

1. Ognian Ivanov Donev

As of the date of the prospectus, Ognian Ivanov Donev holds a direct/indirect share in the capital of the following companies:

- „Donev Investments Holding” AD, UIC: 831915121, with registered office in Sofia, 12 Pozitano Street. Telecomplect AD, UIC: 831643753, with registered office in Sofia, 5 Lachezar Stanchev Street, Building A.
- „Telecomplect” AD, UIC: 831643753, with registered office in Sofia, 5 Lachezar Stanchev Street, Building A. (Sopharma Business Towers; Entrance A; Floor 3; Apartment 1-A3) „Sofprint Group AD, UIC: 175413277, with registered office in Sofia, 12 Positano Street.
- „Sofprint Group” AD, UIC: 175413277, with registered office at: Sofia, 12 Positano Street.
- „Sofconsult Group” AD, UIC: 175413245, with registered office at: Sofia, 12 Positano Street.
- „Sofconsult Group” AD, UIC: 175413245, with registered office at: Sofia, 12 Positano Street.
- „Sopharma” AD, UIC: 831902088, with registered office in Sofia, 16 Ilienکو Shose Street.
- „Energoinvest” AD, UIC: 200929754, with registered office in Sofia, 9 P. R. Slaveykov Square.
- „Selso” EOOD, UIC: 206522151, with registered office at 12 Pozitano Street, Sofia. Over the past five years, Ognian Ivanov Donev has held a direct/indirect stake in the capital of the following companies:

Over the past five years, Ognian Ivanov Donev has directly/indirectly owned shares in the following companies:

- „Donev Investments Holding” AD, UIC: 831915121, with registered office in Sofia, 12 Pozitano Street. Telecomplect AD, UIC: 831643753, with registered office in Sofia, 5 Lachezar Stanchev Street, Building A, Floor 1, Office 1.
- „Telecomplect” AD, UIC: 831643753, with registered office in Sofia, 5 Lachezar Stanchev Street, Building A. (Sopharma Business Towers; Entrance A; Floor 3; Apartment 1-A3) „Sofprint Group” AD, UIC: 175413277, with registered office in Sofia, 12 Positano Street.
- „Sofprint Group” AD, UIC: 175413277, with registered office at: Sofia, 12 Positano Street.
- „Sofconsult Group” AD, UIC: 175413245, with registered office at: Sofia, 12 Positano Street.
- „Sofconsult Group” AD, UIC: 175413245, with registered office at: Sofia, 12 Positano Street.
- „Sopharma” AD, UIC: 831902088, with registered office at 16 Ilienکو Shose Street, Sofia.
- „Energoinvest” AD, UIC: 200929754, with registered office in Sofia, 9 P. R. Slaveykov Square.

2.

2. Vesela Lyubenova Stoeva

As of the date of the prospectus, Vesela Lyubenova Stoeva controls or owns directly/indirectly a share in the capital of the following companies:

- „VES Elektroinvest Systems” EOOD, UIC: 201712700, with registered office at: Sofia, 9 P. R. Slaveykov Square.
- „Eco Solar Invest” EOOD, UIC 201634905, with registered office at: Sofia, 9 P. R. Slaveykov Square.
- „Aquatiks” Ltd., UIC: 203934379, with registered office at: Sofia, 9 P. R. Slaveykov Square.
- „VLIS AD”, UIC: 175082980, with registered office at 9 P. R. Slaveykov Square, Sofia.

Over the past five years, Vesela Lyubenova Stoeva has controlled or owned directly/indirectly a share of the capital of the following companies:

- „VES Elektroinvest Systems” EOOD, UIC: 201712700, with registered office at: Sofia, 9 P. R. Slaveykov Square.
- „Eco Solar Invest” EOOD, UIC 201634905, with registered office at: Sofia, 9 P. R. Slaveykov Square.
- „Aquatix” Ltd., UIC: 203934379, with registered office at: Sofia, 9 P. R. Slaveykov Square.
- „VLIS” AD, UIC: 175082980, with registered office at 9 P. R. Slaveykov Square, Sofia.

3. Alexandar Viktorov Tchaushev

As of the date of the prospectus, Alexandar Viktorov Tchaushev controls or owns directly/indirectly a share in the capital of the following companies:

- „Alfa In” EOOD, UIC: 131156322, with registered office at 1B Dimcho Debelyanov Street, Entrance A, Floor 3, Apartment 8, Sofia. „Assa Asset Management” OOD, UIC: 131156297, with registered office at
- „Assa Asset Management” EOOD, UIC: 131156297, with registered office at: Sofia, Dimcho Debelyanov Street No. 1B, Entrance A, Floor 3, Apartment 8. Pomorie Vineyard AD, UIC: 102819348, with registered office at: Pomorie, Otec Paisiy Street No. 1, Entrance A, Floor 3, Apartment 8.
- „Pomorie Vineyard” AD, UIC: 102819348, with registered office at: Pomorie, 19 Otec Paisiy Street.

Over the past five years, Alexandar Viktorov Tchaushev has controlled or owned directly/indirectly a share of the capital of the following companies:

- „Alfa In” EOOD, UIC: 131156322, with registered office in Sofia, Dimcho Debelyanov Street No. 1B, Entrance A; Floor 3; Apartment 8. 4.

4. Ivan Venetskov Badinski

Ivan Venetskov Badinski does not directly/indirectly hold a share in the capital of any companies. He has not directly/indirectly held a share in the capital of any companies in the last five years.

5. Bisera Nikolaeva Lazarova

As of the date of the prospectus, Bisera Nikolaeva Lazarova controls or holds a direct/indirect share in the capital of the following companies:

- „Konsumfarm” Ltd., UIC: 121148366, with registered office at: Sofia, 80 Yanko Sakazov Blvd. Over the past five years, Biserka Nikolaeva Lazarova has controlled or held a direct/indirect share in the capital of the following companies:

Over the past five years, Bisera Nikolaeva Lazarova has controlled or held a direct/indirect stake in the capital of the following companies:

- „Consumfarm” Ltd., EIK: 121148366, with registered office: Sofia, 80 Yanko Sakazov Blvd. 6.

6. Simeon Ognianov Donev

Simeon Ognyanov Donev does not directly/indirectly hold a share in the capital of any companies. He has not directly/indirectly held a share in the capital of any companies over the past five years.

Participation in the management of companies in the previous 5 years

Participation of members of the Board of Directors in the management of other companies or cooperatives as procurators, managers, or members of boards during:

1. Ognian Ivanov Donev

From 2021 to 2025, Ognian Ivanov Donev participated in the management/control body of the following companies:

- „Donev Investments Holding” AD, UIC: 831915121, with registered office in Sofia, 12 Pozitano Street – Chairman of the Board of Directors. „Telekomplekt” AD, UIC: 831643753, with registered office in Sofia, 5 Lachezar Stanchev Street, Building A, Floor 1, Apartment 1 – Member of the Board of Directors.
- „Telecomplekt” AD, UIC: 831643753, with registered office in Sofia, 5 Lachezar Stanchev Street, Building A – Chairman of the Supervisory Board.
- „Doverie Capital” AD, UIC: 130362127, with registered office in Sofia, 5 Lachezar Stanchev Street, Office Building A, Floor 7 – Member of the Supervisory Board.

Currently, Ognian Ivanov Donev participates in the management/control bodies of the following companies:

- „Donev Investments Holding” AD, UIC: 831915121, with registered office in Sofia, 12 Pozitano Street – Chairman of the Board of Directors. „Telekomplekt” AD, UIC: 831643753, with registered office in Sofia, 5 Lachezar Stanchev Street, Building A; Floor 7 – Member of the Supervisory Board.
- „Telecomplekt” AD, UIC: 831643753, with registered office in Sofia, 5 Lachezar Stanchev Street, Building A (registered office: in Sofia, 5 Lachezar Stanchev Street, Bl. Sopharma Business Towers; Entrance A; Floor 3; Apartment 1-A3) – Chairman of the Supervisory Board.
- „Doverie Capital” AD, UIC: 130362127, with registered office in Sofia, 5 Lachezar Stanchev Street, Office Building A, Floor 7 – Member of the National Assembly. 2.

2. Vesela Lyubenova Stoeva

From 2021 to 2025, Vesela Lyubenova Stoeva has participated in the management/control body of the following companies:

- „VLS” AD, UIC: 175082980, with registered office in Sofia, 9 P.R. Slaveykov Square – Member of the Board of Directors.
- „VES Elektroinvest” Systems EOOD, UIC: 201712700, with registered office at: Sofia, 9 P.R. Slaveykov Square – Manager.

Currently, Vesela Lyubenova Stoeva participates in the management/control bodies of the following companies:

- „VLS” AD, UIC: 175082980, with registered office at 9 P.R. Slaveykov Square, Sofia – Member of the Board of Directors.

- „VES Elektroinvest Systems” EOOD, UIC: 201712700, with registered office at: Sofia, 9 P.R. Slaveykov Square – Manager.

3. Alexandar Viktorov Tchaushev

From 2021 to 2025, Alexandar Viktorov Tchaushev participated in the management/control body of the following companies:

- „DK-Domostroene” AD, UIC: 102148397, with registered office in Burgas, Pobeda district – Member of the Board of Directors.
- „Alfa In” EOOD, UIC: 131156322, with registered office in Sofia, ul. Dimcho Debelyanov 1B – Manager.

At present, Alexandar Viktorov Tchaushev participates in the management/control bodies of the following companies:

- „DK-Domostroene” AD, UIC: 102148397, with registered office in Burgas, Pobeda district – Member of the Board of Directors.
- „Alfa In” EOOD, UIC: 131156322, with registered office in Sofia, Dimcho Debelyanov Street 1B – Manager. 4.

4. Ivan Venetskov Badinski

From 2021 to 2025, Ivan Venetskov Badinski has not participated in the management/control bodies of any companies other than „Sopharma” AD.

At present, Ivan Venetskov Badinski participates exclusively in the Board of Directors of “Sopharma” AD.

5. Bisera Nikolaeva Lazarova

From 2021 to 2025, Bisera Nikolaeva Lazarova has participated in the management/control bodies of the following companies:

- „Sopharma Properties” REIT, UIC: 175059266, with registered office in Sofia, 5 Lachezar Stanchev Street – Member of the Board of Directors.

Currently, Bisera Nikolaeva Lazarova participates in the management/control bodies of the following companies:

- „Sopharma Properties” REIT, UIC: 175059266, with registered office in Sofia, 5 Lachezar Stanchev Street – Member of the Board of Directors.

6. Simeon Ognianov Donev

From 2021 to 2025, Simeon Ognianov Donev has been a member of the management/supervisory body of the following companies:

- „Doverie Invest” EAD, UIC 205426924 – Member of the Board of Directors;
- „Doverie – Capital” AD, UIC 130362127 – member of the Management Board;
- „Telecomplect” AD, UIC 831643753 – member of the Supervisory Board

Currently, Simeon Ognianov Donev participates in the management/control bodies of the following companies:

- „Doverie Invest” EAD, UIC 205426924 – member of the Board of Directors;
- „Doverie – Capital” AD, UIC 130362127 – member of the Management Board;
- „Telecomplect” AD, UIC 831643753 – member of the Supervisory Board

12.1.3. Other members of the Issuer's senior management

There are no other members of senior management other than those mentioned in item 12 who are of significant importance to the management of the Issuer's business activities.

12.2. CONFLICT OF INTEREST

There are no potential conflicts of interest between the obligations of the members of the Board of Directors and the procurator of the Issuer to the Issuer and their personal interests and/or other obligations.

At the time of preparation of this document, the Issuer is not aware of any arrangements or agreements between shareholders, customers, suppliers, and others, pursuant to which any member of the Board of Directors or the procurator of the Issuer has been elected as a member of management or supervisory bodies.

There are no restrictions on the disposal by members of the Board of Directors and the procurator of securities issued by the Company and held by them.

13. REMUNERATION AND COMPENSATION

13.1. REMUNERATION PAID

Table No. 18 Amount of annual remuneration accrued by the Issuer to the members of the Board of Directors and the Procurator for 2024

	Remuneration paid	Accrued fees
Ognian Donev	763 391	841 220
Vesela Stoeva	182 102	195 155
Bisera Lazarova	120 000	120 000
Alexandar Tchauchev	120 000	120 000
Ivan Badinsky	120 000	120 000
Simeon Donev	348 865	387 114

Source: "Sopharma" AD

The total remuneration received by Ognian Donev from other companies in the same group amounts to BGN 24,000.

Vesela Lyubenova Stoeva, Deputy Chair of the Board of Directors of „Sopharma“ AD, was paid BGN 62102 leva and 75,155 leva were accrued under an employment contract for the position of "Advisor on Economic Issues to the Executive Director."

Simeon Ognianov Donev, in his capacity as procurator of the Company, was paid 60,000 leva and 288,865 leva and accrued 60,000 leva and 327.114 leva under an employment contract for the positions of procurator and Deputy Executive Director.

The contracts with the other members of the Board of Directors of „Sopharma“ AD do not provide for additional payments for services provided by persons outside their usual functions, and no other service agreements have been concluded with them.

Pursuant to Article 24, paragraph 3, letter "A" of the Articles of Association of the company and the decision of the General Meeting of 28.06.2024, the permanent monthly remuneration of a member of the Board of Directors is in the amount of 10,000 /ten thousand/ leva or 120,000 /one hundred and twenty thousand/ leva per year, and that of the Executive Director is 30,000 /thirty thousand/ leva or 360,000 /three hundred and sixty thousand/ leva per year.

The Executive Director of the Company is entitled to additional remuneration in the amount of 1% of the profit realized in 2023 according to the approved individual Annual Financial Report for 2023 (at the General Meeting of Shareholders), namely BGN 481,220 (four hundred and eighty-one thousand, two hundred and twenty leva). The payment plan provides for 40% of this remuneration to be deferred for a period of 3 years.

Apart from the Executive Director, no other members of the Board of Directors or the company's procurator have received remuneration based on participation in the company's profits or on the basis of a bonus payment plan.

The current Remuneration Policy for members of the Board of Directors does not provide for the granting of remuneration to members of the Board of Directors in the form of Company shares, share options, or other rights to acquire shares. No remuneration based on changes in the price of the Company's shares is provided for either.

In 2024, none of the members of the Board of Directors and the procurator of „Sopharma“ AD received non-monetary benefits equivalent to remuneration other than those specified in this item.

By a decision of the General Meeting of Shareholders of 28 June 2024, it was determined that 2% of the net profit realized in 2023 would be distributed among members of the company's senior management team. As of the date of the prospectus, no amounts from this remuneration have been distributed.

13.2. TOTAL AMOUNTS FOR PENSIONS AND OTHER RETIREMENT BENEFITS OR OTHER SIMILAR BENEFITS

With regard to the members of the Board of Directors and the procurator of „Sopharma“ AD, there is no commitment on the part of the Issuer and its subsidiaries for additional voluntary pension insurance. The Issuer and its subsidiaries have no obligations to make contributions to the members for the reporting financial year. There are no such commitments in respect of senior management.

14. PRACTICES OF THE MANAGEMENT BODIES

14.1. DATE OF EXPIRY OF THE CURRENT TERM OF OFFICE

Pursuant to the provisions of Article 22, paragraph 1 of the Company's Articles of Association, the term of office of the Board of Directors is 5 years. The current term of office of the Board of Directors of „Sopharma“ AD is 5 years and expires on June 4, 2026.

The Company's Articles of Association do not provide for restrictions on the re-election of members of the Board of Directors.

- Ognian Donev has been a member of the Board of Directors since October 17, 2000;
- Vesela Stoeva has been a member of the Board of Directors since October 17, 2000;
- Bisera Lazarova has been a member of the Board of Directors since June 14, 2021;
- Alexandar Tchauchev has been a member of the Board of Directors since July 12, 2011;
- Ivan Badinski has been a member of the Board of Directors since August 29, 2018;
- Simeon Donev has been a procurator since June 16, 2020.

14.2. COMPENSATION UPON TERMINATION OF EMPLOYMENT

The contracts concluded with „Sopharma“ AD for the management of the members of the Board of Directors do not provide for compensation upon termination of employment. The members of the Board of Directors do not have contracts with subsidiaries of „Sopharma“ AD providing for compensation upon termination of employment.

14.3. AUDIT COMMITTEE AND REMUNERATION COMMITTEE

The Audit Committee consists of:

Vasil Naydenov – Chairman

Tsvetanka Zlateva – Member

Kristina Atanosova-Elliot – Member

The Audit Committee has a three-year term. It has been re-elected four consecutive times, most recently by a decision of the General Meeting of Shareholders on June 2, 2023. In this composition, the Audit Committee performed its functions in 2024 in accordance with Article 108 of the ZNFO, the Statute of the Audit Committee adopted by the General Meeting of Shareholders, and in compliance with the other requirements of the Independent Financial Audit Act and the expression of assurance on sustainability (State Gazette No. 79 of 2024).

The Company has not established a Remuneration Committee. No external consultants were used in the development of the Remuneration Policy for members of the Board of Directors.

14.4. CORPORATE GOVERNANCE

„Sopharma“ AD is a public company within the meaning of Article 110 of the Public Offering of Securities Act and adopts and complies with a Corporate Governance Program.

The public companies in the Sopharma Group have adopted and continue to comply with the National Code of Corporate Governance (NCCG), approved by the Deputy Chairman of the Financial Supervision Commission.

Good corporate governance is a combination of balanced relationships between the management bodies in the Group, its shareholders and all stakeholders—employees, business partners, creditors of the company, potential and future investors, and society as a whole.

In addition to the principles of a recommendatory nature, the public companies in the Group have established a specific set of requirements for good corporate governance practices, compliance with which is mandatory for their management bodies and which are related to:

- Protecting the rights of shareholders;
- Ensuring fair treatment of all shareholders, regardless of the number of shares they hold;
- Recognizing the rights of stakeholders and encouraging cooperation between companies and stakeholders;
- Ensuring timely and accurate disclosure of information on all matters relating to companies, including their financial condition, results, ownership, and management;
- Supporting the strategic management of companies, control over management activities, and accountability to the company and shareholders.

The Corporate Governance Code is applied on a "comply or explain" basis. This means that its recommendations are followed, and regardless of whether there is a deviation from them or not, the management of the public companies in the Group periodically discloses information on corporate governance with the nature and scope provided for in the NCCG, namely:

- The actions of their management are aimed at establishing the principles of good corporate governance, increasing the confidence of shareholders, investors, and persons interested in the management and activities of the Group.
- The management of these companies in the Group has adopted a Disclosure Policy in accordance with legal requirements and their articles of association.

„Sopharma“ AD is a member of and participates in the establishment of the National Corporate Governance Commission Association.

14.5. POTENTIAL SIGNIFICANT IMPACTS ON CORPORATE GOVERNANCE, INCLUDING UPCOMING CHANGES IN THE COMPOSITION OF MANAGEMENT AND COMMITTEES APPROVED BY MANAGEMENT AND/OR THE SHAREHOLDERS' MEETING

None.

15. EMPLOYEES

15.1. NUMBER OF EMPLOYEES

In 2025, the average number of employees in the Group is 5,895 workers and employees (2024: 5,599 workers and employees; 2023: 4,721; 2022: 4,764). The average number of employees of the parent company „Sopharma“ AD in 2025 is 1,703 (2024: 1,758; 2023: 1,720; 2022: 1,760).

As of the date of the prospectus, the Group's staff numbers 5,905. Of these, 4,361 are in Bulgaria, 555 are in Serbia, 523 are in Belarus, 256 are in Ukraine, 172 are in Russia, 24 are in Kazakhstan, and 14 are in Poland. As of the date of the prospectus, the parent company had 1,703 employees.

In 2024, the number of temporary employees in the Group was 233.

15.2. SHAREHOLDINGS AND STOCK OPTIONS

The members of the Board of Directors and the procurator do not hold any stock options of the Issuer. There are currently no unexercised warrants issued.

Table No. 19 Number of shares held by the current members of the Board of Directors and the procurator as of the date of the prospectus

	Number of shares	Share of capital (%)
Ognian Donev	48 791 100	9.05%
Vesela Stoeva	450	0.00%
Bisera Lazarova	111 600	0.02%
Alexandar Tchauchev	1 374 126	0.25%
Ivan Badinsky	6 090	0.00%
Simeon Donev	586 350	0.11%

Source: "Sopharma" AD

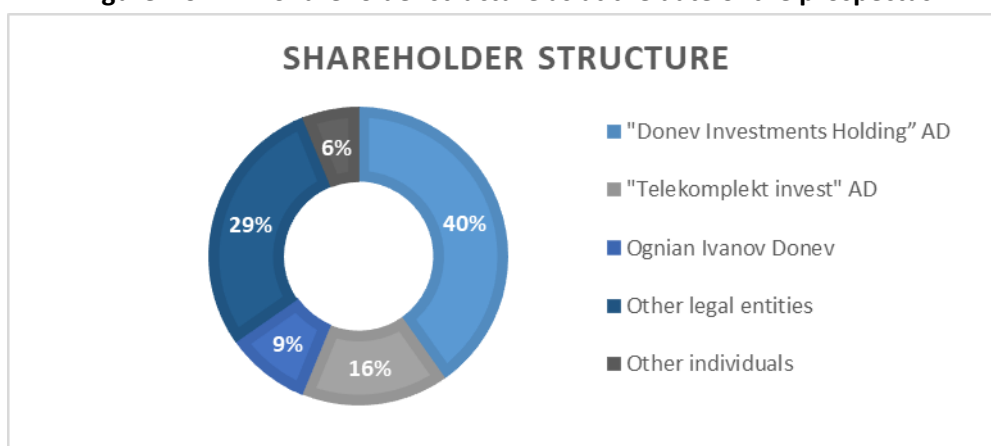
15.3. AGREEMENTS FOR EMPLOYEE PARTICIPATION IN THE ISSUER'S CAPITAL

There are no agreements for employee participation in the Issuer's capital.

16. MAJORITY SHAREHOLDERS

16.1. SHAREHOLDERS WITH 5% OF THE VOTING SHARES

Figure No. 1 Shareholder structure as at the date of the prospectus



As of the date of the prospectus, the persons whose voting rights in the General Meeting of Shareholders of Sopharma AD **directly** reach 5% of the Company's capital are as follows:

- „Donev Investments Holding” AD directly owns **40.22%** of the capital of „Sopharma” AD and, accordingly, **40.22%** of the voting rights at the General Meeting of Shareholders of the Company.
- „Telecomplekt Invest” AD directly owns **15.98%** of the capital of „Sopharma” AD and, accordingly, **15.98%** of the voting rights at the General Meeting of Shareholders of the Company.
- Ognian Ivanov Donev directly owns **9.09%** of the capital of „Sopharma” AD and, accordingly, **9.09%** of the voting rights in the General Meeting of Shareholders of the Company.

Indirect participation in the capital of „Sopharma” AD

Ognian Ivanov Donev indirectly owns 40.22% of the capital of „Sopharma” AD through direct participation in the capital of:

- „Donev Investments Holding” AD, UIC: 831915121, with registered office at: Sofia, 12 Pozitano St. „Donev Investments Holding” AD holds DIRECTLY **40.22%** of the capital of „Sopharma” AD. „Donev Investments Holding” AD holds DIRECTLY **40.22%** of the capital of „Sopharma” AD. Ognian Ivanov Donev holds 97.57% of the capital of „Donev Investments Holding” AD

Members of Ognian Ivanov Donev's family own the following shares in the capital of „Sopharma” AD:

- Simeon Donev (son) owns 586,350 shares
- Ivan Donev (son) owns 1,180,197 shares
- Rositsa Doneva (wife) owns 1,762,000 shares

Ognian Ivanov Donev's total stake in the capital of „Sopharma” AD is:

- Direct participation: 9.09%
- Indirect participation: 40.22%

-
- Holdings of members of Ognian Donev's family: 0.65%

As of the date of this Prospectus, there are no other legal entities or individuals who hold, directly or indirectly, and/or through related parties, a stake in the Issuer's capital reaching 5% of the capital.

As of the date of this Prospectus, there are no persons who hold indirect participation in the Issuer pursuant to the provisions of Article 146, paragraph 1, item 5 of the Public Offering of Securities Act.

16.2. DIFFERENT VOTING RIGHTS

The shareholders referred to in *item 16.1*. Shareholders *with more than 5% of the voting shares* in „Sopharma“ AD do not have different voting rights. Each share in the Company's capital entitles the holder to 1 vote at the General Meeting of Shareholders.

16.3. PERSONS EXERCISING CONTROL

According to the definition in § 1, item 14 of the Additional Provisions of the Public Offering of Securities Act, control exists when a person:

- owns, including through a subsidiary or by virtue of an agreement with another person, more than 50% of the votes in the general meeting of a company or other legal entity; or
- can directly or indirectly appoint more than half of the members of the management or supervisory body of a legal entity; or
- can otherwise exercise decisive influence over the decision-making process in relation to the activities of a legal entity.

As of the date of the Prospectus, the Issuer is not aware of any persons exercising control over the Issuer directly or indirectly, and/or through related parties.

The Issuer is not aware of any agreements whose effect may at any future date lead to a change in control.

The Company has no majority shareholder or controlling person and has not introduced measures to prevent abuse of such control.

16.4. AGREEMENTS FOR A CHANGE IN CONTROL

The Issuer is not aware of any agreements whose effect could lead to a change in control of the Issuer. Control may arise if a significant portion of the issue of warrants is acquired by one person or a group of related persons.

17. TRANSACTIONS BETWEEN RELATED PARTIES

17.1. TRANSACTIONS BETWEEN RELATED PARTIES

According to International Accounting Standard 24 "Related Party Disclosures," a person is considered related when:

a) directly or indirectly through one or more intermediaries, the person:

- controls or is controlled by, or is under common control with, the entity (the latter includes parent companies and subsidiaries);
- has an interest in the entity that enables it to exercise significant influence over the entity; or
- exercises joint control over the entity.

b) the person is an associate (as defined in IAS 28 Investments in Associates) of the entity;

c) the entity is a joint venture in which the entity is a controlling venturer;

d) the person is a member of key management personnel of the entity or its parent;

e) the person is a close family member of a natural person as referred to in (a) or (d) above;

f) the person is an entity that is controlled, jointly controlled, or significantly influenced by the person referred to in point (d) or (e), or that has significant voting rights in that entity, directly or indirectly;

g) the person represents a post-employment benefit plan for employees of the enterprise or any enterprise that is a related party to the enterprise.

According to the same standard, a related party transaction exists when there is a transfer of resources, services or obligations between related parties, regardless of whether any price is applied.

As of the date of the prospectus, the companies related to the „Sopharma“ AD Group and the nature of their relationship are as follows:

<i>Related parties</i>	<i>Type of relationship</i>	<i>Period of relationship</i>	
„Telekomplekt Invest“ AD	Company with significant influence	2025	2024
„Donev Investments Holding“ AD	Company with significant influence	2025	2024
„Momina Krepost“ AD	Joint venture	2025	2024
„Sopharma Properties“ REIT	Associated company	2025	2024
„Doverie United Holding“ AD	Associated company	2025	2024
„Sopharma Buildings“ REIT	Associated company	2025	2024
„Farma Nova“ D.O.O.	Associated company	-	Until 12.08.2024
ODO „Alenfarm-plus“	Associated company	2025	From 10 July 2024
„GalenaPharm“ LLC	Associated company	2025	From 10.07.2024
ODO „Mezel“	Associated company	2025	From 10.07.2024
ZAO „Interfarm Company“	Joint venture	2025	From 10.07.2024
BOOO „SpetsAfarmatsiya“	Joint venture	-	From 10.07.2024 to 31.12.2024
Companies from the DOX Group	Companies controlled by an associated company	2025	2024
„Sofprint Group“ AD	Company related through key management personnel	2025	2024
„Sofconsult Group“ AD	Company related through key management personnel	2025	2024

VES „Elektroinvest Systems” EOOD	Company linked through key management personnel	2025	2024
Eco „Solar Invest” EOOD	Company linked through key management personnel	2025	2024
„Alfa In” EOOD	Company linked through key management personnel	2025	2024
„Consumfarm” EOOD	Company linked through key management personnel	2025	2024
DZZD „Veterinary Diagnostics”	Civil partnership for joint activities (direct participation)	2025	2024
DZZD "Sopharma Trading Global Medical 2024"	Civil partnership for joint activities (indirect participation)	2025	From 04.09.2024
„Pharmalogistics” AD	Company linked through key management personnel	2025	From 19.12.2024
DZZD "Sopharma Trading Global Medical 2025"	Civil partnership for joint activities (indirect participation)	From 27.06.2025	-

For the period covered by the historical financial information presented in this Prospectus, the Issuer has entered into transactions with related parties, as described in the following table:

Table No. 20 Sales to related parties (consolidated financial statements)

in thousands of leva	2022	2023	2024	30.6.2024	30.6.2025	prospectus date
Sales of inventory to:						
Associated companies	-	-	16,579	-	17,011	29,954
Joint ventures	-	-	4,834	-	4,843	-
Companies linked through key management personnel	1,109	1,219	1,149	710	517	672
Companies controlled by an associated company	1,389	952	356	181	99	145
	2,498	2,171	22,918	891	22,470	30,771
Sales of services to:						
Associated companies	7	11	86	4	120	182
Joint ventures	-	-	38	-	61	60
Companies controlled by an associated company	281	125	11	5	17	20
Companies linked through key management personnel	219	226	215	108	4	6
	507	362	350	117	202	268
Fees for sureties and guarantees of:						
Joint ventures	7	-	-	-	-	-
	7	-	-	-	-	-
Sales of investments to:						
Companies linked through key management personnel	-	-	4,392	-	-	-
	-	-	4,392	-	-	-
Interest on loans granted:						
Joint ventures	46	62	90	42	51	77
Companies controlled by an associated company	1,934	2,170	719	682	20	20
Associated companies	11	31	-	-	-	-
Companies linked through key management personnel	-	-	-	-	-	-
Companies under common indirect control	-	-	-	-	-	-
	1,991	2,263	809	724	71	97
Interest on cession contracts:						
Joint ventures	71	127	127	63	63	95
	71	127	127	63	63	95
	5,074	4,923	28,596	1,795	22,806	31,231

Source: "Sopharma" AD

Table No. 21 Deliveries from related parties (consolidated financial statements)

in thousands of leva	2022	2023	2024	30.6.2024	30.6.2025	prospectus date
Supplies of inventory from:						
Companies linked through key management personnel	10,577	10,332	10,713	6,144	5,571	7,959
Joint ventures	298	322	334	175	127	156
Associated companies	128	637	3,085	2,753	57	78
Companies controlled by an associated company	43	64	83	37	21	45
	11,046	11,355	14,215	9,109	5,776	8,238
Services provided by:						
Associated companies	514	472	620	276	349	523
Companies with significant influence as shareholders	425	581	645	353	288	393
Companies controlled by an associated company	1,106	1,177	1,494	640	274	335
Companies linked through key management personnel	266	213	156	67	58	87
Joint ventures	3	5	71	4	12	12
	2,314	2,448	2,986	1,340	981	1,350
Supplies of fixed assets from:						
Companies controlled by an associated company	1,558	3,369	3,017	1,611	1,688	2,424
Company linked through key management personnel	-	-	11	-	6	-
Joint ventures	-	-	-	-	1	-
	1,558	3,369	3,028	1,611	1,695	2,424
Supplies for the acquisition of investment properties from:						
Company linked through key management personnel	-	-	16	-	-	-
	-	-	16	-	-	-
Other deliveries from:						
Companies controlled by an associated company	261	281	348	122	71	78
	261	281	348	122	71	78
Interest expenses:						
Companies with significant influence as shareholders	9	467	-	-	-	-
Associated companies	33	-	-	-	-	-
	42	467	-	-	-	-
Dividends accrued on:						
Companies with significant influence as shareholders	-	130,136	16,580	9,034	8,074	8,074
Key management personnel	-	17,971	2,789	1,519	1,356	1,356
	-	148,107	19,369	10,553	9,430	9,430
Total deliveries	15,221	166,027	39,962	22,735	17,953	21,520

Source: "Sopharma" AD

The members of the Company's Board of Directors would be "interested parties" in a transaction under the above paragraph (the term has the meaning within the meaning of Article 114, paragraph 6 of the Public Offering of Securities Act) if they or persons related to them: (a) are a party, representative or intermediary in the transaction, or the transactions or actions are carried out for their benefit; or (b) directly or indirectly hold at least 25% of the votes at the general meeting or control a legal entity that is a party, representative or intermediary in the transaction, or in whose favour the transactions or actions are carried out; or (c) are members of the management or supervisory bodies or procurators of a legal entity under (b).

For the purposes of the above paragraph, related persons are: (a) persons, one of whom controls the other person or its subsidiary; (b) persons whose activities are controlled by a third party; (c) persons who jointly control a third party; (d) spouses, relatives in a direct line without restriction, relatives in a collateral line up to and including the third degree, and relatives by marriage up to and including the third degree. As of the date of the prospectus, the Issuer has no information about potential future transactions with related parties.

18. FINANCIAL INFORMATION ON THE ASSETS AND LIABILITIES, FINANCIAL POSITION, PROFITS AND LOSSES OF THE ISSUER

18.1. FINANCIAL INFORMATION FOR PAST PERIODS

The Company's audited financial statements for 2022, 2023, and 2024 have not been disclaimed by registered auditors and do not contain any reservations, comments, or changes in opinion. There is no other information in this prospectus that has been audited by the auditors. The issuer's interim consolidated financial statements and interim individual financial statements have not been audited.

18.1.1. Audited financial information for previous periods

Revenue, expenses, financial result

Consolidated results

Revenues from contracts with the Group's customers grew by 13.53% in 2024, reaching BGN 2,129,097 thousand. Sales of goods increased by 16.9%. Sales of finished products decreased by 2.8%. On a consolidated basis, the growth in sales of finished products in Bulgaria for 2024 was 10.7% compared to the previous period. There was a decline in revenues from sales of finished products in Russia and Ukraine, which decreased by 29.3% and 9.5%, respectively, for the current period. In the Company's other traditional markets, growth was recorded in Poland, Kazakhstan, Belarus, and Serbia, while a decline in sales was reported in Vietnam, Uzbekistan, and Azerbaijan.

The Group's sales revenue increased by 12.77% in 2023. On a consolidated basis, the growth in sales of finished products in Bulgaria for 2023 was 11.3% compared to the previous period. Sales revenue in Russia increased by 17.4%. Growth was also recorded in other traditional markets, with sales revenues increasing in Georgia by 24%, in Azerbaijan by 69.7%, in Uzbekistan by 6.1%, in Vietnam by 111.9%, in Moldova by 72.8% and in Poland by 22.1%.

The Group's sales revenue grew by 3.7% in 2022. On a consolidated basis, the growth in sales of finished products in Bulgaria for 2022 was 3.3% compared to the previous period. On a consolidated basis for 2022 revenues from sales in Russia increased by 11%, in Moldova by 61%, in Serbia by 73%, in Latvia by 13%, in Belarus by 9%, and in Mongolia by 113%. Growth was also recorded in the countries of the Caucasus region (Georgia by 61%, Azerbaijan by 26% and Armenia by 10%) and Central Asia (Uzbekistan by 7% and Kazakhstan by 50%). Vietnam recorded a 13% decline in sales revenue, Ukraine 7%, and Poland 5%.

Operating expenses increased by 15.59% in 2024 compared to 2023, reaching BGN 2,091,999 thousand. The change is mainly due to an increase in personnel expenses, which grew by 20.98%. In 2023, operating expenses will increase by 13.27% compared to 2022, also mainly due to an increase in personnel expenses.

In 2024, net profit fell to BGN 80,431 thousand (a 19.47% decline year-on-year). The main contributors to this decline were increased financial expenses and lower operating profit. In 2023, net profit jumps by 30.84% year-on-year compared to 2022.

Revenues from contracts with the Group's customers increased by 27.35%, reaching BGN 1,272,054 thousand in the first half of 2025 compared to BGN 998,853 thousand in the first half of 2024. Net profit increased by 55.72% in the first half of 2025 compared to the first half of 2024. The main reason for this is the growth in sales.

Table No. 22 Consolidated statement of comprehensive income of the Issuer

Consolidated statement of comprehensive income	2022	2023	2024	30.6.2024	30.6.2025
	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>
Revenue from contracts with customers	1 663 016	1 875 304	2 129 097	998 853	1 272 054
Other operating income/(loss), net	13 042	20 821	24 667	10 287	12 343
Change in inventories of production and work in progress	9 713	11 866	19 994	22 887	12 535
Material costs	(99 129)	(103 861)	(103 636)	(52 223)	(52 011)
External service costs	(70 126)	(88 579)	(113 218)	(49 939)	(60 007)
Personnel costs	(147 829)	(170 740)	(206 562)	(97 681)	(129 413)
Depreciation expenses	(52 099)	(55 872)	(59 367)	(28 093)	(34 641)
Carrying amount of goods sold	(1 214 333)	(1 376 508)	(1 593 027)	(749 766)	(942 455)
Other operating expenses	(14 374)	(14 321)	(16 189)	(4 664)	(6 899)
Operating profit	87 881	98 110	81 759	49 661	71 506
Impairment of non-current assets outside the scope of I	(20 783)	(1 890)	(234)	(234)	(2)
Financial income	3 304	4 406	3 125	1 982	4 129
Financial costs	(9 417)	(13 901)	(18 546)	(7 296)	(11 257)
Financial income/(expenses), net	(6 113)	(9 495)	(15 421)	(5 314)	(7 128)
Profit from associates and joint ventures, net	22 635	24 473	25 827	9 346	21 678
Gain/(Loss) on acquisition and disposal of and from sub	1 456	-	151	-	-
Profit before income tax	85 076	111 198	92 082	53 459	86 054
Income tax expense	(8 743)	(11 324)	(11 651)	(4 632)	(10 023)
Net profit for the year	76 333	99 874	80 431	48 827	76 031
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	70 465	103 789	78 737	49 824	69 572
Net profit for the year relating to:					
The owners of the parent company	71 121	95 977	76 310	45 852	70 397
Non-controlling interest	5 212	3 897	4 121	2 975	5 634
Total comprehensive income for the year relating to:					
The owners of the parent company	65 110	99 976	74 927	46 849	63 806
Non-controlling interest	5 355	3 813	3 810	2 975	5 766
Basic net earnings per share	0.59	0.73	0.46	0.28	0.42

Source: Annual consolidated financial statements for 2022, 2023 and 2024. Interim data are from the interim reports for the respective period.

Results on an individual basis

Revenues in 2024 decreased by 6.2% compared to 2023. Sales revenue for 2024 for European countries decreased by 11.1% compared to 2023, which is due to a decline in sales in Russia, Latvia, and Poland, with a decrease of 19.3%, 33.7%, and 50.1%, respectively, for the current period. In other traditional markets for the Company, growth was recorded in Belarus with 76.3%, Lithuania with 24.8%, Serbia with 9.9% and Ukraine with 10.7%. The sales of "Sopharma" AD on the domestic market grew by 2.6% in 2024. According to IQVIA data, at the end of 2024, the company accounted for 1.92% (sixteenth position) of the total volume of the Bulgarian pharmaceutical market in value terms and 6.7% (second position) of sales in real terms.

In 2023, revenues grew by 9.7% compared to 2022. Sales revenue for 2023 for European countries increased by 7.5% compared to 2022. Sales in Russia accounted for the largest share, growing by 18.7% for the current period. Growth is also recorded in Moldova with 11%, Serbia with 3.9%, Poland with 57.5% and the Czech Republic with 113.4%. A decline in sales was recorded in Ukraine with 21.4%, Belarus with 19%, Lithuania with 3%, and Latvia with 10.2%. The sales of "Sopharma" AD on the domestic market increased by 3.9%. According to IQVIA data, at the end of 2023, the company accounted for 2.06% (seventeenth position) of the total volume of the Bulgarian pharmaceutical market in value terms and 7.22% (second position) of sales in volume terms.

Revenues from contracts with customers are from sales of manufactured medicinal products and in 2022 will increase by BGN 30.4 million to BGN 228.2 million, compared to BGN 197.8 million in 2021. Revenues from sales for 2022 for European countries will increase by 16.3% compared to 2021, mainly as a result of the recovery of market activity in Russia and Ukraine, which will grow by 13% and 20%, respectively. The increase in sales in Ukraine is due to the low base of sales during the corresponding period last year. Growth was recorded and in other traditional markets, with revenues from sales

increasing in Moldova by 95%, in Serbia by 35%, in Poland by 12%, and in Belarus by 9%. Revenues from contract manufacturing and contract production increased by 31%. “Sopharma” AD sales on the domestic market increased by 9.7% in 2022, The reason for this growth is the low base of sales in the previous period, which is due to accumulated stocks of finished products at the Company's main distributor at the beginning of 2021.

Operating profit decreased by 42.5% in 2024, mainly due to a decline in revenue and an increase in external service costs and personnel expenses. External service costs increased by 21.5%, while personnel expenses increased by 11%. In 2023, operating profit increases by 10.9%. The main reason is growth in sales.

Net profit in 2024 fell by 40.7% as a result of poorer operating results and a decline in net financial income. In 2023, net profit grew by 30%.

Table No. 23 Individual income statement of the Issuer

Individual statement of comprehensive income	2022	2023	2024	30.9.2024	30.9.2025
	in thousand BGN	in thousand BGN	in thousand BGN	in thousand BGN	in thousand BGN
Revenue	230 832	253 276	237 596	180 779	195 522
Other operating income/(loss), net	6 490	16 298	19 571	7 323	9 783
Changes in inventories of finished goods and work in progress	9 915	11 949	17 463	16 775	11 342
Costs of raw materials and supplies	(81 202)	(86 806)	(85 796)	(63 012)	(59 303)
External service costs	(36 424)	(46 711)	(56 770)	(36 177)	(38 690)
Personnel costs	(53 667)	(68 406)	(75 906)	(56 579)	(59 963)
Depreciation expenses	(19 429)	(21 463)	(19 493)	(14 531)	(15 873)
Carrying amount of medicines sold	-	-	-	(3 150)	(5 165)
Other operating expenses	(12 109)	(8 871)	(8 361)	(3 857)	(4 489)
Operating profit	44 406	49 266	28 304	27 571	33 164
Net profit/(loss) on sale of investments in subsidiaries and associates	(1 124.00)	2 400	5 213	1 300	3 171
Impairment of non-current assets	(2 899)	(1 991)	(234)	(234)	(288)
Financial income	4 678	7 598	5 232	4 149	7 248
Financial costs	(3 713)	(3 637)	(5 981)	(2 993)	(6 427)
Financial income/(expenses), net	965	3 961	(749)	1 156	821
Profit before income tax	41 348	53 636	32 534	29 793	36 868
Income tax expense	(4 767)	(6 066)	(4 307)	(2 997)	(3 337)
Net profit for the year	36 581	47 570	28 227	26 796	33 531
Other components of comprehensive income:					
Components that will not be reclassified to profit or loss:					
Net change in fair value of other long-term equity investments	(1 047)	1 766	(607)	(1 802)	(3 988)
Subsequent measurements of defined benefit pension plan liabilities	548	(860)	(523)	(11)	-
Subsequent revaluations of property, plant and equipment	(991)	33	(22)	(22)	-
Income tax relating to components of other comprehensive income that will not be reclassified	99	(3)	2	2	-
Other comprehensive income for the year, net of tax	(1 391)	936	(1 150)	(1 833)	(3 988)
Net change in fair value of available-for-sale financial assets	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	35 190	48 506	27 077	24 963	29 543

The annual data in the table are from the public audited individual financial statements of Sopharma AD, and the source of data for the comparative periods was the audited statements for the following period, as recalculations or reclassifications were required for various reasons (for example, mergers of subsidiaries, changes in IFRS, etc.), the interim data in the table are from the public individual financial statements as of 30.09.2024 and 30.09.2025.

Revenues for the first nine months of 2025 increased by 8.2% compared to the first nine months of 2024. Revenues from sales of manufactured medicinal products by “Sopharma” AD on the domestic market decreased by BGN 1.5 million, or 2%, in the first nine months of 2025, to BGN 71.9 million, compared to BGN 73.4 million in the first nine months of 2024. Revenues from sales of manufactured medicinal products on other markets in the first nine months of 2025 increased by BGN 2.7 million, or 14.8%, compared to the first nine months of 2024, mainly due to the growth in sales in Uzbekistan and Kazakhstan.

Assets, liabilities, equity

Assets

The Issuer's **total assets on a consolidated basis** amounted to BGN 1,796,283 thousand as at 31 December 2024, marking an increase of 18.63% compared to 31 December 2023. Non-current assets amounted to BGN 946,906 thousand as at 31 December 2024, marking an increase of 30.23%

compared to 31 December 2023. Current assets amounted to BGN 849,377 thousand as at 31 December 2024, representing an increase of 7.92% compared to 31 December 2023.

Total assets grew by 20.75% in 2023. The growth is mainly due to an increase in cash and cash equivalents and investments in associates and joint ventures.

In the first six months of 2025, assets reached BGN 1,974,992 thousand.

The Issuer's **total assets on an individual basis** amounted to BGN 942,228 thousand as at 31 December 2024, marking an increase of 7.7% compared to 31 December 2023. Non-current assets amounted to BGN 678,401 thousand as at 31 December 2024, marking an increase of 26.6% compared to 31 December 2023, which is mainly due to the growth in intangible assets. Current assets amounted to BGN 263,827 thousand as at 31 December 2024, a decrease of 22.3% compared to 31 December 2023. The decrease is mainly due to a decrease in cash and cash equivalents.

In 2023, total assets grew by 25.1%. Cash and cash equivalents were the main reason for the change in 2023.

As of September 30, 2025, assets increased to BGN 987,860 thousand.

Table No. 24 Consolidated statement of financial position of the Issuer

Consolidated statement of financial position as of	31.12.2022	31.12.2023	31.12.2024	30.6.2024	30.6.2025
	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>
ASSETS					
Non-current assets					
Property, plant and equipment	376 407	357 624	392 452	358 527	402 047
Intangible assets	48 151	57 829	257 276	58 686	255 082
Reputation	3 522	3 439	5 541	4 067	5 486
Investment properties	10 568	11 198	7 890	11 201	7 378
Investments in associates and joint ventures	162 844	231 292	252 142	239 649	267 751
Other long-term capital investments	4 778	3 942	12 048	12 520	6 272
Long-term receivables from related companies	67 471	53 353	10 386	20 270	7 433
Other long-term receivables	5 694	5 604	8 029	7 258	7 957
Deferred tax assets	2 052	2 818	1 142	3 235	7 670
	681 487	727 099	946 906	715 413	967 076
Current assets					
Inventory	278 583	339 333	451 410	379 189	458 108
Trade receivables	224 442	264 955	305 975	313 929	452 069
Receivables from related companies	12 909	14 905	11 665	12 507	17 204
Other short-term receivables and assets	36 702	38 991	44 597	35 275	45 984
Cash and cash equivalents	19 855	128 879	35 730	26 355	34 551
	572 491	787 063	849 377	767 255	1 007 916
TOTAL ASSETS	1 253 978	1 514 162	1 796 283	1 482 668	1 974 992
EQUITY AND LIABILITIES					
Capital attributable to equity holders of the parent company					
Share capital	134 798	172 591	179 100	179 100	179 719
Reserves	47 503	167 987	190 713	193 731	202 433
Other capital components (reserves on issued warrants)	12 488	1 857	260	162	-
Retained earnings	509 869	395 897	448 032	429 656	512 039
	704 658	738 332	818 105	802 649	894 191
Non-controlling interest	11 976	15 294	24 998	17 750	32 175
TOTAL EQUITY	716 634	753 626	843 103	820 399	926 366
LIABILITIES					
Non-current liabilities					
Long-term bank loans	27 759	56 462	64 652	38 223	149 516
Deferred tax liabilities	6 397	4 415	8 314	4 835	8 783
Long-term liabilities to related parties	24 494	16 914	19 250	15 847	17 884
Long-term liabilities to personnel	6 541	8 352	9 784	8 700	9 990
Lease liabilities	52 058	54 729	68 516	58 437	77 182
Government funding	6 155	4 931	4 358	4 646	4 070
Long-term tax liabilities	-	-	2 359	-	-
Other non-current liabilities	6 594	5 543	4 474	5 542	4 474
	129 998	151 346	181 707	136 230	271 899
Current liabilities					
Short-term bank loans	158 355	200 478	194 154	231 182	305 245
Short-term portion of long-term bank loans	9 758	6 132	112 499	4 158	50 332
Trade obligations	175 567	193 932	388 085	203 242	310 432
Liabilities to related companies	4 904	101 063	3 471	14 717	14 262
Obligations under factoring contracts	1 875	-	-	-	-
Short-term portion of lease liabilities	12 874	13 424	18 671	14 363	21 140
Obligations towards personnel and social security	21 780	24 385	26 488	24 695	28 605
Tax liabilities	8 436	8 485	9 943	8 112	14 479
Other current liabilities	13 797	61 291	18 162	25 570	32 232
	407 346	609 190	771 473	526 039	776 727
TOTAL LIABILITIES	537 344	760 536	953 180	662 269	1 048 626
TOTAL EQUITY AND LIABILITIES	1 253 978	1 514 162	1 796 283	1 482 668	1 974 992

Source: Annual consolidated financial statements for 2022, 2023 and 2024. Interim data are from the interim reports for the respective period.

Liabilities

The Issuer's **total liabilities on a consolidated basis** increased to BGN 953,180 thousand as at 31 December 2024, marking a 25.33% increase compared to 31 December 2023. Non-current liabilities amounted to BGN 181,707 thousand as at 31 December 2024, marking an increase of 20.06% compared to 31 December 2023, which is due to an increase in lease liabilities and long-term bank loans. Current liabilities amounted to BGN 771,473 thousand as at 31 December 2024, representing an increase of 26.64% compared to 31 December 2023. The main reason is an increase in trade liabilities

and the short-term portion of long-term bank loans , which are partially offset by a 96.57% decrease in liabilities to related parties.

Total liabilities increased to BGN 609,190 thousand as at December 31, 2023, compared to December 31, 2022. This increase is mainly due to growth in long-term and short-term bank loans and liabilities to related companies.

Total liabilities grew by 58.34% in the first six months of 2025, mainly due to an increase in long-term and short-term bank loans.

The Issuer's **total liabilities on an individual basis** amounted to BGN 333,671 thousand as at 31 December 2024, which represents an increase of 11.5% compared to 31 December 2023. Non-current liabilities amounted to BGN 51,205 thousand as at 31 December 2024, which is a decrease of 23.0% compared to 31 December 2023. This is due to a decrease in long-term bank loans, which fell from BGN 35,698 thousand as at 31 December 2023 to BGN 19,904 thousand as at 31 December 2024. Current liabilities amounted to BGN 282,466 thousand as at 31 December 2024, which is an increase of 21.4% compared to 31 December 2023.

Total liabilities increased by 180% in 2023. The significant increase in 2023 was caused by an increase in liabilities to related parties.

As of 30 September 2025, total liabilities increased to BGN 315,108 thousand compared to 30 September 2024 due to an increase in long-term and short-term bank loans.

Equity

The Issuer's **consolidated equity** increased by 11.87%, reaching BGN 843,103 thousand as at 31 December 2024. In 2023, the increase was 5.16%.

As at 30 June 2025, equity reached BGN 926,366 thousand.

The Issuer's **equity on an individual basis** increased by 5.6% and reached BGN 608,557 thousand as at 31 December 2024. In 2023, there was a slight decrease of 2.8% in equity, mainly due to a decrease in retained earnings and reserves.

As of June 30, 2025, the parent company's equity reached BGN 643,575 thousand.

Table No. 25 Individual statement of financial position of the Parent Company

Individual statement of financial position	31.12.2022	31.12.2023	31.12.2024	30.9.2024	30.9.2025
	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>
ASSETS					
Non-current assets					
Property, plant and equipment	229 900	212 079	211 216	209 038	215 512
Intangible assets	4 247	7 908	176 533	9 804	179 098
Investment properties	49 267	49 886	50 512	50 158	50 540
Investments in subsidiaries	83 124	83 901	96 668	98 037	144 417
Investments in associates and joint ventures	69 372	112 094	107 672	107 487	107 613
Other long-term capital investments	4 706	3 870	11 976	11 031	6 698
Long-term receivables from related companies	67 471	62 664	16 771	12 649	14 239
Other long-term receivables	3 526	3 357	7 053	3 311	3 402
	511 613	535 759	678 401	501 515	721 719
Current assets					
Inventory	82 760	107 227	115 011	122 447	125 538
Receivables from related companies	69 041	84 909	83 633	80 779	92 983
Trade receivables	18 115	22 767	25 991	27 190	20 185
Loans granted to third parties	8 317	11 203	11 552	11 664	11 110
Other receivables and prepaid expenses	6 078	6 715	14 786	11 013	14 758
Financial assets held for trading	-	-	1	1	-
Cash and cash equivalents	4 893	106 687	12 853	13 973	1 567
	188 204	339 508	263 827	267 067	266 141
TOTAL ASSETS	699 817	875 267	942 228	768 582	987 860
EQUITY AND LIABILITIES					
EQUITY					
Share capital	134 798	172 591	179 100	179 100	539 158
Own shares repurchased	(52 203)	(67 452)	(53 559)	(53 559)	(26 602)
Reserves	461 603	445 274	465 322	464 303	110 927
Other capital components (reserve for issued warrants)	12 488	1 857	260	162	-
Retained earnings	36 269	13 827	17 434	28 770	49 269
	592 955	576 097	608 557	618 776	672 752
LIABILITIES					
Non-current liabilities					
Long-term bank loans	1 860	35 698	19 904	34 365	94 140
Deferred tax liabilities	5 098	3 469	3 262	4 204	4 368
Government funding	5 996	4 935	4 358	4 501	4 768
Liabilities under lease contracts to related companies	14 739	14 774	15 006	15 502	13 579
Liabilities under leasing contracts to third parties	594	2 250	1 873	2 055	2 313
Long-term liabilities to personnel	4 340	5 351	6 094	5 787	6 423
Tax liabilities	-	-	708	-	-
	32 627	66 477	51 205	66 414	125 591
Current liabilities					
Short-term bank loans	11 734	44 838	48 390	46 431	99 977
Short-term portion of long-term bank loans	468	854	108 597	1 735	48 049
Trade obligations	40 049	21 991	103 739	10 411	18 931
Liabilities to related companies	2 632	100 109	2 607	3 488	4 296
Tax liabilities	892	2 426	914	1 242	2 474
Obligations towards personnel and social security	9 804	10 672	10 438	10 069	10 185
Other current liabilities	8 656	51 803	7 781	10 016	5 635
	74 235	232 693	282 466	83 392	189 517
TOTAL LIABILITIES	106 862	299 170	333 671	149 806	315 108
TOTAL EQUITY AND LIABILITIES	699 817	875 267	942 228	768 582	987 860
<i>The annual data in the table are from the public audited individual financial statements of Sopharma AD, and the source of data for the comparative periods was the audited statements for the following period, as recalculations or reclassifications were required for various reasons (for example, mergers of subsidiaries, changes in IFRS, etc.), the interim data in the table are from the public individual financial statements as of 30.09.2024 and 30.09.2025.</i>					
Balance	-	-	-	-	-
INDIVIDUAL CASH FLOW STATEMENT					
	2022	2023	2024	30.9.2024	30.9.2025
	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>
Cash flows from operating activities					
Customer receipts	295 051	248 898	268 519	194 761	209 496
Payments to suppliers	(146 838)	(168 019)	(170 744)	(126 060)	(111 126)
Personnel and social security payments	(51 232)	(65 422)	(74 105)	(55 625)	(58 572)
Taxes paid (excluding income taxes)	(6 999)	(10 444)	(11 322)	(9 079)	(6 106)
Refunded taxes (excluding income taxes)	4 632	4 829	2 377	1 852	3 828
Income taxes (paid)/refunded, net	(4 921)	(8 205)	(6 314)	(6 214)	597
Interest and bank fees paid on working capital loans	(898)	(2 222)	(2 595)	(2 049)	(2 504)
Exchange rate differences, net	(222)	(461)	(761)	(570)	(237)
Other receipts/(payments), net	(420)	(1 762)	81	(37)	2 794
Net cash flows from operating activities	88 153	(2 827)	5 136	(3 021)	38 170
Cash flows from investing activities					
Purchases of property, machinery and equipment	(12 766)	(13 424)	(18 692)	(11 118)	(17 118)
Proceeds from sales of property, machinery and equipment	540	14 658	2 266	307	513
Purchases of intangible assets	(762)	(2 089)	(62 995)	(2 531)	(90 795)
Investment property purchases	(406)	(290)	(395)	(231)	(648)
Purchase of shares in associated companies	(16 481)	(27 933)	(685)	(472)	(663)
Proceeds from sale of shares in associated companies	-	2 845	1 721	1 613	2 634
Purchases of other long-term capital investments and financial derivatives	(675)	(13 440)	(9 012)	(9 012)	-
Proceeds from sale of other long-term capital investments	628	578	19	13	1 290
Purchases of shares and interests in subsidiaries	(10 860)	(7 606)	(9 403)	(9 385)	(48 389)
Proceeds from sale of shares and interests in subsidiaries	515	218	648	315	1 722
Dividend income from investments in subsidiaries	272	22	272	272	-
Dividend income from investments in associated companies	1 215	1 488	1 603	1 603	3 708
Dividend income from other long-term capital investments	33	26	39	39	40
Loans granted to related companies	(58 500)	(25 704)	(5 172)	(2 072)	(300)
Repaid loans granted to related enterprises	45 684	39 039	61 728	61 727	3 000
Loans granted to other enterprises	-	(2 740)	(2 958)	(298)	(106)
Repaid loans granted to other enterprises	-	-	-	-	603
Interest received on loans granted	975	2 393	2 311	2 283	318
Proceeds from refundable share contributions	-	-	2 859	1 168	-
Interest income on refundable equity contributions	-	-	745	593	-
Purchase of financial assets held for trading	-	-	(8 453)	(8 453)	-
Proceeds from sale of financial assets held for trading	-	-	8 584	8 584	1
Interest received on deposits	-	946	100	100	-
Revenue from guarantee fees	243	424	384	216	128
Refundable additional share contributions provided to subsidiaries	-	(9 134)	-	-	-
Other receipts/(payments), net	-	-	-	-	-
Net cash flows used in investing activities	(50 347)	(39 745)	(54 758)	34 697	(144 062)
Cash flows from financing activities					
Proceeds from capital issue	-	156 084	26 884	26 884	2 557
Proceeds from long-term bank loans	-	36 565	94 437	-	18 931
Repayment of long-term bank loans	(10 303)	(2 337)	(27 888)	(27 455)	(6 887)
Proceeds from short-term bank loans (overdraft), net	(35 728)	33 063	29 073	28 757	53 750
Interest and fees paid on investment loans	(60)	(89)	(620)	(122)	(3 536)
Own shares repurchased	(1 919)	(5 252)	(7)	(7)	(1)
Proceeds from sale of repurchased treasury shares	-	-	5 756	5 756	45 873
Dividends paid and unexercised warrants	(11)	(71 889)	(168 383)	(155 969)	(13 494)
Payments under lease contracts to related companies	(1 327)	(1 929)	(2 097)	(1 532)	(1 739)
Payments under leasing contracts to third parties	(866)	(864)	(965)	(702)	(737)
Government funding received for agricultural land	34	36	1	1	-
Proceeds/(payments) related to other equity components (warrants), net	79	(791)	-	(1)	(14)
Net cash flows from (used in) financing activities	(50 101)	142 597	(44 009)	(124 390)	94 703
Net decrease in cash and cash equivalents	(12 295)	100 025	(93 631)	(92 714)	(11 189)
Cash and cash equivalents as of January 1	17 188	6 362	106 387	106 687	12 756
Cash and cash equivalents as of December 31	4 893	106 387	12 756	13 973	1 567
<i>The annual data in the table are from the public audited individual financial statements of Sopharma AD, and the source of data for the comparative periods was the audited statements for the following period, as recalculations or reclassifications were required for various reasons (for example, mergers of subsidiaries, changes in IFRS, etc.), the interim data in the table are from the public individual financial statements as of 30.09.2024 and 30.09.2025.</i>					

Explanation and description of the sources of the Issuer's cash flows

This section and the following tables present data on the Issuer's cash flows on a consolidated and unconsolidated basis for the financial periods under review.

Consolidated cash flows from operating activities increased in 2024. In 2024, net cash flows from operating activities were positive in the amount of BGN 76,728 thousand. In 2023, net cash flows from operating activities were also positive in the amount of BGN 45,031 thousand, but showed a significant decline compared to 2022. In the first half of 2025, net cash flows were negative.

Consolidated cash flows from investing activities for 2024, 2023, and 2022 are negative. Purchases of property, plant, and equipment and purchases of intangible assets are the main reasons for the negative cash flows from investing activities during the period under review. In the first half of 2025, cash flows from investing activities are negative due to purchases of property, plant, and equipment and purchases of intangible assets.

Consolidated cash flows from financing activities are negative in 2024 in the amount of BGN 81,884 thousand, also negative in 2022 in the amount of BGN 64,342 thousand, and positive in 2023 in the amount of BGN 126,842 thousand. In the first half of 2025, net cash flows from financing activities increased to BGN 144,867 thousand. The increase is mainly due to proceeds from short-term and long-term bank loans.

Table No. 26 Consolidated cash flows of the Issuer

Consolidated statement of cash flows	2022	2023	2024	30.6.2024	30.6.2025
	in thousand BGN	in thousand BGN	in thousand BGN	in thousand BGN	in thousand BGN
Cash flows from operating activities					
Customer receipts	1 930 323	2 131 026	2 468 165	1 133 339	1 344 212
Payments to suppliers	(1 603 177)	(1 832 582)	(2 098 249)	(999 626)	(1 203 673)
Personnel and social security payments	(141 810)	(165 523)	(201 410)	(94 641)	(122 780)
Taxes paid (excluding income taxes)	(65 217)	(65 713)	(66 817)	(31 795)	(48 079)
Refunded taxes (excluding income taxes)	8 796	5 933	7 093	5 181	3 042
Income taxes paid	(9 905)	(13 416)	(13 544)	(6 922)	(13 507)
Refunded taxes on profits	49	-	89	-	11
Interest and bank fees paid on working capital loans	(5 921)	(10 147)	(13 904)	(5 909)	(6 279)
Exchange rate differences, net	(1 599)	(1 658)	(2 360)	(393)	(2 790)
Other receipts/(payments), net	(1 457)	(2 889)	(2 335)	(1 782)	2 499
Net cash flows used in operating activities	110 082	45 031	76 728	(2 548)	(47 344)
Cash flows from investing activities					
Purchases of property, machinery and equipment	(19 347)	(24 389)	(33 882)	(12 465)	(16 306)
Proceeds from sales of property, machinery and equipr	1 923	15 029	2 865	348	183
Purchases of intangible assets	(4 309)	(18 897)	(87 509)	(3 625)	(90 325)
Capital investment purchases	(675)	(13 440)	(9 012)	(9 012)	-
Proceeds from sale of capital investments	628	578	19	12	1 289
Dividend income from investments in associated companies	1 215	1 488	1 603	-	-
Proceeds from dividends from other long-term capital	33	26	39	-	-
Payments for acquisition of subsidiaries, net of cash received	(2 338)	(9 347)	(14 569)	(2 984)	(150)
Proceeds from disposal of subsidiaries, net of cash provided	399	-	(240)	-	-
Purchases of investments in associates and joint ventures	(16 480)	(27 933)	(685)	(320)	(462)
Proceeds from sale of investments in associates and joint ventures	-	2 845	1 721	1 587	2 432
Purchase of financial assets held for trading	-	-	(8 453)	(8 453)	-
Proceeds from sale of financial assets held for trading	-	-	8 584	8 584	-
Proceeds/(payments) from transactions with non-controlling interest, net	(10 859)	(905)	(1 237)	(591)	(723)
Loans granted to related companies	(13 500)	(5 689)	(5 172)	(1 972)	(100)
Repaid loans provided to related companies	684	19 039	61 727	37 846	3 000
Loans granted to other enterprises	(1 962)	(4 696)	(6 647)	(2 934)	(106)
Repaid loans granted to other enterprises	4	-	-	-	525
Interest received on loans and deposits provided	965	3 442	2 758	1 607	1 039
Other receipts/(payments), net	13	-	-	-	1 099
Net cash flows used in investing activities	(63 606)	(62 849)	(88 090)	7 628	(98 605)
Cash flows from financing activities					
Proceeds from short-term bank loans (incl. increase in overdrafts)	12	43 371	34 371	42 357	120 154
Repayment of short-term bank loans (incl. reduction of overdrafts)	(59 072)	(1 187)	(34 160)	(11 649)	(5 945)
Proceeds from long-term bank loans	2 163	36 565	143 409	1 734	31 722
Repayment of long-term bank loans	(20 029)	(11 542)	(66 607)	(21 973)	(11 841)
Factoring proceeds	30 950	700	-	-	43
Interest and factoring fees paid	(114)	(79)	(12)	(10)	-
Interest and fees paid on investment loans	(354)	(379)	(893)	(129)	(2 415)
Proceeds from issued capital	-	156 084	26 884	26 884	2 557
Lease payments	(16 081)	(18 795)	(22 191)	(9 758)	(14 932)
Own shares repurchased	(1 919)	(5 252)	(7)	(7)	-
Proceeds from sale of repurchased treasury shares	-	-	5 756	5 673	25 603
Dividends paid	(11)	(71 889)	(168 435)	(140 726)	(65)
Government funding received	34	36	1	1	-
Proceeds/(payments) related to other equity components (warrants), net	79	(791)	-	(1)	(14)
Net cash flows from financing activities	(64 342)	126 842	(81 884)	(107 604)	144 867
Net increase in cash and cash equivalents	(17 866)	109 024	(93 246)	(102 524)	(1 082)
Cash and cash equivalents as of January 1	37 717	19 851	128 875	128 875	35 629
Cash and cash equivalents as of December 31	19 851	128 875	35 629	26 351	34 547

Source: Annual consolidated financial statements for 2022, 2023 and 2024. Interim data are from the interim reports for the respective period.

Cash flows from operating activities of the parent company: In 2024, the net cash flow from operating activities amounted to BGN 5,136 thousand. In 2023, it was negative in the amount of BGN 2,827 thousand, and in 2022, it was positive in the amount of BGN 88,153 thousand.

During the first nine months of 2025, cash flow from operating activities increased significantly compared to the first nine months of 2024, reaching BGN 38,170 thousand, mainly due to lower payments to suppliers and an increase in receipts from customers.

Cash flows from investing activities on an individual basis were negative in 2024, 2023, and 2022, mainly due to loans granted to related companies (2022 and 2023), purchases of intangible assets (2024) and purchases of property, plant, and equipment (2024, 2023, and 2022). In the first nine months of 2025, cash flow from investing activities decreased significantly compared to the first nine months of 2024 and was negative in the amount of BGN 144,062 thousand. The main reasons are purchases of intangible assets and purchases of shares and interests in subsidiaries.

Cash flows from financial activities on an individual basis undergo mixed changes for the period 2022-2024. In 2024, the cash flow is negative in the amount of BGN 44,009 thousand. The main reasons are dividends paid and unexercised warrant rights and repayment of long-term bank loans. In 2023, the result is positive in the amount of BGN 142,597 thousand due to proceeds from capital issue and proceeds from short-term bank loans (overdraft). In 2022, it is also negative in the amount of BGN 50,101 thousand. In the first nine months of 2025, the cash flow from financing activities is positive due to proceeds from short-term bank loans (overdraft) and proceeds from the sale of repurchased own shares.

Table No. 27 Cash flows of the parent company

INDIVIDUAL CASH FLOW STATEMENT	2022	2023	2024	30.9.2024	30.9.2025
	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>
Cash flows from operating activities					
Customer receipts	295 051	248 898	268 519	194 761	209 496
Payments to suppliers	(146 838)	(168 018)	(170 744)	(126 060)	(111 126)
Personnel and social security payments	(51 232)	(65 422)	(74 105)	(55 625)	(58 572)
Taxes paid (excluding income taxes)	(6 999)	(10 444)	(11 322)	(9 079)	(6 106)
Refunded taxes (excluding income taxes)	4 632	4 829	2 377	1 852	3 828
Income taxes (paid)/refunded, net	(4 921)	(8 205)	(6 314)	(6 214)	597
Interest and bank fees paid on working capital loans	(898)	(2 222)	(2 595)	(2 049)	(2 504)
Exchange rate differences, net	(222)	(461)	(761)	(570)	(237)
Other receipts/(payments), net	(420)	(1 782)	81	(37)	2 794
Net cash flows from operating activities	88 153	(2 827)	5 136	(3 021)	38 170
Cash flows from investing activities					
Purchases of property, machinery and equipment	(12 766)	(13 424)	(18 692)	(11 118)	(17 118)
Proceeds from sales of property, machinery and equipment	540	14 658	2 266	307	513
Purchases of intangible assets	(762)	(2 089)	(82 995)	(2 531)	(90 795)
Investment property purchases	(408)	(290)	(395)	(231)	(648)
Purchase of shares in associated companies	(16 481)	(27 933)	(685)	(472)	(663)
Proceeds from sale of shares in associated companies	-	2 845	1 721	1 613	2 634
Purchases of other long-term capital investments and financial derivatives	(675)	(13 440)	(9 012)	(9 012)	-
Proceeds from sale of other long-term capital investments	628	578	19	13	1 290
Purchases of shares and interests in subsidiaries	(10 860)	(7 606)	(9 403)	(9 385)	(48 389)
Proceeds from sale of shares and interests in subsidiaries	515	218	648	23	1 722
Dividend income from investments in subsidiaries	272	-	-	-	-
Dividend income from investments in associated companies	1 215	1 488	1 603	1 603	3 708
Dividend income from other long-term capital investments	33	26	39	39	40
Loans granted to related companies	(58 500)	(25 704)	(5 172)	(2 072)	(300)
Repaid loans granted to related enterprises	45 684	39 039	61 728	61 727	3 000
Loans granted to other enterprises	-	(2 740)	(2 958)	(298)	(106)
Repaid loans granted to other enterprises	-	-	-	-	603
Interest received on loans granted	975	2 393	2 311	2 283	318
Proceeds from refundable share contributions	-	-	2 859	1 168	-
Interest income on refundable equity contributions	-	-	745	593	-
Purchase of financial assets held for trading	-	-	(8 453)	(8 453)	-
Proceeds from sale of financial assets held for trading	-	-	8 584	8 584	1
Interest received on deposits	-	946	100	100	-
Revenue from guarantee fees	243	424	384	216	128
Refundable additional share contributions provided to subsidiaries	-	(9 134)	-	-	-
Other receipts/(payments), net	-	-	-	-	-
Net cash flows used in investing activities	(50 347)	(39 745)	(54 758)	34 697	(144 062)
Cash flows from financing activities					
Proceeds from capital issue	-	156 084	26 884	26 884	2 557
Proceeds from long-term bank loans	-	36 565	94 437	-	18 931
Repayment of long-term bank loans	(10 303)	(2 337)	(27 888)	(27 455)	(6 887)
Proceeds from short-term bank loans (overdraft), net	(35 728)	33 063	29 073	28 757	53 750
Interest and fees paid on investment loans	(60)	(89)	(820)	(122)	(3 536)
Own shares repurchased	(1 919)	(5 252)	(7)	(7)	(1)
Proceeds from sale of repurchased treasury shares	-	-	5 756	5 756	45 873
Dividends paid and unexercised warrants	(11)	(71 889)	(168 383)	(155 969)	(13 494)
Payments under lease contracts to related companies	(1 327)	(1 929)	(2 097)	(1 532)	(1 739)
Payments under leasing contracts to third parties	(866)	(864)	(965)	(702)	(737)
Government funding received for agricultural land	34	36	1	1	-
Proceeds/(payments) related to other equity components (warrants), net	79	(791)	-	(1)	(14)
Net cash flows from (used in) financing activities	(50 101)	142 597	(44 009)	(124 390)	94 703
Net decrease in cash and cash equivalents	(12 295)	100 025	(93 631)	(92 714)	(11 189)
Cash and cash equivalents as of January 1	17 188	6 362	106 387	106 687	12 756
Cash and cash equivalents as of December 31	4 893	106 387	12 756	13 973	1 567

The annual data in the table are from the public audited individual financial statements of Sopharma AD, and the source of data for the comparative periods was the audited statements for the following period, as recalculations or reclassifications were required for various reasons (for example, mergers of subsidiaries, changes in IFRS, etc.), the interim data in the table are from the public individual financial statements as of 30.09.2024 and 30.09.2025.

18.1.2. Change in the reference balance sheet date

None

18.1.3. Accounting standards

The financial statements **have been** prepared in accordance with all International Financial Reporting Standards (IFRS), which consist of: financial reporting standards and interpretations of the IFRS Interpretations Committee (IFRIC), approved by the International Accounting Standards Board (IASB), and International Accounting Standards and interpretations of the Standing Interpretations Committee (SIC), approved by the International Accounting Standards Committee (IASC), which have been

adopted by the European Commission. IFRS, adopted by the EU is the commonly accepted name for the general-purpose framework-accounting basis equivalent to the framework introduced by the definition in § 1, item 8 of the Supplementary Provisions of the Accounting Act under the name "International Accounting Standards" (IAS).

18.1.4. Change in the accounting framework

None.

18.1.5. Accounting standards for audited financial information

The financial statements are prepared in accordance with International Financial Reporting Standards.

18.2. INTERIM AND OTHER FINANCIAL INFORMATION

18.2.1. Quarterly financial information

The Issuer has published quarterly financial statements since the end of the last annual audited financial statements. These are included in the prospectus.

18.3. DIVIDEND POLICY

The Issuer's General Meeting of Shareholders has not expressly approved or committed to follow a specific policy for the distribution of the Company's profits in the past.

During the period covered by the historical financial information presented, the Issuer has distributed dividends to its shareholders. At the General Meeting of Shareholders of "Sopharma" AD held on June 27, 2025, a decision was made to distribute a gross dividend of BGN 0.08 per share for 2024.

At the General Meeting of Shareholders held on October 25, 2024, a dividend for the first half of 2024 was voted in the gross amount of BGN 0.075 per share. At the company's General Meeting held on June 28, 2024, a gross dividend for 2023 was voted in the total amount of BGN 0.09 per share.

At the company's Annual General Meeting held on June 2, 2023, a gross dividend for 2022 in the amount of BGN 0.09 per share was voted. At the company's Extraordinary General Meeting held on November 24, 2023, a gross dividend for the first half of 2023 in the amount of BGN 0.90 per share was voted.

At the company's Annual General Meeting held on June 3, 2022, it was voted not to distribute dividends to shareholders.

18.4. LEGAL AND ARBITRATION PROCEEDINGS

In the 12 months prior to the preparation of this document, the Issuer and the companies in the Issuer's Group were not parties to any completed state, legal, or arbitration proceedings that could have or have had a material impact on the Issuer and the companies in the Issuer's Group or on their financial condition and profitability.

As of the date of this document, the Issuer and the companies in the Issuer's Group are not parties to any governmental, legal, or arbitration proceedings that may have or have had a material effect on the Issuer and the companies in the Issuer's Group or on their financial condition and profitability.

The Issuer is not aware of any risk of state, legal or arbitration proceedings that may have a material impact on the Issuer and the companies in the Issuer's Group or on their financial condition and profitability.

18.5. SIGNIFICANT CHANGE IN THE ISSUER'S FINANCIAL CONDITION

Since the end of the last reporting financial period (June 30, 2025), and for any published financial information, there has been no other significant change in the financial or commercial position of the Issuer's group.

19. SHARE CAPITAL, MEMORANDUM OF ASSOCIATION, AND ARTICLES OF ASSOCIATION

19.1. SHARE CAPITAL

19.1.1. Amount of share capital

The amount of the registered share capital of "Sopharma" AD is BGN 539,157,603, divided into 539,157,603 shares with a nominal value of one lev per share. The Company's shares are of one class and entitle their holders to one vote at the General Meeting of Shareholders, to dividends and to a liquidation share proportional to their value. The shares in the Company's capital are freely transferable.

All 539,157,603 shares issued by the Issuer are fully paid up.

There are no persons who hold options on the Issuer's capital, nor are there any persons to whom a conditional or unconditional commitment has been made to issue options in their favor.

19.1.2. Shares that do not represent capital

The Company has not issued any shares that do not represent capital.

19.1.3. Own shares held

As at 30 September 2025, the number of repurchased own shares was 19,902,101 at a value of BGN 26,602 thousand. (31 December 2024: 13,356,996 shares worth BGN 53,559 thousand). During the current year, 200 shares were purchased and 11,245,021 shares were sold (2024: 1,200 shares purchased) and 3,936,914 shares were sold (2024: 972,308 shares sold). The effect of the merger of a subsidiary in 2024 is 232 shares for BGN 1 thousand.

19.1.4. Convertible securities

In 2021, the FSC approved a prospectus for an initial public offering of warrants issued by "Sopharma" AD. The issue amounts to 44,932,633 warrants, with an issue value of BGN 0.28 per warrant. On October 14, 2024, the board of directors decided to launch a final procedure to increase the capital by issuing up to 623,779 ordinary registered book-entry shares, provided that the shares from the increase are subscribed by the warrant holders. Upon completion of the procedure, all warrants from the warrant issue approved in 2021 are converted into shares of "Sopharma" AD.

19.1.5. Information on the terms and conditions of rights to acquire or obligations in respect of the authorized but unissued capital

At present, "Sopharma" AD intends to issue three warrant issues with different exercise periods and different exercise prices. This prospectus is for warrants that can be exercised within 7 years of the registration of the issue with "Central Depository" AD. In addition to the warrant issue described in this prospectus, the company has approved prospectuses for two more warrant issues:

- An issue of up to 8,985,960 warrants with an issue price of BGN 0.27 (€0.14) and an exercise price of BGN 3.60 (€1.84 per share) This issue of warrants may be exercised within 3 years of the registration of the issue with "Central Depository" AD;

- Issue of up to 8,985,960 warrants with an issue price of BGN 0.27 (€0.14) and an exercise price of BGN 4.56 (€2.33 per share). This issue of warrants may be exercised within 5 years of the issue being registered with “Central Depository” AD.

At the time of preparation of this document, there are no rights or obligations to acquire authorized but unissued capital. There are no other plans to increase the capital or issue securities by the Company other than the issue of warrants subject to this Prospectus and the other two issues of warrants mentioned in this section.

19.1.6. Information on any capital of a group member that is under option or has been agreed to be placed under option, conditionally or unconditionally

The Issuer has no information about any capital that is under option or has been agreed conditionally or unconditionally to be placed under option.

19.1.7. History of share capital

Since the Company's establishment in 1990, the following changes affecting the Company's legal characteristics have been made:

Transformations

By a decision of the Sofia City Court dated 17 February 1990 (case No. 480 of 1990), a subsidiary of the company "Pharmacy", Stanke Dimitrov, was registered under the name "“Sopharma”", with its registered office in Sofia, ul. "Iliensko Shose" No. 16, with the following scope of activity: design, research, engineering, implementation, production, and trade in the field of fine organic synthesis of medicinal substances and intermediates, dosage forms, hygiene and prophylactic preparations, raw materials and intermediates for them, biotechnological products for healthcare needs and for export. The company has a registered capital of BGN 34,061 thousand.

By a decision of the Sofia City Court dated 15.11.1991 (company case No. 19359), a single-member limited liability company with state property, “Sopharma” Ltd., was registered with its registered office in Sofia, ul. "Iliensko Shose" No. 16, with the following scope of activity: design, research, engineering, implementation, production, and trade in the field of fine organic synthesis of medicinal substances and intermediates, dosage forms, hygiene and prophylactic preparations, raw materials and intermediates for them, biotechnological products for healthcare needs and for export. The company's capital amounts to BGN 175,659 thousand.

By a decision of the Sofia City Court dated 04.04.1994, “Sopharma” EOOD with state property was transformed into a single-member joint-stock company “Sopharma” EAD.

By a decision of the Sofia City Court dated 15.04.1997, the single-member joint-stock company was transformed into a joint-stock company. The name of the company became ““Sopharma”” AD.

Changes affecting the Issuer's capital

Changes affecting the Issuer's capital

By a decision of the Sofia City Court dated November 15, 1991, the capital of “Sopharma” Ltd. was increased from BGN 34,061 thousand to BGN 175,659 thousand.

By a decision of the Sofia City Court dated January 14, 1994, the capital of “Sopharma” EOOD was increased to BGN 928,171 thousand.

By a decision of the Sofia City Court dated June 25, 1996, the capital of "Sopharma" EAD was increased from BGN 928,171 thousand to BGN 942,717 thousand.

By a decision of the Sofia City Court dated December 23, 1999, the capital of "Sopharma" AD was redenominated from BGN 942,717 thousand to BGN 942,717.

By a decision of the Sofia City Court dated March 9, 2001, the capital of "Sopharma" AD was increased from BGN 942,717 to BGN 6,000 thousand through the issuance of 5,057,283 new ordinary registered, book-entry shares with voting rights, with a nominal value of 1 lev each.

By a decision of the Sofia City Court dated July 15, 2003, the capital of "Sopharma" AD was increased with own funds from BGN 6,000 thousand to BGN 66,000 thousand through the issuance of 60,000,000 registered shares.

By a decision of the Sofia City Court dated October 26, 2006, the capital of "Sopharma" AD was increased with own funds from BGN 66,000 thousand to BGN 132,000 thousand through the issuance of 66,000,000 new registered shares.

On February 26, 2015, the merger of "Bulgarian Rose – Sevtopolis" AD (the "transforming company"), a subsidiary for 2014, into "Sopharma" AD within the meaning of Article 262 et seq. of the Commercial Act. The transforming company was terminated without liquidation and all its assets were transferred to the patrimony of "Sopharma" AD (the "acquiring company"). The date of 01.01.2015 was accepted as the date of accounting for the merger. The share capital of "Sopharma" AD was increased by 2,797,899 new shares with a nominal value of BGN 1 each and an issue price of BGN 4.14, equal to the fair price of one share of "Sopharma" AD, in connection with the merger of "Bulgarian Rose – Sevtopolis" AD into "Sopharma" AD.

On October 6, 2023, as a result of a conditional capital increase through the exercise of warrants from the issue with ISIN BG9200001212, the new capital of "Sopharma" AD in the amount of BGN 172,590,578 was entered in the Commercial Register.

On March 5, 2024, as a result of a conditional capital increase through the exercise of warrants from the issue with ISIN BG9200001212, the new capital of "Sopharma" AD in the amount of BGN 179,100,063 was entered in the Commercial Register.

On January 27, 2025, as a result of a conditional capital increase through the exercise of warrants from the issue with ISIN BG9200001212, the new capital of "Sopharma" AD in the amount of BGN 179,719,201 was entered in the Commercial Register.

On July 18, 2025, as a result of a decision of the Annual General Meeting of Shareholders of "Sopharma" AD held on June 27, 2025 to increase the capital with own funds, the new capital of "Sopharma" AD in the amount of BGN 539,157,603 was entered in the Commercial Register.

As of the date of this Prospectus, there is no information available regarding bankruptcy, liquidation, or other material circumstances related to the Issuer's business activities, except as mentioned above.

19.2. MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION

19.2.1. Scope of activity and objectives of the Issuer

The information in this section is presented on the basis of the Company's current Articles of Association and in accordance with applicable law. The Articles of Association can be found in the Commercial Register. The date of publication is 18.07.2025 and the registration number is 20250718160833.

Pursuant to Article 5 of the Company's Articles of Association, the scope of activity of "Sopharma" AD is as follows: *production of medicines and chemical-pharmaceutical preparations, commercial activity in Bulgaria and abroad, scientific research in the field of phytochemistry, chemistry, and pharmacy.*

The Articles of Association of the Company do not contain information about the objectives of "Sopharma" AD.

19.2.2. Rights, preferences, and restrictions relating to each class of existing shares. Actions required to change the rights of shareholders

The Company has issued only one class of shares. All shares of the Company are ordinary, registered, book-entry shares, with one vote at the general meeting of shareholders, the right to a dividend and the right to a liquidation share, proportional to the nominal value of the share.

Each ordinary share gives its holder the following basic rights: the right to vote at the general meeting of shareholders, the right to dividends, and the right to a liquidation share. Each shareholder has the right: to acquire, with priority, a portion of the new shares issued upon a capital increase; to familiarize themselves with the written materials related to the agenda of the general meeting; to authorize another person to exercise their rights in relation to the company by means of an explicit written power of attorney with the minimum content specified in the applicable legislation; to be elected to the management bodies of the company; all other rights granted by Bulgarian law.

The issuance and disposal of shares shall take effect upon registration with "Central Depository" AD and shall be carried out in accordance with the procedure provided for in the applicable legislation. The shareholders of the Company are the persons registered in the Company's shareholder register kept by "Central Depository" AD.

The Company's Articles of Association do not contain specific provisions regarding actions necessary to change the rights of shareholders other than those provided for in the applicable legislation.

19.2.3. Provisions in the Articles of Association or other acts of the Issuer that may delay, postpone or prevent a change in control of the Issuer

There are no provisions in the Articles of Association that could lead to a delay, postponement or prevention of a change in control of the Company. The Company's activities are not subject to other internal rules containing similar provisions.

20. MATERIAL CONTRACTS

During the two years preceding the preparation of this document, "Sopharma" AD has been a party to significant contracts other than those concluded in the course of its ordinary business.

On October 4, 2024, "Sopharma" AD notified investors that it had initiated the acquisition of a portfolio of pharmaceutical products consisting of both over-the-counter and prescription products in the following therapeutic areas: Sex hormones and modulators of the genital system, Urological and Antiviral agents for systemic use. The acquisition includes a total of 68 marketing authorizations for 14 well-known brands in 10 of the Company's traditional markets.

The transaction is valued at BGN 165 million and was completed at the end of 2024.

As of the date of preparation of the Prospectus and for the three years preceding the preparation of this document, there are no known other significant contracts concluded outside the ordinary course of business of the Issuer's Group that could give rise to an obligation or right that is material to the ability of the Issuer and the companies in the Issuer's Group to meet their obligations to the holders of securities in respect of the securities being issued.

21. AVAILABLE DOCUMENTS

During the period of validity of this Prospectus, investors may familiarize themselves with the Issuer's Articles of Association, this Prospectus, as well as the historical financial information for the Issuer for the last three years, as specified in the Prospectus, at the following address: Sofia 1756, 5 Lachezar Stanchev St. No. 5, Sopharma Business Towers, Tower A, Floor 11, Investor Relations Office, as well as on the Issuer's website - www.sopharma.bg

22. MATERIAL INFORMATION UNDER SECTION 3 OF APPENDIX 11

22.1. WORKING CAPITAL STATEMENT

The Issuer considers that the working capital is sufficient to cover its current needs.

22.2. CAPITALIZATION AND INDEBTEDNESS

As at 30.09.2025, the total amount of the Issuer's liabilities is BGN 315,108 thousand. Of these, secured liabilities amounted to BGN 938 thousand. Collateralized liabilities amounted to BGN 139,757 thousand. Contingent liabilities amounted to BGN 297,908 thousand.

The consolidated liabilities of "Sopharma" AD as at 30 September 2025 amount to BGN 1,036,513 thousand. Of these, BGN 668,950 thousand are secured. Contingent liabilities amount to BGN 88,732 thousand.

Details on the Issuer's balance sheet capitalization and indebtedness are presented in the following tables

Table No. 28 Balance sheet capitalization of the Issuer on a consolidated basis

in thousands of leva	31.12.2022	31.12.2023	31.12.2024	30.09.2024	30.09.2025
Equity					
Share capital	134,798	172,591	179,100	179,100	179,100
Reserves	47,503	167,987	190,713	193,731	202,433
Other capital components (reserve for issued warrants)	12,488	1,857	260	162	-
Retained earnings	509,869	395,897	448,032	429,656	512,039
Total equity	716,634	753,626	843,103	820,399	926,366
Non-controlling interest	11,976	15,294	24,998	17,750	32,175
Total equity	716,634	753,626	843,103	820,399	926,366

The annual data in the table are from the public audited individual financial statements of Sopharma AD, and the source of data for the comparative periods was the audited statements for the following period, as recalculations or reclassifications were required for various reasons (for example, mergers of subsidiaries, changes in IFRS, etc.), the interim data in the table are from the public individual financial statements as of 30.09.2024 and 30.09.2025.

Table No. 29 Balance sheet capitalization of the Issuer on an individual basis

in thousands of leva	31.12.2022	31.12.2023	31.12.2024	30.9.2024	30.9.2025
Equity					
Share capital	134 798	172 591	179 100	179 100	539 158
Own shares repurchased	(52 203)	(57 452)	(53 559)	(53 559)	(26 602)
Reserves	461 603	445 274	465 322	464 303	110 927
Other capital components (reserve for issued warrants)	12 488	1 857	260	162	-
Retained earnings	36 269	13 827	17 434	28 770	49 269
Total equity	592 955	576 097	608 557	618 776	672 752

The annual data in the table are from the public audited individual financial statements of Sopharma AD, and the source of data for the comparative periods was the audited statements for the following period, as recalculations or reclassifications were required for various reasons (for example, mergers of subsidiaries, changes in IFRS, etc.), the interim data in the table are from the public individual financial statements as of 30.09.2024 and 30.09.2025.

Table No. 30 Long-term bank loans on a consolidated basis (for outstanding loans, maturity data is taken from the 2024 report)

Currency type	31.12.2022		31.12.2023		31.12.2024		30.06.2025	
	Long-term part	Short-term part	Long-term part	Short-term part	Long-term part	Short-term part	Long-term part	Short-term part
	thousand BGN	thousand BGN	thousand BGN	thousand BGN	thousand BGN	thousand BGN	thousand BGN	thousand BGN
leva	-	-	-	-	25 727	-	29 066	-
euro	-	-	-	-	12 963	3 229	24 438	6 603
euro	15 797	-	15 800	-	11 735	-	5 476	-
euro	-	-	-	-	1 760	-	3 811	-
euro	2 151	-	2 152	-	1 566	-	2 153	-
euro	-	-	-	-	1 564	-	1 563	-
euro	-	-	-	-	1 318	878	1 317	447
euro	-	-	-	-	652	326	652	330
euro	-	-	-	-	-	78 138	63 955	11 120
euro	-	-	27 021	-	-	25 492	-	28 457
euro	-	-	-	-	-	652	-	327
euro	-	-	-	-	-	87	-	-
euro	1 075	797	269	804	-	269	-	-
euro	1 779	3 755	-	1 777	-	-	-	-
leva	801	2 667	-	1 007	-	-	-	-
leva	1 860	416	-	-	-	-	-	-
leva	-	-	8 677	854	6 941	1 738	6 074	1 735
euro	63	378	-	-	-	-	-	-
euro	4 233	1 693	2 543	1 690	426	1 690	-	1 269
leva	-	52	-	-	-	-	-	-
euro	-	-	-	-	-	-	6 319	44
euro/dinar	-	-	-	-	-	-	4 692	-
Total	27 759	9 758	56 462	6 132	64 652	112 499	149 516	50 332

Source: "Sopharma" AD

Short-term bank loans

Special pledges on machinery and equipment; raw materials, materials, and finished products; and trade receivables have been established in favor of the creditor banks to secure the short-term bank loans. As at 30 June 2025, special pledges on inventories amounting to BGN 255,200 thousand (31 December 2024: BGN 249,281 thousand) have been established as collateral for bank loans received by the Group and bank guarantees issued. Special pledges have also been established on trade receivables in the amount of BGN 186,095 thousand (31.12.2024: BGN 171,305 thousand) as collateral for bank loans received by the Group and bank guarantees issued.

Table No. 31 Short-term bank loans (overdrafts) on a consolidated basis (for unpaid loans, the maturity data is taken from the 2024 report)

Currency type	31.12.2022	31.12.2023	31.12.2024	30.06.2025	30.06.2025
	<i>thousand BGN</i>	<i>thousand BGN</i>	<i>thousand BGN</i>	<i>thousand BGN</i>	<i>thousand BGN</i>
leva	-	34 921	58 241	34 920	58 337
leva	5	15 536	20 014	19 979	19 926
leva	-	19 759	19 746	19 931	19 586
leva	-	19 574	18 528	6 519	19 476
leva	32 704	37 773	17 490	38 912	36 635
USD	-	-	16 187	-	15 809
leva	-	9 678	9 777	9 726	9 749
euro	7 158	14 865	7 823	15 256	15 640
USD	-	-	4 141	-	-
euro	63 030	14 033	3 435	25 061	43 945
USD	-	-	3 059	-	-
USD	-	-	592	-	-
Serbian dinar	-	-	414	-	-
euro	-	44	43	3 193	14 825
leva	-	-	28	-	9 966
euro	9 757	9 757	-	9 772	-
euro	5 859	5 858	-	5 866	-
euro	2 934	4 693	-	-	-
euro	1 956	1 956	-	-	-
leva	-	6	-	4	-
euro	-	-	-	-	2 738
euro	-	-	-	-	2 007
euro	-	-	-	-	1 956
Belarusian ruble	-	-	-	-	195
leva	-	-	-	29 996	-
Bracelets	1 212	-	-	-	-
	124 615	188 453	179 518	219 135	270 790

Source: "Sopharma" AD

Lease liabilities

The liabilities under lease agreements with third parties and related parties included in the statement of financial position are presented net of future interest payable and are as follows:

Table No. 32 Lease liabilities on a consolidated basis

	2022	2023	2024	30.6.2024	30.6.2025
	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>	<i>in thousand BGN</i>
Up to one year	15 584	16 136	21 781	17 029	24 330
Over a year	69 964	71 643	87 766	74 284	95 066
Total	85 548	87 779	109 547	91 313	119 396

Source: "Sopharma" AD

Significant non-cancellable contracts and commitments**"Sopharma" AD**

The Company has received government funding under the Operational Program Development of the Competitiveness of the Bulgarian Economy 2007-2013, the Operational Program Innovation and Competitiveness 2014-2020, and the Operational Program Energy Efficiency, related to the acquisition of long-term assets, reconstruction of buildings and technological renewal and modernization of tablet production, implementation of innovative products in ampoule production, acquisition of a compact line for filling vials under an isolator, acquisition of general exchange installations for ventilation and air conditioning in the production of medical products, and implementation of innovative artificial tear eye

drops. The Company has undertaken not to make any significant changes affecting the nature and conditions of implementation or giving rise to unjustified benefits for the Company, as well as changes resulting from a change in the nature of ownership of the acquired assets related to the financing. In case of non-compliance with these requirements, the financing provided is subject to repayment. As at the date of preparation of the report, all contractual requirements have been met.

Guarantees and collateral provided

As at June 30, 2025, the company is a co-debtor and guarantor for bank loans received, bank guarantees issued, and lease agreements concluded by the following companies:

Table No. 33 Companies for which "Sopharma" AD is a co-debtor and guarantor as at 30 September 2025

Company	Maturity period	Currency	Size <i>in thousand BGN</i>	Debt status as of 30.09.2025
				<i>in thousand BGN</i>
"Sopharma Trading" AD	2025-2026	leva	206 669	196 347
"Sopharma Trading" AD	2026	euro	66 889	30 173
"Sopharma Trading" Ltd., Belgrade	2026	euro	68 474	52 338
"Sopharma Buildings" REIT	2027	leva	10 000	10 000
"Doverie United Holding" AD	2027	leva	30 000	7 500
"Energoinvestment" AD	2026	leva	2 000	1 550
Total				297 908

Source: "Sopharma" AD

Bank guarantees

"Sopharma" Trading" AD

The bank guarantees issued for the Company amount to BGN 20,516 thousand. (31.12.2024: BGN 25,008 thousand) and are intended to guarantee payments to suppliers of goods, for good performance – to guarantee future deliveries of medicinal and medical products to hospitals under concluded supply contracts, customs guarantees and participation in tenders.

The Company issues bank guarantees in accordance with concluded working capital financing agreements (credit lines) and bank guarantees. The co-debtor on the issued bank guarantees in the amount of BGN 20,516 thousand (31.12.2024: BGN 25,008 thousand) is "Sopharma" AD.

22.3. INTEREST OF NATURAL AND LEGAL PERSONS PARTICIPATING IN THE OFFERING

At the time of preparation of the Prospectus for the public offering of warrants, the Issuer is not aware of any interest of natural or legal persons in the offering or any interest, including a conflict of interest, which is material to the issue/offering.

22.4. JUSTIFICATION OF THE OFFERING AND USE OF PROCEEDS

The proceeds from the upcoming issue of warrants, with a minimum subscription of **1,797,192 warrants** after deduction of issue costs in the amount of **BGN 52,147.45**, are expected to be **BGN 433,094.39**. These funds will be used to purchase a filling line for ampoule production. The total cost of the line is BGN 4.1 million. The remaining amount of this price will be financed with the Company's own funds.

The proceeds from the upcoming issue of warrants, with a maximum subscription of **8,985,960 warrants** after deduction of issue costs in the amount of **BGN 52,147.45**, are expected to be **BGN 2,374,061.75**. These funds will be used to purchase a filling line for ampoule production. The total cost of the line is

BGN 4.1 million. The remaining amount of this price will be financed with the Company's own funds or with proceeds from another issue of warrants, which will be issued at the same time.

The proceeds from the issue will not be used to acquire assets other than those related to the company's normal business activities.

The Issuer believes that the proceeds from the issue will not be sufficient to achieve the specific objectives of the Company and therefore intends to use proceeds from two other warrant issues and its own funds.

23. INFORMATION ON THE SECURITIES BEING OFFERED

The information in this section is in accordance with Section 4 of Annex 11 to Commission Delegated Regulation (EU) 2019/980 of 14 March 2019.

The warrants in this issue are offered for payment at their **issue price of BGN 0.27 (€0.14)** and entitle their holders to subscribe for shares from a future capital increase of “Sopharma” AD at **an exercise price of BGN 5.70 per share (€2.91 per share)** determined at the time of subscription of the warrant, with one share from the future capital increase being subscribed for each warrant.

The issue price of the underlying asset determined at the time of subscription of the warrant is the exercise price of the warrant.

The term during which the right may be exercised is **7 years** from the registration of the warrant issue with “Central Depository” AD. Upon expiry of the term referred to in the previous sentence, the issue matures and the unexercised warrant rights are terminated.

23.1. DESCRIPTION OF THE TYPE AND CLASS

On the basis of this document, derivative financial instruments – **warrants** – are offered for initial subscription by their Issuer, “Sopharma” AD.

According to the legal definition in § 1, item 4 of the Additional Provisions of the Public Offering of Securities Act, a warrant is a security that expresses the right to subscribe for a certain number of securities at a predetermined or determinable issue price until the expiry of a specified term.

A warrant is a derivative security that is issued on other securities – the underlying asset. The underlying asset of the warrants in this issue are future ordinary, registered, book-entry shares, giving the right to one vote at the General Meeting of Shareholders, which will be issued by the Issuer of the warrants – “Sopharma” AD. Insofar as the underlying asset is shares of the class of shares currently issued by “Sopharma” AD, investors in warrants from this issue should take into account the dependence of the price of the warrants and, accordingly, the value of their investment on the price of the Company's shares.

At the time of preparation of this Prospectus, the underlying asset of the offered warrants has not been issued. The warrants entitle the holder to subscribe for shares from a future capital increase of “Sopharma” AD, which should be carried out upon the occurrence of certain conditions, described in detail in the Prospectus.

The warrants from this issue are **book-entry, freely transferable, and registered**.

The total amount of the offered issue is up to 8,985,960 warrants.

All warrants from this issue give equal rights to their holders and form a single class of securities.

At the time of preparation of this document, the future issue of warrants has been assigned ISIN code BG9200003259. CFI code: RWSTBE. FISN code: SOFARM/P WT SOFARM 0.27 20321003

23.2. LEGISLATION GOVERNING THE CREATION OF SECURITIES

This issue of warrants is issued by “Sopharma” AD in accordance with the legislation of the Republic of Bulgaria, in compliance with the provisions of the Commercial Act and the Public Offering of Securities Act. After the issue is admitted to trading on the regulated market organized by “Bulgarian Stock

Exchange” AD, the requirements of the Law on the Application of Measures against Market Abuse with Financial Instruments and the acts for its implementation shall apply in full to the trading of the warrants.

The following legislative acts regulate the offering of the current issue, as well as the subsequent issue of ordinary shares – the underlying asset of this issue:

- Public Offering of Securities Act (POSA).
- Law on the Financial Supervision Commission (LFSC).
- Tax and Social Security Procedure Code.
- Currency Law.
- Regulation No. 22 of July 29, 2005, on the conditions and procedure for registering and deregistering public companies, other issuers of securities, and securities issues in the register of the Financial Supervision Commission.
- Regulation No. 2 of November 9, 2023 on initial and subsequent disclosure of information in connection with public offerings of securities and admission of securities to trading on a regulated market.
- Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (text with EEA relevance).
- Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Commission Regulation (EC) No 809/2004.
- Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information contained in the summary of the prospectus, the publication and classification of prospectuses, advertising communications for securities, supplements to prospectuses, and the portal for notifications and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301 (text with EEA relevance).

The regulatory acts that regulate or may affect the trading of the current issue of warrants on a regulated market, as well as the trading of the underlying asset, are as follows:

- Financial Instruments Markets Act (FIMA).
- Law on the Implementation of Measures against Market Abuse with Financial Instruments.
- Law on Measures against Money Laundering (LMMLA).
- Financial Supervision Commission Act (FSC Act).
- Regulation No. 38 on the requirements for the activities of investment intermediaries.
- Regulation No. 8 on the requirements for the activities of central securities depositories, the central securities register, and other persons performing activities related to the settlement of securities.

Rules relating to the registration, admission and trading of the proposed issue of warrants on the “Bulgarian Stock Exchange” AD are also contained in the Rules of Procedure of the “Bulgarian Stock Exchange” AD and the Rules of Procedure of “Central Depository” AD.

23.3. FORM OF SECURITIES

The offered warrants are registered and book-entry. They are rights that are registered in the name of their holder in “Central Depository” AD.

The issuance and disposal of warrants shall take effect after their registration with “Central Depository” AD.

The registered office and address of “Central Depository” AD are: Bulgaria, Sofia, 6 Tri Ushi St., fl. 4, contact numbers: +359 2 939 1970 and +359 2 4001 254 – for contact with the Registers Department, and +359 2 939 1992 and +359 2 4001 253 – for contact with the Settlement Department.

23.4. CURRENCY OF THE ISSUE

The currency of this warrant issue is Bulgarian lev (BGN).

23.5. DESCRIPTION OF THE RIGHTS ATTACHED TO THE WARRANTS

Each warrant from this issue gives its holder the following rights:

The right to subscribe for shares from the upcoming capital increase of “Sopharma” AD, which will be carried out if the conditions described below are met.

Warrant holders may exercise their right upon payment of the issue price specified in this Prospectus, amounting to BGN 5.70 per share (€2.9`1 per share).

The right to subscribe for shares from the capital increase of “Sopharma” AD may be exercised within a period of up to 7 years. The start of the period referred to in the previous sentence shall be the date on which the warrant issue is registered with Central Depository AD. The term expires on the corresponding day of the seventh calendar year, and if that day is a non-working day, on the first following working day.

In order to exercise their rights, warrant holders must meet the following conditions:

a) A decision by the warrant holders to exercise their rights under the warrants, taken by a simple majority of the votes of the warrant holders represented at the meeting.

At the request of warrant holders representing **not less than 3%** of the issued issue or, respectively, holding the remaining (unexercised) amount of the issue, if more than 97% of the issued warrants have been exercised by that time, the Board of Directors of “Sopharma” AD shall convene a meeting of the warrant holders within 14 days of receiving the request. The meeting of warrant holders shall be convened by an invitation published on the Company's website or through x3news.com at least 5 calendar days prior to the date of the meeting.

The invitation to convene the General Meeting of Warrant Holders and the materials for the meeting shall be disclosed to the public on the Issuer's website, the media used by the Company (x3news.com, investor.bg) and shall be sent to the FSC, “Central Depository” AD, and “Bulgarian Stock Exchange” AD, simultaneously with the publication of the invitation on the Issuer's website. The written materials related to the agenda of the general meeting of warrant holders must be made available to the latter at the Company's registered office no later than the publication of the invitation.

The invitation to convene the meeting shall contain at least the following information: the name and registered office of the Company, the place, date, and time of the meeting, information on the formalities to be completed in order for warrant holders to exercise their voting rights, including the form of authorization, the agenda of the issues proposed for discussion by the persons requesting the convening of the meeting, and the proposals for decisions made by the same persons in the request for convening the general meeting of warrant holders.

If the request for convening the meeting made by the warrant holders does not include the adoption of a resolution to exercise the rights under the warrants, such a resolution shall be included in the invitation by the Board of Directors of "Sopharma" AD. The invitation shall be accompanied by a report on the movement of the price of the ordinary shares issued by the Company (shares of the same class as the underlying asset of the warrants) on the regulated market organized by "Bulgarian Stock Exchange" AD, for a one-year period preceding the date of the meeting, or for the period from the date of the previous meeting of warrant holders, if such a meeting was held less than a year before the convening of this meeting of warrant holders.

The right to participate in the General Meeting of Warrant Holders shall be vested in persons entered in the register kept by "Central Depository" AD as warrant holders 14 days prior to the date of the meeting of warrant holders.

The meeting shall be valid and decisions may be taken at it if 1/2 of the issued and unexercised warrants are presented. In the absence of a quorum, a new meeting shall be scheduled no earlier than 7 days after the date of the first meeting, the date of which shall be specified in the invitation to convene the meeting, and it shall be valid regardless of the warrants presented at it.

The decision to exercise the rights under the warrants shall be adopted by a simple majority of the votes of the warrant holders present at the meeting.

An authorized member of the Board of Directors of "Sopharma" AD and the Company's Investor Relations Director shall attend the meeting.

The authorized member of the Board of Directors of "Sopharma" AD shall be obliged to present to the warrant holders a report on the average price, for the last trading session prior to the date of the meeting, of the Company's shares of the same class as the underlying asset of the warrants on the regulated market, organized by "Bulgarian Stock Exchange" AD, as well as an opinion on whether the warrants are in the money or out of the money and the opinion of the Board of Directors of "Sopharma" AD on the proposal to take a decision on the exercise of the warrants.

Minutes of the meeting shall be kept by the person elected as chair of the general meeting, who shall provide the minutes of the meeting to the Board of Directors of "Sopharma" AD.

The Board of Directors is obliged to initiate a procedure for the exercise of all remaining unexercised warrants if, two months before the maturity of the issue, no request has been received to convene a meeting of warrant holders at which to initiate the exercise of the remaining unexercised warrants. In this case, a decision by the meeting of warrant holders is not necessary.

The Issuer's Board of Directors shall announce the upcoming capital increase on x3news.com and publish it on the websites of the Issuer and the investment intermediary selected to service the capital increase.

b) Decision of the Board of Directors of "Sopharma" AD to increase the Company's capital, provided that the new shares are subscribed by the holders of the warrants from the current issue.

Within 7 days of receiving the minutes of the meeting of the warrant holders at which the decision to exercise the rights under the warrants was taken, and no later than 2 months before the maturity of the issue, the Board of Directors of "Sopharma" AD shall decide to increase the Company's capital by issuing a number of ordinary, registered, book-entry shares with voting rights, with a par value of BGN 1 each and an issue price of BGN 5.70 per share (€2.91 per share), provided that the shares from the increase are subscribed by the warrant holders.

The minutes of the meeting of the Board of Directors at which the decision to increase the capital of "Sopharma" AD was taken shall be submitted to the FSC, "Bulgarian Stock Exchange" AD, and "Central Depository" AD, by the end of the working day following the day of the meeting, and when it is subject to entry in the Commercial Register, by the end of the working day following the day of notification of the entry, but no later than 7 days after the entry.

The decision of the Board of Directors of “Sopharma” AD does not oblige warrant holders to subscribe for shares against the warrants they hold, but gives them the opportunity to exercise this right. Warrant holders who have not exercised their right to subscribe for shares from the capital increase based on the decision of the Board of Directors may do so until the maturity date of the issue under the relevant terms and conditions. Upon the maturity date of the issue, the unexercised rights under the warrants shall be terminated.

At least 7 days before **the specified initial deadline for exercising the warrants**, the Board of Directors of “Sopharma” AD, in accordance with the requirement of Article 89t of the Public Offering of Securities Act, shall publish a notice of the capital increase, the initial and final dates for exercising the warrants by subscribing for shares, as well as the other material terms and conditions of the offering. The issuer shall publish the announcement referred to in the previous sentence on the websites of the issuer and the investment intermediary selected to service the capital increase.

Persons who have acquired warrants no later than five business days after the later of the date of disclosure of the announcement under Article 89t, para. 1 of the Public Offering of Securities Act on the Issuer's website and on the website of the servicing investment intermediary. This date is also the Start Date on which the warrants may be exercised by subscribing for shares.

The decision of the Board of Directors shall specify a period of 10 business days during which the warrants may be exercised, starting from the initial date for exercising the rights under the warrants. If the decision of the Board of Directors to increase the capital is taken in a scenario where no decision of the warrant holders under item "a" above is required, the period for exercising the warrants shall be no shorter than 10 business days and shall expire on the maturity date of the issue.

The deadline for transferring warrants from the current issue shall be no later than 7 days after the later of the date of publication of the announcement under Article 89t of the Public Offering of Securities Act on the website of the Issuer and the servicing investment intermediary.

c) An explicit statement by the warrant holder that they wish to exercise their warrants by subscribing for the corresponding number of shares from the Company's capital increase.

Warrant holders who wish to exercise their rights should make an explicit statement to exercise the warrants by submitting an application for subscription of shares from the capital increase of the Issuer and pay the issue price of the subscribed shares. The application for subscription of shares shall be submitted to the investment intermediary servicing the capital increase of the Issuer, directly or through another licensed investment intermediary, in whose account with “Central Depository” AD the warrants of the respective holder are registered, which in turn sends the application to the investment intermediary servicing the capital increase.

Legal entities shall submit the application through their legal representatives or through a person authorized by them, and the following shall be attached to the written application:

- an identity document of the natural persons who are the legal representatives of the legal entity. The investment intermediary shall retain a certified copy of the identity document submitted.
- a notarized explicit power of attorney and identity document of the proxy – when submitting an application through a proxy. The investment intermediary shall retain the power of attorney and a certified copy of the identity document of the proxy for its records. Foreign legal entities shall submit documents that have been translated and legalized in accordance with the relevant procedure.
- The identification of legal entities registered in the Republic of Bulgaria shall be carried out by the investment intermediary by checking the Commercial Register and the BULSTAT register. Foreign legal entities shall submit documents translated and legalised in accordance with the relevant procedure.

Natural persons shall submit applications in person, identifying themselves by means of an identity document, a copy of which shall be attached to the application, or through a proxy, who shall identify himself/herself by means of a notarized power of attorney and an identity document. The investment

intermediary shall retain the power of attorney and a certified copy of the identity document submitted for its records.

At the request of the investment intermediary to which the application for subscription of shares has been submitted, "Central Depository" AD shall block the corresponding number of warrants in a client sub-account.

The issue value of the subscribed securities shall be paid into a special collection account, which will be further announced in the notice published by the Company's Board of Directors regarding the decision to increase the capital, in accordance with item b above.

Persons subscribing for shares shall pay the amount corresponding to the issue value of the shares they subscribe for no later than the expiry of the subscription period.

The amounts in the collection account may not be used by the Issuer before the successful completion of the subscription and registration of the capital increase of "Sopharma" AD in the commercial register maintained by the Registry Agency.

Pursuant to the requirement of Article 64, paragraph 1 of Regulation No. 38, the investment intermediary requires the holder of warrants who submits an order for subscription of shares to provide the funds necessary for payment under the transaction that is the subject of the order when submitting the order, unless the client certifies that he will fulfill his payment obligation.

d) Successful completion of the subscription and entry of the increase in the Company's capital in the Commercial Register maintained by the Registry Agency.

The subscription shall be deemed successfully completed regardless of the number of shares subscribed.

Within 3 days of the completion of the subscription "Sopharma" AD shall notify the FSC of the conduct of the subscription and its results, including any difficulties and disputes in the exercise of warrants and the subscription of shares, after which the increase in the capital of "Sopharma" AD shall be entered in the Commercial Register.

After the completion of the subscription and the entry of the capital increase in the Commercial Register, "Central Depository" AD shall register the shares from the capital increase and issue a Certificate of Registration of the Capital Increase, certifying the total number of shares after the increase and data on the shareholders who have acquired shares from the increase.

The shares from the capital increase shall be registered in the shareholders' client sub-accounts, in the account with the "Central Depository" of the investment intermediary through which they were subscribed. At the request of the shareholders, they may receive depositary receipts certifying their right to the shares they have purchased through the investment intermediary with whom their client sub-accounts are opened.

Pursuant to the requirement of Article 110, paragraph 9 of the Public Offering of Securities Act, the Issuer is obliged, within two working days of the entry of the capital increase in the Commercial Register, to request the entry of the new issue of shares in the register under Article 30, paragraph 1, item Z of the Financial Supervision Commission Act, and then request its admission to trading on a regulated market.

After admission to trading, the shares from the capital increase of "Sopharma" AD will be freely traded on the "Bulgarian Stock Exchange" AD. Each shareholder may submit an order to sell the shares to a licensed investment intermediary, and each investor wishing to purchase shares of "Sopharma" AD may submit an order to purchase, in compliance with the requirements of Regulation No. 38.

The rights under warrants that have not been exercised by the maturity date of the issue shall be terminated due to non-exercise. Upon each exercise of warrants, with the exception of the last exercise of warrants, if a warrant holder requests their exercise but does not pay the issue price of the shares or part of the shares to be subscribed against the exercised warrants, the application for exercise of the

warrants or part of the warrants shall be deemed invalid and their holder may exercise them upon subsequent exercise of warrants.

2. Right to one vote at the meeting of warrant holders.

a) Competence

The meeting of warrant holders may take decisions on the exercise of the rights under the warrants, which shall be binding on the Board of Directors of "Sopharma" AD.

The meeting of warrant holders may also discuss other issues of common interest to warrant holders, without the decisions on them being binding on the Company or its bodies.

b) Convening

At the request of warrant holders representing **not less than 3%** of the issued issue or, respectively, holding the remaining (unexercised) amount of the issue, if more than 97% of the issued warrants have been exercised by that time, the Board of Directors of "Sopharma" AD shall convene a meeting of the warrant holders within 14 days of receiving the request. The meeting of warrant holders shall be convened by an invitation published on the Company's website or on x3news.com at least 5 calendar days prior to the date of the meeting.

The invitation to convene the General Meeting of Warrant Holders and the materials for the meeting shall be disclosed to the public on the Issuer's website and sent to the FSC, "Central Depository" AD and "Bulgarian Stock Exchange" AD, simultaneously with the publication of the invitation on the Issuer's website. The written materials related to the agenda of the general meeting of warrant holders must be made available to the latter at the Company's registered office no later than the publication of the invitation.

The invitation to convene the meeting shall contain at least the following information: the name and registered office of the Company, the place, date, and time of the meeting, information on the formalities to be completed in order for warrant holders to exercise their voting rights, including the form of authorization, the agenda of the items proposed for discussion by the persons requesting the meeting, and the proposals for resolutions made by those persons in the request for the convening of the general meeting of warrant holders.

If the request for the convening of the meeting made by the warrant holders does not include the adoption of a resolution to exercise the rights under the warrants, such a resolution shall be included in the invitation by the Board of Directors of "Sopharma" AD. The invitation shall be accompanied by a statement of the price movement for a one-year period preceding the date of the meeting, or, respectively, for the period from the date of the previous meeting of warrant holders, if such a meeting was held less than a year before the convening of this meeting of warrant holders, of the ordinary shares issued by the Company (shares of the same class as the underlying asset of the warrants) on the regulated market organized by "Bulgarian Stock Exchange" AD.

c) Holding of the meeting of warrant holders and decision-making

Persons entered in the central securities register as warrant holders 14 days prior to the date of the meeting of warrant holders shall have the right to participate in the General Meeting of Warrant Holders.

The meeting shall be valid and decisions may be taken at it if 1/2 of the issued and unexercised warrants are presented. In the absence of a quorum, a new meeting shall be scheduled no earlier than 7 days after the date of the first meeting, the date of which shall be specified in the invitation to convene the meeting, and it shall be valid regardless of the warrants presented at it.

The decision to exercise the rights under the warrants shall be adopted by a simple majority of the votes of the warrant holders present at the meeting.

An authorized member of the Board of Directors of “Sopharma” AD and the Company's Investor Relations Director shall attend the meeting.

The authorized member of the Board of Directors of “Sopharma” AD shall be obliged to present to the warrant holders a report on the average price, for the last trading session prior to the date of the meeting, of the Company's shares of the same class as the underlying asset of the warrants on the regulated market, organized by “Bulgarian Stock Exchange” AD, as well as an opinion on whether the warrants are in the money or out of the money and the opinion of the Board of Directors of “Sopharma” AD on the proposal to take a decision on the exercise of the warrants.

Minutes of the meeting shall be kept by the Investor Relations Director of “Sopharma” AD, who shall provide the minutes of the meeting to the Board of Directors of “Sopharma” AD. The minutes shall be signed by the Investor Relations Director of “Sopharma” AD and by the chairperson and secretary of the meeting, if such persons have been elected. Attached to the minutes shall be a list of the warrant holders present or represented at the meeting, indicating the number of warrants held or represented, in which the warrant holders and their representatives certify their attendance with their signatures. The list shall be certified by the investor relations director of “Sopharma” AD and by the chairperson and secretary of the meeting, if elected.

The Board of Directors is obliged to initiate a procedure for the exercise of all remaining unexercised warrants if, two months prior to the maturity of the issue, no request has been received to convene a meeting of warrant holders at which to initiate the exercise of the remaining unexercised warrants. In this case, a decision by the meeting of warrant holders is not necessary.

If the holder of the warrant exercises his/her right under it before the maturity date of the issue, he/she acquires the status of a shareholder, and a membership relationship arises between the shareholder and “Sopharma” AD. If the holder of the warrant was a shareholder in “Sopharma” AD prior to exercising the warrant, the scope of his membership relationship is expanded.

Each registered share, upon exercise of the right conferred by the warrant, confers on its holder two main groups of rights - **property rights and non-property rights**:

Property rights of the shareholder:

1. Right to dividends

The right to dividends is a fundamental property right of the shareholder, which is expressed in his right to receive a share of the Company's net profit, proportional to his participation in the capital of the same, subject to the conditions specified in the law – an audited annual financial report approved by the General Meeting of Shareholders and a specific decision of the General Meeting on the distribution of profits. Persons entered in the central securities register are entitled to receive dividends as persons entitled to dividends on the 14th day after the date of the General Meeting at which the annual or six-monthly financial report was approved and a decision on the distribution of profits was taken. The central depository provides the Company with a list of shareholders as of the above date. The presence of a person on this list is a sufficient condition for them to receive a dividend, after proper identification. The Company is obliged to ensure the payment of the dividend voted by the general meeting within 3 months of its holding, with the costs of payment being borne by the Company. Persons entitled to dividends may exercise this right until the expiry of the general 5-year limitation period, after which the right shall be extinguished and the unclaimed dividends shall remain with the Company and shall be transferred to the Reserve Fund. The right to dividends is subject to the following restrictions:

- dividends shall be paid only if, according to the audited and approved annual financial statements, the net value of the assets, reduced by the dividends and interest payable, is not less than the amount of the Company's capital, the Reserve Fund and other funds that the Company is required to form by law or its Articles of Association.
- No dividend may be distributed in an amount exceeding the limits of the profit for the relevant year, the undistributed profit from previous years, the part of the Reserve Fund and other funds of the Company exceeding the minimum specified by law or the Articles of Association, reduced by the

uncovered losses from previous years and the deductions for the Reserve Fund and other funds of the Company.

- At least 1/10 of the profit of the joint-stock company must be set aside until the funds in the reserve fund reach at least 1/10 of the company's capital.
- The right to a dividend shall be extinguished after a total limitation period of 5 years.

2. Right to a liquidation share

The right to a liquidation share is a fundamental property right of the shareholder, expressing the right of the latter to receive, in proportion to their participation in the Company's capital, a share of the Company's remaining assets upon termination of the Company through liquidation. The exercise of the right to a liquidation share presupposes a terminated Company. This right is conditional - it arises and can be exercised only if (and to the extent that) upon the liquidation of the Company, after the claims of all creditors have been satisfied, there remains property to be distributed among the shareholders and up to the amount of that property.

Only persons who are shareholders of the Company at the time of its termination are entitled to a liquidation share.

Non-property rights of the shareholder:

Management rights

1. Voting rights

The right to vote is a non-property right of shareholders, through which they participate in the management of the Company by participating in decision-making on matters falling within the competence of the General Meeting of Shareholders of the Company.

The Company may not issue shares with more than one vote. If there is more than one owner of the share or shares, they shall exercise their voting rights jointly by appointing a proxy.

In order for a shareholder of the Company to have the right to vote, he/she must have paid in full the issue price of the share(s) and the Company, respectively the increase in its capital, must be entered in the commercial register. The right to vote shall be exercised by persons registered as such with voting rights in the central securities register 14 days prior to the date of the general meeting. The presence of the person in the shareholders' register and their proper identification are sufficient conditions for them to exercise their right to vote. Shareholders with voting rights participate in the General Meeting of Shareholders in person or through a representative authorized by an explicit power of attorney, in accordance with Article 116, paragraph 1 of the Public Offering of Securities Act.

2. The shareholder's right to participate in the management of the Company, including the right to elect and be elected to the Company's governing bodies.

Control rights

The shareholder's control rights include the right to information. The right to information expresses the possibility for shareholders to review all written materials related to the agenda of the convened general meeting, to receive these materials upon request free of charge, as well as to receive the minutes and annexes thereto from past general meetings, which the Company is required to keep. The right to information also includes the shareholder's right to receive comprehensive answers from the members of the Company's Management Body to questions asked during the General Meeting of Shareholders. At any time, shareholders have the right to request and receive information about the financial and economic condition of the Company from the Investor Relations Director.

Protective rights

1. Right to appeal against decisions of the Company's bodies.

- Any shareholder may bring an action against the Company before the district court at its registered office to revoke a decision of the General Meeting when it contravenes the mandatory provisions of the law or the Articles of Association (Art. 74 of the Commercial Act).
- Any shareholder may bring an action before the district court at the Company's registered office to protect their right of membership and individual membership rights when these are violated by the Company's bodies (Art. 71 of the Commercial Act).

2. The right to request the appointment of registered auditors by the Registry Agency if such auditors have not been elected by the general meeting of shareholders – Art. 249 of the Commercial Act

3. Rights of minority shareholders (rights of shareholders holding at least 5% of the Company's capital)

Persons who together or separately hold at least 5% of the capital of a public company may, in the event of inaction on the part of its management bodies that jeopardises the interests of the company, bring the company's claims against third parties before the court. The company shall also be summoned as a party to the proceedings. The persons referred to in the previous sentence may:

- bring an action before the district court at the company's registered office for compensation for damages caused to the company by the actions or inaction of the members of the management and supervisory bodies and the company's procurator.
- request the general meeting or the district court to appoint auditors to check all the company's accounting documents and prepare a report on their findings.
- to request the district court to convene a general meeting or to authorize their representative to convene a general meeting with an agenda determined by them.
- request the inclusion of items and propose decisions on items already included in the agenda of the general meeting in accordance with Article 223a of the Commercial Act. This right shall not apply where the agenda of the general meeting includes an item whose subject matter is the adoption of a decision under Article 114(1) of the Public Offering of Securities Act. Persons holding jointly or separately at least 5% of the capital of a public company shall not have the right to include in the agenda of the general meeting new items for decision under Article 114, paragraph 1 of the Public Offering of Securities Act.

4. Right to subscribe for a portion of the new shares upon an increase in the Company's capital, proportional to the shares held prior to the increase.

Pursuant to the provision of Article 112, paragraph 1 of the Public Offering of Securities Act, in the event of an increase in the Company's capital, the current shareholders shall have the right to acquire a portion of the new shares corresponding to their share in the capital prior to the increase. This right cannot be revoked or restricted on the basis of a provision in the articles of association, a decision of the general meeting or a decision of the Company's management body.

Shareholders shall have the right of preferential acquisition of securities entitling them to acquire shares of the same class as the shares of the current issue by converting them or exercising the rights attached to them.

23.6. DECISIONS, AUTHORIZATIONS, AND APPROVALS

On 24.09.2025, the Issuer's Board of Directors, in accordance with Article 8, paragraph 5 of the Articles of Association of "Sopharma" AD, adopted a decision to issue, under the terms of an initial public offering of warrants, with a total number **of up to 8,985,960**, with each 1 (one) warrant entitling its holder to

subscribe for one share from a future increase in the Company's capital. The term during which the warrants may be exercised is **7 years**.

At a meeting of the Board of Directors on November 20, 2025, an investment intermediary was selected to service the subscription of the warrants and the payment of their price – IP Sofia International Securities AD, UIC 121727057, with registered office and address of management at 140 G.S. Rakovski Street, floor 4, Sofia 1000. At the same meeting of the Board of Directors, the exercise price of the warrants was set at 5.70 (€2.91 per share).

This Prospectus for the public offering of warrants of "Sopharma" AD was approved on 20 November 2025 by the Board of Directors of "Sopharma" AD.

THE FINANCIAL SUPERVISION COMMISSION, IN ITS CAPACITY AS THE COMPETENT AUTHORITY PURSUANT TO REGULATION (EU) 2017/1129, APPROVED THIS PROSPECTUS BY DECISION No. / G.

THE FINANCIAL SUPERVISION COMMISSION APPROVES THIS PROSPECTUS ONLY IF IT MEETS THE STANDARDS FOR COMPLETENESS, COMPREHENSIVENESS, UNDERSTANDABILITY AND CONSISTENCY.

THIS APPROVAL SHOULD NOT BE CONSIDERED AS A CONFIRMATION OF THE QUALITY OF THE SECURITIES SUBJECT TO THIS PROSPECTUS. INVESTORS SHOULD EVALUATE THE APPROPRIATENESS OF INVESTING IN THE SECURITIES ON THEIR OWN.

The issue of shares upon exercise of the warrants shall be subject to a separate decision by the Company's Board of Directors.

23.7. EXPECTED DATE OF ISSUE

This issue of warrants shall be deemed to have been issued upon registration of the issue with "Central Depository" AD. Expected date of registration of the issue of warrants with "Central Depository" AD – **February 2026**.

23.8. TRANSFER OF WARRANTS. RESTRICTIONS ON FREE TRANSFERABILITY

The warrants from the current issue, as well as the shares – the underlying asset of the warrants, when such are issued, may be freely transferred in accordance with the procedure provided for in the Financial Instruments Market Act, Ordinance No. 38, the Rules of Procedure of the "Bulgarian Stock Exchange" AD, and the Rules of Procedure of "Central Depository" AD. The CD registers the transactions for the transfer of warrants, provided that the necessary financial instruments are available and, respectively, the funds due for them are available (when the transfer is carried out with a movement of funds in compliance with the DVP principle - "delivery versus payment") and updates the data in the Issuer's book of book-entry securities. The transfer shall be deemed to have been effected from the moment of registration of the transaction with the CD. According to the CD's Rules, the maximum duration of the settlement cycle is the second business day after the day of receipt of the information on the transactions from the regulated market (if the transaction is concluded on a regulated market) or on a date specified by the parties (for transactions outside a regulated market), which cannot be earlier than the date of establishing the identity of the transaction details and later than the second business day after that date. The rights of the buyer of warrants shall be certified by a certificate issued by the CD or another registration document of equivalent legal significance.

Trading in the company's warrants on a regulated market, as well as in the shares that are the underlying asset of the warrants, when such are issued, shall be carried out on the "Bulgarian Stock Exchange" AD through a licensed investment intermediary that is a member of the Exchange. In order to buy or sell warrants on the Exchange, investors and shareholders shall submit the relevant purchase and sale

orders to the investment intermediary with whom they have concluded a contract. Upon conclusion of the exchange transaction, the investment intermediary takes the necessary steps to register the transaction with the Central Depository and to perform the settlement, whereby the securities are transferred from the seller's account to the buyer's account.

According to Regulation No. 38, investment intermediaries are required to request their clients or their proxies to declare whether the financial instruments subject to a sale or exchange order are blocked in the CD, whether they are pledged or seized (Article 63(1)).

The investment intermediary checks with the depository institution whether the financial instruments to which the sale order relates are available in the client's sub-account (except in the cases specified by law, where there is an exception to the general rule), whether they are blocked and whether they are subject to a pledge or attachment.

The investment intermediary shall not be entitled to execute an order if it has been declared or if it establishes that the financial instruments subject to the order for sale are not available in the client's account or are blocked in a depository institution, as well as if they are subject to a pledge or attachment. The prohibition on pledged financial instruments shall not apply in the following cases:

- the acquirer has been notified of the established pledge and has expressly agreed to acquire the pledged financial instruments, there is the express consent of the pledgee in the cases provided for in the Special Pledges Act.
- the pledge has been established on a pool within the meaning of the Special Pledges Act.

The prohibition on orders for the sale of financial instruments that are not available in the client's account shall not apply in cases where the investment intermediary ensures in another way that the financial instruments subject to sale will be delivered on the settlement date of the transaction, as well as in other cases specified by regulation.

The investment intermediary shall not be entitled to execute a client order for transactions with financial instruments if this would result in a violation of the LFIM, the LIMAMAFI, or other applicable regulations.

The warrants from the current issue, as well as the shares – the underlying asset of the warrants, when such are issued, may also be subject to transactions concluded outside the regulated market organized by the “Bulgarian Stock Exchange” AD. The provisions of the LFIM, Ordinance No. 38, and the Rules of the “Bulgarian Stock Exchange” AD shall apply to the procedure for concluding and disclosing transactions with shares from the issue concluded outside a regulated market.

The parties to a contract for transactions with financial instruments, previously concluded directly between the parties, respectively the persons who request the transfer of book-entry financial instruments in the case of donation and inheritance, change of data on the holders of book-entry financial instruments, correction of erroneous data, issuance of duplicates of certification documents, and other similar actions, shall use the services of an investment intermediary – a registration agent with the Central Depository.

23.9. APPLICABLE LEGISLATION REGARDING TENDER OFFERS

The applicable legislation regarding the making of tender offers for the purchase of the Issuer's shares is the Bulgarian legislation, in particular the Public Offering of Securities Act, Regulation No. 13 of 22.12.2003 of the FSC on tender offers for the purchase and exchange of shares, and Regulation No. 41 of 11.06.2008 on the requirements for the content of the justification of the price of shares in a public company, including the application of valuation methods, in cases of transformation, joint venture agreements, and tender offers.

Under the Public Offering of Securities Act, a shareholder in a public company is required to register with the Financial Supervision Commission a tender offer to the other shareholders for the purchase or exchange of their shares when he or she, alone or through related parties, acquires:

- More than one-third of the voting shares in a public company in which no shareholder owns more than 50% of the voting shares;
- More than 50% of the voting shares in the public company; or
- More than two-thirds of the voting shares in the public company.

The tender offer must be registered within 14 days of acquiring the relevant participation, unless the shareholder reduces their participation below the threshold or has acquired more than two-thirds of the shares as a result of a capital increase through the issuance of rights and, prior to the increase, held more than 50% of the capital of the issuing company. If the shareholder fails to comply with this obligation, they lose their right to vote at the general meeting of the public company until the tender offer is published.

The offer must contain detailed information about the shareholder, the terms and conditions of the offer, the financing of the transaction, and his future plans for the issuing company. The tender offer should contain a justification of the offered price, prepared in accordance with the requirements of the Public Offering of Securities Act and Ordinance No. 41, and the offered price may not be lower than the highest value between:

- The fair price per share determined on the basis of generally accepted valuation methods;
- The weighted average market price per share for the last 6 months prior to the registration of the tender offer; and
- The highest price per share paid by the tender offeror or persons related to it during the last 6 months prior to the registration of the offer, calculated in accordance with the requirements of the applicable legislation. If, during the term of the offer, the offeror purchases shares at a price higher than the offered price, the latter shall automatically be increased to that higher price in relation to all other shareholders.

Trade offers shall be registered with the FSC and may be published by the offeror if the FSC does not issue a temporary ban within 20 working days.

The period for accepting the tender offer may not be shorter than 28 days or longer than 70 days from the date of its publication in accordance with the Public Offering of Securities Act and Ordinance No. 13, except in the case of a competing tender offer, when the deadline for acceptance of the initial offer is extended to that of the competing tender offer.

Where, as a result of a tender offer made to all shareholders with voting rights, a shareholder acquires, either alone or through related parties, at least 95% of the votes at the general meeting of a public company, he shall have the right, within three months of the deadline for the offer, to buy out the voting shares of the other shareholders (squeeze-out). The buyout offer shall be approved by the FSC and shall be at a price that is at least equal to the price offered in the tender offer, where it was mandatory or voluntary and was accepted by at least 90% of the shareholders offered, or determined in accordance with the Public Offering of Securities Act in other cases. The transfer of shares and payment of the price shall be made within 7 business days of the publication of the offer in accordance with the Public Offering of Securities Act.

In addition, each shareholder has the right to request that a tender offeror who has acquired at least 95% of the voting shares in a public company as a result of a tender offer purchase their voting shares within three months of the deadline for the tender offer. In this case, the tender offeror is obliged to buy back the shares within 30 days of receiving a written request to do so.

23.10. INFORMATION ON THE EXISTENCE OF MANDATORY TAKEOVER BIDS, ENTRY BIDS, AND PUBLIC BUYOUT BIDS FOR A CONTROLLING STAKE IN THE ISSUER'S CAPITAL

At present, there are no proposals for mandatory takeover or merger. There are no rules for compulsory purchase and sale of "Sopharma" AD shares.

At present, the Company has not been subject to any proposals from third parties for a public purchase of a controlling stake in the share capital.

23.11. TAXATION

The tax laws of the investor's Member State and the Issuer's Member State of incorporation may affect the income received from the securities.

a) With regard to the offering and trading of the current issue of warrants on the regulated market organized by "Bulgarian Stock Exchange" AD, the provisions of the tax legislation in force in the Republic of Bulgaria shall apply. The offered warrants may generate income for their holder in the form of a positive difference between the selling price and the acquisition price.

b) Income from the shares – the underlying asset of the offered warrants may be in the form of a positive difference between the selling price and the acquisition price (capital gain) or in the form of distributed dividends or paid liquidation shares.

The following is a brief, general and non-exhaustive presentation of the legislation of the Republic of Bulgaria in the field of taxation and cannot be considered as reliable tax advice or consultation. In order to determine the taxes payable by an investor, it is necessary to have a thorough understanding of the tax legislation and to take into account the characteristics of the investor and the income received, including the possibility that income received from the disposal of securities issued by the Company or income distributed in connection with such securities, may be subject to taxation under the laws of another country.

23.11.1. Taxes on the income of warrant holders

a) Local natural persons

The income of warrant holders who are local individuals is taxed in accordance with the Personal Income Tax Act (PITA).

In this case, the Issuer is not obliged to withhold tax at source.

A local natural person within the meaning of Article 4 of the PITL is a person: 1) who has a permanent address in Bulgaria, or 2) who resides in Bulgaria for more than 183 days in any 12-month period, or 3) who has been sent abroad by the Bulgarian state, its authorities and/or organizations, Bulgarian enterprises, and members of his/her family, or 4) whose center of vital interests is located in Bulgaria.

Income received by local individuals in the form of a positive difference between the sale price and the purchase price of the warrants is subject to taxation under the Income Tax Act, and the person receiving the income must declare it within the relevant statutory deadlines.

It should be noted that, pursuant to the provision of Article 13, paragraph 1, item 3 of the Income Tax Act, income from the disposal of financial instruments within the meaning of § 1, item 11 of the additional provisions of the Income Tax Act is not taxable. However, the cited text from the supplementary provisions does not include income from the disposal of warrants and other derivative financial instruments on a regulated market (the only exception is for rights issued in connection with a decision to increase capital), even though these are financial instruments within the meaning of the Financial Instruments Markets Act. In view of the above, the cited provision cannot be applied to income received from the disposal of warrants from the current issue on a regulated market.

b) Local legal entities

The taxation of income of warrant holders – local legal entities is regulated by the Corporate Income Tax Act (CITA). Income realized on the sale of warrants, in the form of the difference between the sale and purchase price of the warrant, is included in the taxable base on which the tax base for determining corporate tax is formed. The determination of taxable profit based on the accounting financial result, the determination, declaration, and payment of the corporate tax due are regulated in the CITA. According to Article 20 of the CITA, the corporate tax rate is 10%.

It should be noted that, pursuant to the provision of Article 44 of the Corporate Income Tax Act, when determining the tax financial result, the accounting financial result is reduced by the profit or increased by the loss from the disposal of financial instruments within the meaning of § 1, item 21 of the additional provisions of the Corporate Income Tax Act, defined as the positive or negative difference between the sale price and the documented acquisition price of these financial instruments. However, warrants and other derivative financial instruments are excluded from the definition of disposal of financial instruments within the meaning of the Corporate Income Tax Act (the only exception being rights issued in connection with the increase in the capital of a public company, which are included in the scope of § 1, item 21). In view of the above, the provision of Article 44 of the Corporate Income Tax Act does not apply in cases of disposal of warrants from the current issue on a regulated market.

Pursuant to Article 160, para. 1 and Art. 253, para. 1 of the Social Security Code, the income of the supplementary mandatory and supplementary voluntary pension insurance funds (including the capital gains realized on the sale of warrants) is not subject to corporate tax under the Corporate Income Tax Act. Accordingly, the income from investing the assets of pension funds, distributed among the individual accounts of insured persons, is not subject to tax under the Income Tax Act.

Pursuant to Article 174 of the Corporate Income Tax Act, income from collective investment schemes that are admitted to public offering in the Republic of Bulgaria and licensed closed-end investment companies under the Public Offering of Securities Act is not subject to corporate income tax.

c) Foreign natural persons

Income from positive differences on the sale of warrants realized by investors who are foreign natural persons is subject to a final tax of 10% under the Income Tax Act.

The final tax on income from positive differences on the sale of warrants is withheld, paid, and declared by the person receiving the income, without any obligation on the part of the Issuer.

The deadlines and procedure for withholding, paying, and declaring the final tax on the income of foreign individuals are regulated by the Income Tax Act.

d) Foreign legal entities

Income from positive differences from the sale of warrants realized by investors – foreign legal entities is taxed under the Corporate Income Tax Act with a withholding tax of 10%. Withholding tax on income from positive differences on the sale of warrants is withheld, paid, and declared by the person receiving the income, without any obligation on the part of the Issuer. The deadlines and procedure for withholding, paying, and declaring withholding tax on the income of foreign legal entities are regulated by the Corporate Income Tax Act.

It should be noted that, pursuant to the provisions of Article 196 of the Corporate Income Tax Act, income from the disposal of financial instruments within the meaning of § 1, item 21 of the additional provisions of the Corporate Income Tax Act is not subject to withholding tax. However, the definition contained in the cited text of the supplementary provisions does not include income from the disposal of warrants and other derivative financial instruments (with the exception of rights) on a regulated market, even though these are financial instruments within the meaning of the Financial Instruments Markets Act. In view of the above, the provision of Article 196 of the Corporate Income Tax Act does not apply to income from the disposal of warrants from the current issue.

23.11.2. Taxes on the income of holders of shares - the underlying asset of the offered warrants

Income from shares may be in the form of a positive difference between the sale price and the acquisition price (capital gain) or in the form of distributed dividends or paid liquidation shares.

Taxation of capital gains**a) Local legal entities**

Pursuant to Article 44 of the Corporate Income Tax Act, when determining the tax financial result, the accounting financial result shall be reduced by the profit from the disposal of financial instruments within the meaning of § 1, item 21 of the additional provisions of the same law, defined as the positive difference between the sale price and the documented acquisition price of these financial instruments.

According to § 1, item 21, letter "a" of the additional provisions of the Corporate Income Tax Act, disposal of financial instruments for the purposes of Article 44 are transactions with shares and rights (securities giving the right to subscribe for a certain number of shares in connection with a decision to increase the capital) carried out on a regulated market within the meaning of Article 152 of the Financial Instruments Markets Act. Therefore, income realised from transactions with shares concluded on the regulated market organised by the "Bulgarian Stock Exchange" AD is not subject to corporate tax.

Losses from share transactions realized on a regulated market for financial instruments are not recognized as an expense for tax purposes.

Profits from the disposal of financial instruments outside a regulated market are taxed in accordance with the general rules.

b) Foreign legal entities

Pursuant to Article 196 of the Corporate Income Tax Act, income from the disposal of financial instruments within the meaning of § 1, item 21 of the additional provisions of the same Act is not subject to withholding tax.

Pursuant to § 1, item 21, letter a of the additional provisions of the Corporate Income Tax Act, transactions with shares and rights carried out on a regulated market within the meaning of Article 152 of the Financial Instruments Markets Act shall be considered as disposal of financial instruments for the purposes of Article 44. Rights for the purposes of the first sentence are securities giving the right to subscribe for a certain number of shares in connection with a decision to increase the capital;

Therefore, income from transactions with the shares subject to this offering, concluded on the regulated market organized by "Bulgarian Stock Exchange" AD, is not subject to withholding tax.

c) Local natural persons

Pursuant to Article 13, paragraph 1, item 3 of the Income Tax Act, in connection with §1, item 11 of the Additional Provisions of the Income Tax Act, income from the disposal of financial instruments within the meaning of § 1, item 11 of the Additional Provisions is not taxable; Pursuant to § 1, item 11, letter a of the additional provisions of the same law, disposal of financial instruments for the purposes of Article 13, paragraph 1, item 3 are transactions with shares in collective investment schemes, shares and rights carried out on a regulated market within the meaning of Article 152 of the Financial Instruments Markets Act; rights for the purposes of the first sentence are securities giving the right to subscribe for a certain number of shares in connection with a decision to increase the capital;

Therefore, the income of local natural persons from transactions with shares concluded on the regulated market organized by the "Bulgarian Stock Exchange" AD is not taxable.

Profits from the disposal of financial instruments outside a regulated market are subject to a 10% withholding tax.

(d) Foreign natural persons

Pursuant to Article 37(1)(12) of the Income Tax Act, the income of foreign natural persons from the sale, exchange, and other transfer for consideration of shares, units, compensation instruments, investment bonds, and other financial assets is subject to final tax.

Pursuant to Article 37, paragraph 7 of the Income Tax Act, the income referred to in the previous sentence shall not be subject to final tax when it is exempt from taxation under the Income Tax Act and has been accrued) paid to foreign natural persons established for tax purposes in a Member State of the European Union, as well as in another Member State of the European Economic Area (EEA). Therefore, income from transactions with shares carried out on a regulated market for financial instruments within the meaning of Article 152 of the Financial Instruments Market Act is not subject to withholding tax when it is accrued in favor of a foreign natural person established for tax purposes in a Member State of the EU or the EEA.

Where the person is resident in a country outside the EU or the EEA, withholding tax at a rate of 10% is deducted. The tax is declared and paid by the person receiving the income, without any obligation on the part of the Issuer.

Taxation of income from dividends and liquidation shares**a) Local legal entities**

Pursuant to Article 27, paragraph 1, item 1 of the Corporate Income Tax Act, income resulting from the distribution of dividends by local legal entities is not recognized for tax purposes. Therefore, dividend income distributed to local legal entities is exempt from corporate income tax.

Pursuant to Article 194(1) of the Corporate Income Tax Act, dividends and liquidation shares distributed (personified) by local legal entities to local legal entities that are not traders, including municipalities, are subject to withholding tax. This tax is final and is withheld by the local legal entities distributing dividends or liquidation shares. Therefore, income from dividends distributed to persons under the previous sentence is subject to withholding tax at a rate of 5%.

“Sopharma” AD, as the payer of income from distributed dividends and paid liquidation shares on the shares of the current issue, will withhold the final tax in accordance with the regulatory requirements.

b) Foreign legal entities:

Pursuant to Article 194, paragraph 1 of the Corporate Income Tax Act, when local legal entities distribute dividends to foreign legal entities, except in cases where the dividends are distributed to a contractual fund, a foreign legal entity that is a local entity for tax purposes in a Member State of the European Union or another country party to the Agreement on the European Economic Area, or are realized by a foreign legal entity through a place of business in the country, a withholding tax is withheld, which is final.

Therefore, dividend income distributed to a foreign legal entity (if the entity is not a resident for tax purposes in a Member State of the European Union or another country - party to the Agreement on the European Economic Area, and that the dividends are not realized by a foreign legal entity through a place of business in the country), shall be subject to withholding tax at a rate of 5%. This tax is final and is withheld by local legal entities distributing dividends or liquidation shares – in this case, “Sopharma” AD

“Sopharma” AD, as the payer of income from distributed dividends and paid liquidation shares on the shares subject to this offering, will withhold the final tax in accordance with the regulatory requirements.

c) Local and foreign natural persons

Pursuant to Article 38, paragraph 1 of the Income Tax Act, income from dividends and liquidation shares in favor of local and foreign natural persons from a source in Bulgaria is subject to final tax.

The final tax on dividend income is determined on the gross amount specified in the dividend distribution decision.

The final tax on dividend income in the form of a hidden distribution of profits is determined on the gross amount of the accrued expenses.

The final tax on income from liquidation shares is determined on the positive difference between the value of the liquidation share and the documented acquisition price of the share in the company/cooperative.

Income from dividends and liquidation shares distributed to local and foreign individuals is subject to a final tax of 5%, which is withheld and paid by the Issuer of the shares - the payer of the income.

“Sopharma” AD, as the payer of the income from distributed dividends and paid liquidation shares on the shares subject to this offering, will withhold the final tax in accordance with the regulatory requirements.

Agreements for the avoidance of double taxation

In cases where there is a double taxation avoidance agreement (DTAA) between the Republic of Bulgaria and the relevant foreign country whose resident has realized income in Bulgaria, its provisions shall take precedence over Bulgarian domestic legislation. The procedure for applying the DTA is set out in detail in Chapter XVI, Section III of the Tax and Social Security Procedure Code (TSSPC). The foreign person must certify to the revenue authority that there are grounds for applying the DTA. The foreign person certifies that: 1) they are a resident of the other country within the meaning of the relevant DTA; 2) they are the owner of the income from a source in the Republic of Bulgaria; 3) they do not have a place of business or a fixed base in the territory of the Republic of Bulgaria to which the relevant income is actually related; 4) the special requirements for the application of the DTA or its individual provisions in relation to persons specified in the DTA itself are met, where such special requirements are contained in the relevant DTA.

The circumstances specified in the Tax and Social Security Procedure Code shall be certified by official documents, including extracts from public registers and declarations. Where this is not possible, other written evidence shall also be admissible. Documents certifying the type, amount, and basis for receiving the income shall be submitted.

In the case of income from dividends from shares issued by a public company, the following may be submitted as evidence the decision of the general meeting of the company; a coupon for the dividend paid; an extract from the shareholders' register certified by the company; a temporary certificate; a registered certificate for book-entry shares; an extract from the book-entry share register or another document certifying the type and amount of income, as well as the amount of the foreign person's participation.

For income from liquidation shares - a document proving the amount of the investment made, final liquidation balance sheet after satisfaction of creditors and a document determining the distribution of the liquidation share, and in the case of distribution of the liquidation share in kind - a decision of the partners or shareholders and documents on the basis of which the market price of the liquidation share has been determined;

For income from the transfer of shares and tradable rights to shares, where they are not exempt from taxation by law - a document for the transfer of rights and a document proving the sale price and the acquisition price.

The foreign person shall submit the request for application of the DTA and the documents attached thereto in accordance with Article 139 of the Tax and Social Security Procedure Code. The provisions of the DTA shall apply only if the opinion of the revenue authority on the request submitted confirms that there are grounds for this. Otherwise, the provisions of the relevant substantive tax law, i.e. Bulgarian tax legislation, shall apply. If there is an opinion that there are no grounds for applying the DTA, the foreign person has the right to appeal. The appeal is made in accordance with the procedure for

appealing against audit acts, and the appeal is submitted through the territorial directorate where the request was submitted.

When a payer accrues income from a source in the country to a foreign person in a total amount of up to BGN 500,000 per year, the above circumstances shall be certified to the payer of the income. In this case, no request for the application of the DTA shall be submitted to the revenue authority. In this case, when the total amount of income realized exceeds BGN 500,000 within the tax year, the grounds for applying the DTA in respect of the total amount of income shall be certified in accordance with the procedure set out above.

Legal regime regarding the import and export of capital

The Foreign Exchange Act and the subordinate legislation implementing it regulate the legal regime concerning transactions and payments between local and foreign persons, cross-border transfers and payments, and the import and export of Bulgarian lev and foreign currency. Regulation No. H-1 of 01.02.2012 on the cross-border transfer of cash, precious metals, precious stones and articles made of or containing them, and the keeping of customs records under Article 10a of the Foreign Exchange Act, the provisions of Regulation (EC) No. 1889/2005 of the European Parliament and of the Council on the export and import of cash were introduced. In accordance with the Regulation, local and foreign individuals may freely import or export cash up to EUR 10,000 or its equivalent in another currency without written declaration to the customs authorities. The transfer of cash in the amount of EUR 10,000 or more or its equivalent in Bulgarian lev or other currency across the border of the country to or from a third country is subject to declaration to the customs authorities.

The transfer of cash in the amount of EUR 10,000 or more or its equivalent in Bulgarian lev or other currency across the border of the country to or from a Member State of the European Union shall be declared at the request of the customs authorities.

The customs authorities shall allow the transfer of cash in the amount of BGN 30,000 or more, or their equivalent in another currency, across the border of the country to a third country upon presentation by the persons of a certificate from the competent territorial directorate of the National Revenue Agency for the absence of public obligations or a document certifying that the person is not entered in the register of the National Revenue Agency.

When carrying cash to a third country in the amount of BGN 30,000 or more or its equivalent in another currency, foreign natural persons shall declare to the customs authorities only the type and amount of the cash carried, provided that its value does not exceed the previously declared cash.

When a person orders a cross-border transfer or payment to a third country in the amount of BGN 30,000 or more, or their equivalent in another currency, representing income subject to taxation under Articles 37 and 38 of the Personal Income Tax Act or under Articles 194 and 195 of the Corporate Income Tax Act, it must submit to the bank a declaration of the amount of tax withheld, respectively for the application of a double taxation agreement with the respective country.

23.12. IDENTIFICATION DETAILS OF THE OFFEROR

“Sopharma” AD is a company established in the Republic of Bulgaria. The company is registered in the Commercial Register maintained by the Registry Agency under UIC 831902088 and LEI code 097900BGGW0000048796.

24. PROCEDURE AND TERMS AND CONDITIONS OF THE PUBLIC OFFERING

24.1. CONDITIONS, PROJECTED SCHEDULE, AND ACTIONS FOR SUBMITTING APPLICATIONS

24.1.1. Conditions to which the offering is subject

When warrants are issued by a public company, pursuant to Article 112, paragraph 2 of the Public Offering of Securities Act, rights within the meaning of § 1, item 3 of the Additional Provisions of the Public Offering of Securities Act must be issued.

One (1) right shall be issued for each share held by the Issuer's shareholders. For every 60 (sixty) rights, shareholders or third parties who have acquired rights during the period for transfer of rights or during the organized public auction shall be entitled to subscribe for **1 (one) warrant** from the current issue, at an issue price of BGN 0.27 (€0.14). Sixty rights entitle the holder to acquire one warrant.

Each person holding rights may subscribe for warrants equal to the number of rights held, divided by **60 (sixty)**.

Only whole warrants may be subscribed for in this offering.

A person who holds fewer than sixty rights may take one of the following two actions:

- purchase the corresponding number of rights until reaching a minimum number of sixty rights, which entitle them to acquire one warrant. The purchase of additional warrants is done through a transaction on the main market organized by the "Bulgarian Stock Exchange" AD, rights segment, and/or at the subsequent secondary trading public auction for rights not claimed for subscription;
- to offer the rights that are insufficient in number to acquire one warrant for sale, or to wait for them to be offered on the market at the open auction organized by the "Bulgarian Stock Exchange" AD.

For each 1 (one) registered warrant, upon fulfillment of the conditions set forth in this document and by decision of the Issuer's Board of Directors, warrant holders may subscribe for one ordinary, registered, book-entry share in the Issuer's capital with an issue price of BGN 5.70 (€2.9`1 per share), entitling them to 1 vote at the Issuer's General Meeting of Shareholders.

24.1.2. Total amount of the issue

The total number of warrants offered is **up to 8,985,960**. The subscription shall be deemed successful if **at least 1,797,192** of the offered warrants are subscribed. Otherwise, the contributions made against the subscribed warrants shall be returned to the persons who made them, together with the interest accrued by the bank. (see *item 24.1.5.*)

24.1.3. Offering period and application procedure

After confirmation of this Prospectus by the FSC, "Sopharma" AD shall publish an announcement of the public offering, the start and end dates of the subscription, the start and end dates of the sale, the number of the commission's decision to approve the prospectus for the initial public offering of the warrants, and the place, time, and manner of familiarization with the prospectus.

In accordance with the requirement of Article 89t, paragraph 2 of the Public Offering of Securities Act, “Sopharma” AD will publish the announcement on the website of the Issuer and on the website of “Sofia International Securities” AD at least 7 (seven) days before the start date of the subscription. The date of publication of the announcement on the Issuer's website and on the website of “Sofia International Securities” AD shall be considered the start date of the public offering. The earliest date on which warrants from the current issue can be subscribed is the start of the subscription period.

Offer schedule:

January 9, 2026	Start date of the public offering	Date of publication of the announcement under Article 89t, paragraph 2 of the Public Offering of Securities Act
January 20, 2026	Start date of the period for the transfer of rights	First business day following the expiry of 10 calendar days from the start date of the public offering
February 3, 2026	Deadline for the transfer of rights	15 calendar days after the start date for the transfer of rights
February 10, 2026	Auction for unexercised rights	Fifth working day after the deadline for transfer of rights
January 20, 2026	Start date for subscription of warrants	First business day following the expiration of 10 calendar days from the start date of the public offering
February 18, 2026	Deadline for subscribing for warrants	15 business days after the expiration of the deadline for transferring rights
February 23, 2026	Announcement of the results of the offering	Three business days after the end of the Subscription
February 23, 2026	Notification to the FSC and the “Bulgarian Stock Exchange” AD regarding the results of the offering	Three business days after the end of the Offering

The rights shall be issued in favor of the shareholders registered as such in the register of “Central Depository” AD no later than 5 business days after the date of publication of the announcement under Article 89t, paragraph 1 of the Public Offering of Securities Act on the Issuer's website and on the website of the Investment Intermediary “Sofia International Securities” AD.

The starting date from which the period for the transfer of rights begins to run is the first business day following the expiry of **10 calendar days** from the starting date of the public offering.

The deadline for the transfer of rights is **15 calendar days** after the start date for the transfer of rights. If the deadline expires on a non-business day, in accordance with the rules of the Obligations and Contracts Act, the first following business day shall be considered the deadline for the transfer of rights.

The transfer of rights shall be carried out on the “Bulgarian Stock Exchange” AD, main market, rights segment.

The public company shall organize the subscription in a manner that allows for remote registration of shares through the central securities depository where the securities are registered.

On the fifth business day after the expiry of the deadline for the transfer of rights, the Company shall offer, through the authorised investment intermediary “Sofia International Securities” AD, on a regulated market, for sale, under the terms of an open auction, the unexercised rights within the deadline for the transfer of rights.

All persons wishing to subscribe for warrants from the new issue of “Sopharma” AD must first acquire rights.

Current shareholders acquire the rights free of charge. All other investors may purchase rights through a transaction on the main market organized by “Bulgarian Stock Exchange” AD, rights segment within the rights transfer period or at an open auction for unexercised rights organized by the “Bulgarian Stock Exchange” AD after the rights transfer period has expired.

If the Company's shareholders wish to subscribe for additional warrants in excess of their existing rights, they may purchase rights through a transaction on the main market organized by “Bulgarian Stock Exchange” AD, rights segment within the rights transfer period or at an open auction for unexercised rights organized by the “Bulgarian Stock Exchange” AD after the expiry of the rights transfer period.

If the holder of the rights does not wish to subscribe for warrants from this offering against all or part of the rights held by him, he may offer the unused rights for sale.

The start date for subscribing for warrants coincides with the date on which the transfer of rights begins - the first business day following the expiry of 10 calendar days from the start date of the public offering. The start of the period for subscribing for warrants coincides with the start of the period for transferring rights.

Shareholders who wish to exercise the rights issued in their favor may submit an application for subscription of warrants until the expiry of the period specified for the transfer of rights.

Shareholders who do not wish to exercise their right to subscribe for warrants from the offered issue may sell the rights issued in their favor until the expiry of the period specified for the transfer of rights.

The rights are traded on the regulated market of the “Bulgarian Stock Exchange” AD, main market, rights segment. Each shareholder may transfer their rights by submitting a sell order to the investment intermediary on whose account the rights are registered with the “Central Depository” AD.

Any person who has purchased rights within the rights transfer period may exercise them by submitting an application for subscription of warrants until the expiry of the specified rights transfer period.

Any person who has purchased rights during the auction may exercise them by submitting an application for subscription of warrants until the expiry of the specified period for subscription of warrants.

Persons who have purchased shares of the Issuer on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie) may participate in the offering through a Bulgarian investment intermediary.

The deadline for subscribing for warrants expires 15 business days after the deadline for transferring rights.

No subscription of warrants is allowed before the start and after the end of the subscription period.

Pursuant to Article 89I of the Public Offering of Securities Act, the deadlines for the transfer of rights and subscription of warrants may be extended once by “Sopharma” AD to 60 days, by making the relevant amendments to the prospectus and notifying the commission. In this case, the last day of the extended period shall be considered the final deadline for subscription.

Pursuant to Article 89I of the Public Offering of Securities Act, “Sopharma” AD shall immediately publish information about the extension of the deadline on its website and notify the Commission and “Sofia International Securities” AD of the extension. Following the notification, “Sofia International Securities” AD will announce the extension of the period on its website.

The procedure for submitting an application for the registration of warrants for natural persons:

- pursuant to Article 122, paragraph 2, items 1 to 4 of Ordinance No. 38 of 21 May 2020 on the requirements for the activities of investment intermediaries - the unique customer number; full name, personal identification number, place of residence, and address. If the client is a foreign person - similar identification data; data on the categorization of the client as a professional, non-professional or eligible counterparty; identification data for the client's representative or proxy;
- other data related to the identification of natural persons that the investment intermediary is required to collect and store in accordance with the requirements of the Anti-Money Laundering Act and its implementing regulations, pursuant to Article 122, paragraph 2, point 5 of Ordinance No. 38 of 21 May 2020 on the requirements for the activities of investment intermediaries;
- Issuer, ISIN code of the issue, LEI code and number of shares to which the application relates; date, time and place of submission of the application, total value of the order;
- other applicable details specifically applicable to the issue of financial instruments to which the order relates, in accordance with the applicable national legislation of the issuer or the national legislation of the person submitting the order, if such are provided for;
- signature of the person submitting the order.

For legal entities:

- pursuant to Article 122, paragraph 2, items 1 to 4 of Regulation No. 38 of 21.05.2020 on the requirements for the activities of investment intermediaries - the unique customer number; name, EIK, registered office and address of the client, and if the client is a foreign person - similar identification data; data on the categorization of the client as a professional, non-professional or eligible counterparty; identification data of the client's representative or proxy;
- other data related to their identification, which the investment intermediary is required to collect and store in accordance with the requirements of the Anti-Money Laundering Act and its implementing regulations, pursuant to Article 122, paragraph 2, point 5 of Ordinance No. 38 of 21 May 2020 on the requirements for the activities of investment intermediaries;
- Issuer, ISIN code of the issue, LEI code and number of shares to which the application relates; date, time and place of submission of the application; total value of the order;
- other applicable details specifically applicable to the specified issue of financial instruments to which the order relates, in accordance with the applicable national legislation of the issuer or the national legislation of the person submitting the order, if such details are provided for;
- signature of the person submitting the application.

The following shall be attached to the written application:

- a certified copy of the certificate of current registration of the applicants - legal entities, issued within three months prior to the date of submission of the written application, unless the legal entity is registered/re-registered in the Commercial Register and the Register of Non-Profit Legal Entities at the Registry Agency. If the legal entity is registered/re-registered in the Commercial Register and the Register of Non-Profit Legal Entities at the Registry Agency, only its UIC (Unique Identification Code) shall be submitted;
- translated and certified documents for the registration of foreign legal entities – a copy of the registration act (or other identical certifying document) in the relevant foreign language, a translation of the text of the registration act containing the full name of the legal entity; date of issue and country of registration; address of the legal entity; names of the persons authorized to represent it, as well as a copy of the identity document of the person submitting the application (legal representative or proxy), certified by him/her;

- original of a notarized explicit power of attorney under Article 59, paragraph 1 of Regulation No. 38 of 21.05.2020 on the requirements for the activities of investment intermediaries, in case of submission of the order through a proxy. Legal entities shall submit applications through their legal representatives, who shall identify themselves with an identity document, a copy of which shall be attached to the application. In addition, a copy of the BULSTAT registration, if any, certified by the legal representative, shall be attached. Natural persons shall submit applications in person, identifying themselves with an identity document, a certified copy of which shall be attached to the application. Foreign natural persons shall attach a translation of the pages of their identity document (passport) containing information on their full name; document number; date of issue (if any); nationality; address (if any in the document) and a simple copy of the translated pages of the identity document containing other information, including a photograph of the person. The application may also be submitted by a representative who identifies themselves with a notarized power of attorney and the documents listed above in accordance with the principal (legal or natural person).

Applications shall be submitted through licensed investment intermediaries on each business day during the subscription period within the respective business hours of the investment intermediary, but no later than 5 p.m. on the last day of the subscription period. When submitting an order to an investment intermediary with whom the person's client accounts are held, the relevant provisions of Ordinance No. 38 of May 21, 2020, on the requirements for the activities of investment intermediaries shall apply. Investment intermediaries shall keep journals in compliance with the requirements of Ordinance No. 38 of May 21, 2020, on the requirements for the activities of investment intermediaries.

In addition to the licensed investment intermediary where their client accounts are kept, investors may register warrants on each business day and in the following circumstances:

Investment intermediary	Sofia International Securities AD
Address for correspondence	G.S. Rakovski 140 Str., 4th floor
Phone	+359 2 937 98 65
Telephone dealing	+359 2 937 98 65
Email	info@sis.bg
Internet page	www.sis.bg

24.1.4. Circumstances under which the offering may be canceled or temporarily suspended

The FSC, or the Deputy Chairman, may suspend the public offering for no more than 10 consecutive business days in each individual case, as well as prohibit the public offering if there are sufficient grounds to believe that the provisions of the LPOS or the acts implementing it have been violated.

In the period between the issuance of the Prospectus confirmation and the deadline for the public offering or the start of trading on a regulated market, the Company is obliged, no later than the end of the next business day after the occurrence or discovery of a material new circumstance, a significant error or inaccuracy related to the information contained in the Prospectus, which may affect the valuation of the securities offered, to prepare a supplement to the Prospectus and submit it to the FSC.

The FSC may refuse to approve the supplement to the Prospectus if the requirements of the LPOS and its implementing acts are not met. In this case, the Commission may permanently suspend the public offering in accordance with Article 212a¹ of the LPOS.

Any important new factor, material mistake, or material inaccuracy in relation to the information included in the Prospectus that may affect the valuation of the warrants and that arises or is noticed in the period between the approval of the Prospectus and the expiry of the offering period or the time when trading on the regulated market commences, whichever occurs later, shall be disclosed in a supplement to the Prospectus without undue delay. The FSC may refuse to approve the supplement to the Prospectus if the requirements of the LPOS and its implementing acts are not met. In this case, the Commission may permanently suspend the Offering pursuant to Article 212a¹ of the LPOS.

Pursuant to Article 212a¹, paragraph 1, item 3 of the LPOS, the FSC has the right to prohibit the public offering or admission of securities to trading on a regulated market where it finds that there has been a breach of the relevant provisions of Regulation (EU) 2017/1129, Chapter Six and/or the acts implementing them, or if there are sufficient grounds to believe that their provisions will be violated.

Upon establishing violations of the Law on Financial Instruments Markets, its implementing acts, the applicable acts of the European Union or other internal acts approved by the Commission at trading venues, decisions of the FSC or the Deputy Chairperson, as well as when the exercise of the Commission's control activities is impeded or the interests of investors are threatened, the FSC or the Deputy Chairman, respectively, may suspend trading in certain financial instruments or remove financial instruments from trading on a regulated market or other trading system.

A public offering may be suspended, including after trading has commenced, by the Financial Supervision Commission pursuant to Article 20, paragraph 3, item 3 of the Law on the Application of Measures against Market Abuse with Financial Instruments (LAMFIF). The public offering may be suspended or the financial instrument may be removed from trading after the commencement of trading by the Bulgarian Stock Exchange AD pursuant to Article 181 of the LAMFIF.

In order to prevent and stop administrative violations under the LAMFIF, the applicable EU acts, to prevent and remove the harmful consequences thereof, as well as in case of obstruction of the control activities of the FSC or in case of threat to the interests of investors, The Deputy Chairman may suspend trading in certain financial instruments.

24.1.5. Reduction of the subscription and refund of overpaid amounts

The number of warrants offered is not subject to change.

If all warrants from this issue are subscribed before the deadline for the Subscription, "Sopharma" AD shall notify the Financial Supervision Commission within 3 (three) business days (Art. 112b, para. 12 of the Public Offering of Securities Act) and shall take the necessary steps to register the new issue of warrants with "Central Depository" AD, in the register of the FSC, and shall submit an application for admission of the issue to trading on the "Bulgarian Stock Exchange" AD.

If at least 1,797,192 of the offered warrants are subscribed by the subscription deadline, the subscription shall be deemed successfully completed.

The subscription, through the issuance of rights, excludes the possibility of subscribing for more than the offered warrants and competition between applications.

If, by the deadline for the subscription, warrants are not subscribed for up to the minimum amount of 1,797,192 of the offered warrants, the subscription shall be deemed unsuccessful. In this case, the Issuer shall notify the FSC of the result of the subscription within three business days after its deadline. On the day of the notification under the previous sentence, pursuant to Article 89m, paragraph 3 of the Public Offering of Securities Act, within one month of the notification under Article 89l, paragraph 3, the amounts collected shall be returned to the persons who have subscribed for securities, together with the interest accrued by the bank under paragraph 1. The issuer or offeror shall publish on its website, when the securities are offered by it, an invitation to the persons who have subscribed for securities, announcing the terms and conditions for the return of the amounts collected, and shall send it to the investment intermediaries participating in the offering. The investment intermediaries participating in the offering shall publish the invitation on their websites immediately upon receipt.

24.1.6. Minimum and maximum amount applied for

The maximum size of the issue is 8,985,960 warrants and net proceeds of BGN 2,374,061.75. The minimum number of warrants that must be subscribed for the issue to be considered successful is 1,797,192 warrants and net proceeds of BGN 433,094.39.

Each person may subscribe for at least one warrant if they hold at least sixty rights and at most a number

of warrants equal to the rights they hold, divided by sixty.

24.1.7. Withdrawal of the subscription application

Pursuant to §1, item 11 of the Additional Provisions of the Public Offering of Securities Act, subscription is an unconditional and irrevocable declaration of intent to acquire securities in the process of being issued and to pay their issue price. Investors may not withdraw their subscription applications for warrants.

The investor has the right to withdraw from the securities in accordance with the procedure and conditions of Article 23 of Regulation (EU) 2017/1129 only in the event of material changes to the Prospectus. In this case, the withdrawal shall be made by means of a written declaration submitted to the investment intermediary with whom the securities were subscribed.

24.1.8. Payment and delivery

The issue price of the subscribed securities shall be paid into a special collection account, which will be further disclosed in the announcement published by the Issuer's Board of Directors regarding the public offering.

Persons who have applied for subscription of warrants shall, no later than the expiry of the subscription period, pay the amount corresponding to the issue price of the warrants applied for into the bank account specified in the previous sentence.

The collection account must be certified with the payment for the subscribed warrants no later than the expiry of the last day of the subscription. The payment order or deposit slip must indicate the name of the person subscribing for warrants, their personal identification number, company registration number (for Bulgarian legal entities) and the number of warrants subscribed.

The payment document (payment order or deposit slip) received by the investor from the servicing bank through which the payment is ordered or the amount due for the subscribed warrants is deposited is the certifying document for the payments made.

The funds collected in the special account cannot be used before the subscription is completed and the issue is registered with "Central Depository" AD.

After the successful completion of the subscription, the warrant issue is registered with "Central Depository" AD. The registration is certified by a certificate of registration of the issue issued by "Central Depository" AD.

Depository receipts for the newly issued warrants shall be issued by the investment intermediary through which the new warrants were subscribed, at the request of the investor and in accordance with the procedure provided for in the Rules of "Central Depository" AD.

24.1.9. Announcement of the results of the offering

The issuer shall notify the FSC of the results of the initial public offering of the warrants from the current issue within three business days of the completion of the Subscription, including any difficulties, disputes, and other similar issues in the trading of rights and the subscription of warrants. Upon successful completion of the public offering, the FSC shall enter the issued securities in the register under Article 30, paragraph 1, item 3 of the FSC Act.

Within three business days of the completion of the Offering, "Sopharma" AD shall also send a notification to the FSC and the "Bulgarian Stock Exchange" AD regarding the outcome of the Offering, containing information on the completion date; the total number of warrants subscribed; the amount received for the subscribed warrants; the amount of commission fees and other expenses related to the Offering, including the fees paid. The Issuer shall attach the documents required by law to the

notification. Within the same period, the above circumstances shall be announced through publications on the website of “Sopharma” AD.

The Issuer shall submit to the FSC a document from the central securities depository for registration of the issue immediately after its issuance. (Art. 7, para. 2 of Ordinance No. 2 of 09.11.2021).

24.1.10. Procedure for exercising the right of preemptive purchase, possibilities for transferring rights, and treatment of unexercised rights

The current shareholders of “Sopharma” AD have the right to acquire, on a preferential basis, a portion of the warrants issued, corresponding to their share in the capital.

Persons who have purchased rights within the period for transfer of rights, as well as during the organized public auction, may exercise them and subscribe for warrants against them. Each person may subscribe for at least one warrant if they hold at least sixty rights and at most a number of warrants equal to the number of rights they hold, divided by sixty.

The possibility of subscribing for more warrants than the number of rights held and competition between applications is excluded.

If a person who has purchased rights at the auction does not exercise them and/or a person who has subscribed for warrants does not pay their issue price under the above conditions, the warrants remain unsubscribed and no other rights holder may subscribe for them.

24.2. DISTRIBUTION AND ALLOCATION PLAN

24.2.1. Categories of investors

The warrants from this issue are offered on equal terms to all categories of investors defined in § 1 of the Additional Provisions of the Public Offering of Securities Act, as follows:

a) non-professional investors - persons who, at their own expense, expose funds or other property rights to risk by acquiring, holding, and transferring securities without having the necessary qualifications or experience to do so;

b) institutional investors - a bank that does not act as an investment intermediary, an investment company, a contractual fund, an insurance company, a pension fund, or another company whose business requires the acquisition, holding, and transfer of securities;

When subscribing for warrants from the issue, the current shareholders of “Sopharma” AD shall have priority. They shall be entitled to subscribe for such part of the issued warrants as corresponds to their participation in the Company's capital prior to the capital increase. In order to ensure the priority of shareholders, rights are issued within the meaning of § 1, item 3 of the Additional Provisions of the Public Offering of Securities Act.

24.2.2. Participation of major shareholders and members of the management, supervisory, and administrative bodies in the offering

The Issuer is not aware whether shareholders holding more than 5% of the Company's capital intend to participate in the Subscription.

The Issuer is not aware whether the members of the Company's Board of Directors intend to subscribe for warrants from the current issue, or whether any person intends to subscribe for more than 5% of the offered warrants.

24.2.3. Disclosure of preliminary allocation

There will be no preliminary allocation of parts of the issue in the current offering.

24.2.4. Process for notifying applicants of the allocation

The issuer shall notify the FSC of the result of the initial public offering of warrants from the current issue within three business days of the completion of the Subscription, including any difficulties, disputes, and other similar issues in the trading of rights and the subscription of warrants. Upon successful completion of the public offering, the FSC shall enter the issued securities in the register under Article 30, paragraph 1, item 3 of the FSC Act.

Within three business days of the completion of the Offering, "Sopharma" AD shall send a notification to the FSC and the BSE regarding the outcome thereof, containing information on the completion date; the total number of warrants subscribed; the amount received against the subscribed warrants; the amount of commission fees and other expenses related to the Offering, including the fees paid. The Issuer shall attach the documents required by law to the notification. Within the same period, the above circumstances shall be announced on the website of "Sopharma" AD.

The Issuer shall submit to the FSC a document from the central securities depository for registration of the issue immediately after its issuance. (Art. 7, para. 2 of Ordinance No. 2 of 09.11.2021).

The newly issued warrants shall be registered with "Central Depository" AD. The registration shall be certified by an Act of Registration of the Issue issued by "Central Depository" AD, certifying the total number of warrants after and data on the shareholders who have acquired warrants.

The newly issued warrants shall be registered in client sub-accounts in the name of their holders in the account of the investment intermediary through which they were subscribed.

At the request of the warrant holders, they may receive depository receipts certifying their rights to the warrants subscribed by them through the investment intermediary in whose account at the Central Depository their client sub-accounts are opened.

"Sopharma" AD will request the registration of the warrants in the Register under Article 30, paragraph 1, item 3 of the Financial Instruments Market Act, after which it will request their admission to trading on a Regulated Market.

"Sofia International Securities" AD shall send to each of the investors who have submitted Applications directly to it a confirmation indicating the exact number of warrants received by each respective investor, as well as the amount due for payment of their full issue value.

When investors' applications are sent to other investment intermediaries, "Sofia International Securities" AD shall send to each investment intermediary through which applications have been submitted, by e-mail to the e-mail address specified by the respective investment intermediary, a notification containing information on the number of warrants received by each of the investors, upon distribution of the offered warrants, as well as the amount owed by each investor for payment of the full issue value, including the total issue value of the warrants to be paid by all investors. Investors who have submitted applications through an investment intermediary shall receive the information referred to in the previous sentence through that investment intermediary.

Trading in warrants shall commence after investors have been notified of the allocation of warrants, and trading in the warrants will only be possible after the issue has been entered in the register maintained by the FSC for the purpose of trading on a regulated securities market and the subsequent registration of the warrants with the Central Depository. Transactions with warrants may be concluded on the "Bulgarian Stock Exchange" AD only after the registration of the warrants for trading on the "Bulgarian Stock Exchange" AD.

After admission to trading, the warrants will be traded on the Main Market, "*Segment for Exchange-Traded Products*" of the "Bulgarian Stock Exchange" AD. Each warrant holder may submit an order to sell warrants to a licensed investment intermediary, and each investor wishing to purchase warrants

may submit a purchase order, in compliance with the requirements of Regulation No. 38 on the requirements for the activities of investment intermediaries.

24.3. PRICE

The upcoming introduction of EUR in the Republic of Bulgaria on January 1, 2026, has no bearing on the valuation of the warrants from the current issue.

24.3.1. Price of the securities and issue costs

The parameters of the warrant issue, including **the issue price of one warrant in the amount of BGN 0.27 (€0.14) and the exercise price in the amount of BGN 5.70 (€2.91 per share)**, were determined by resolutions of the Issuer's Board of Directors dated 24 September 2025 and 20 November 2025. The main criterion for determining the price of a warrant is the Black-Scholes method for determining the indicative theoretical value of the option premium. The Black-Scholes method is applicable in this case due to the similarity between the two types of financial instruments (options and warrants) with ordinary shares as the underlying asset.

The Black-Scholes formula is:

$$C = SN(d1) - Ke^{-rt} N(d2)$$

where:

$$d1 = \frac{\ln \frac{S}{K} + (r + \frac{\sigma_s^2}{2})t}{\sigma_s \sqrt{t}}$$

$$d2 = d1 - \sigma_s \sqrt{t}$$

C = warrant price

S = current share price

K = exercise price

r = risk-free interest rate

t = time to exercise

N = normal distribution

One of the distinctive features of warrants is that they have no investment value because they are not interest, dividends, or voting rights in the company's governing bodies. For this reason, the fair market value (FMV) of a warrant can only be attributed to its convertibility into common shares.

As a result, FMV consists of two components: the intrinsic (intrinsic) value of the warrant and the time value, which are in dynamic equilibrium:

Intrinsic value: The difference between the market value of the underlying asset and the exercise price of an in-the-money warrant is called the intrinsic value of the warrant. Only warrants that are in the money have intrinsic value.

Time value: In addition to the value of the underlying asset, there are various factors that influence the value of the warrant. Together, these factors are called time value. The main components of time value are time to maturity, volatility, dividends, and interest rates. At maturity, the value of an in-the-money warrant will generally be equal to the difference between the underlying asset and the warrant's exercise price, i.e., the time value of the warrant will be zero.

The price of the warrant is equal to the intrinsic value plus the time value:

Warrant price = Intrinsic value + Time value

Before subscribing for warrants and paying their issue price, investors who are not current shareholders of the Issuer should purchase the corresponding number of rights on the regulated market organized by "Bulgarian Stock Exchange" AD within the deadline for the transfer of rights or at the organized public auction. All costs related to the purchase of rights, including fees and commissions payable in this regard to the investment intermediary through which the purchase is made, to "Bulgarian Stock Exchange" AD and "Central Depository" AD, as well as any bank fees and commissions due, shall be borne by the investors.

The following expenses related to the subscription of warrants from the current issue shall also be borne by the investors:

- fees and commissions payable to the investment intermediary through which the warrants are subscribed.
- fees payable to "Central Depository" AD.
- fees payable to "Bulgarian Stock Exchange" AD.
- bank fees and commissions for money transfers.

24.4. PLACEMENT AND UNDERWRITING

24.4.1. Contact details of the offering coordinators

The authorized investment intermediary to service the public offering of this issue of warrants is II "Sofia International Securities" AD, which has not undertaken any commitment to place or underwrite the issue. Warrants may be subscribed at:

Investment intermediary	Sofia International Securities AD
Address for correspondence	G.S. Rakovski 140 Str., 4th floor
Phone	+359 2 937 98 65
Telephone dealing	+359 2 937 98 65
Email	info@sis.bg
Internet page	www.sis.bg

24.4.2. Names and addresses of payment agents and depositories

The warrants offered are registered and book-entry. They are rights that are registered in the name of their holder in "Central Depository" AD.

The issuance and disposal of warrants shall take effect after their registration with "Central Depository" AD.

The registered office and address of "Central Depository" AD are: Bulgaria, Sofia, 6 Tri Ushi St., fl. 4, contact numbers: +359 2 939 1970 and +359 2 4001 254 – for contact with the Registers Department, and +359 2 939 1992 and +359 2 4001 253 – for contact with the Settlement Department.

24.4.3. Contact details of persons who have agreed to underwrite the issue on a firm commitment basis

There are no agreements between the Issuer and any other entity for the underwriting or placement of the warrant issue.

The current issue of warrants has not been underwritten or guaranteed by third parties and there is no specific plan for the distribution of the securities among different investment intermediaries.

The depositary institution where the warrant issue will be registered is "Central Depository" AD.

24.4.4. Underwriting agreement

There is no such agreement.

25. ADMISSION TO TRADING AND ORGANISATION OF INTERMEDIATION

25.1. ADMISSION TO TRADING AND MARKET

Upon completion of the initial public offering of the warrants, the FSC shall enter the issued issue in the register under Article 30, paragraph 1, item 3 of the FSC Act, after which the Issuer and the authorized investment intermediary shall submit an application for registration of the issue of warrants for trading on the "Bulgarian Stock Exchange" AD. The warrant issue shall be admitted to trading on the Main Market, "*Segment for Exchange-Traded Products*" by order/decision of the Trading Director of the "Bulgarian Stock Exchange" AD. Within one business day of the decision, the "Bulgarian Stock Exchange" AD shall notify the issuer and publish a notice with information about the issue, identification codes, and trading rules. The date of admission of the issue shall be no later than the first business day following the expiry of 5 (five) business days from the date of the decision of the Director of Trading.

A natural or legal person wishing to purchase or sell warrants from this issue shall enter into a contract with an investment intermediary licensed by the FSC and submit an order for purchase, or sale of warrants, respectively, in compliance with the requirements of the Financial Instruments Market Act and Ordinance No. 38 on the requirements for the activities of investment intermediaries.

25.2. TRADING IN THE SAME CLASS OF INSTRUMENTS OF THE ISSUER

At present, securities with the issuer "Sopharma" AD of the same class as the warrants offered in this Prospectus are not offered and are not admitted to trading on a regulated market. The previous issue of warrants of "Sopharma" AD has already been converted and is not traded on a regulated market.

Upon successful completion of the subscription, the Issuer will request admission to trading of the current issue of warrants only on the regulated market organized by "Bulgarian Stock Exchange" AD. "Sopharma" AD does not intend to request admission to trading of the current issue of warrants on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie). The warrants from the current issue will not be subject to an application for admission to trading on a third-country market, a market for small and medium-sized enterprises, or a multilateral trading facility.

25.3. OTHER SUBSCRIPTIONS OR PRIVATE PLACEMENTS

At present, “Sopharma” AD intends to issue three issues of warrants with different exercise periods and different exercise prices. This prospectus is for warrants that can be exercised within 3 years of the registration of the issue with “Central Depository” AD. In addition to the warrant issue described in this prospectus, the company has approved prospectuses for two more warrant issues:

- An issue of up to 8,985,960 warrants with an issue price of BGN 0.27 (€0.14) and an exercise price of BGN 3.60 (€1.84 per share). This issue of warrants may be exercised within 3 years of the registration of the issue with “Central Depository” AD;
- Issue of up to 8,985,960 warrants with an issue price of BGN 0.27 (€0.14) and an exercise price of BGN 4.56 (€2.33 per share). This issue of warrants may be exercised within 5 years of the issue being registered with “Central Depository” AD.

The reason for the planned three parallel warrant issues is to give investors the opportunity to choose a warrant exercise period that suits their investment strategy.

The company does not plan to conduct an initial public or private offering of other financial instruments of the same class as the warrant issues described in this section or of another class in the near future. If a decision is made to conduct such an offering, “Sopharma” AD will announce the decision in accordance with the established regulatory procedure.

Currently, the existing issue of ordinary shares issued by “Sopharma” AD is traded on the “Bulgarian Stock Exchange” AD with ISIN code BG11SOSOBT18.

“Sopharma” AD shares are also traded on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie).

25.4. COMMITMENT TO PROVIDE LIQUIDITY

At present, there are no entities that have undertaken to provide liquidity for the issue of warrants.

25.5. STABILIZATION

The issuer has not given an option to exceed the size of the Offering and no price stabilization measures are planned in connection with the Offering.

25.6. SUBSCRIPTION EXCEEDING THE SIZE OF THE OFFERING AND “GREEN SHOE” OPTION

No subscription of warrants in excess of the pre-determined parameters of the Subscription is envisaged and there is no “green shoe” option to exceed the Subscription.

26. SELLING HOLDERS OF SECURITIES

The Issuer is not aware of any intentions of current shareholders to exercise or not exercise the rights issued in their favor in the current offering and to offer a certain number of rights for sale within the period for transfer of rights.

27. ISSUE COSTS

The table below shows the Issuer's main expenses directly related to the current issue of warrants, including the investment intermediary's fees for the issue. All expenses listed below are borne by the Issuer.

Table No. 34 Issuer's expenses related to the issue

Approximate costs*	Minimum amount (BGN)	Maximum amount (BGN)
FSC fee for confirmation of the prospectus	8 000.00	8 000.00
Fees to Central Depository AD	13 810.00	13 810.00
Admission to trading on the Bulgarian Stock Exchange	1 000.00	1 000.00
Remuneration for investment intermediary and issue manager	29 337.45	29 337.45
Approximate total costs:	52 147.45	52 147.45
Approximate total costs per warrant:	0.03	0.01

The costs indicated are indicative.

The fees of BGN 29,337.45 for "Mane Cpaital" AD and "Sofia International Securities" AD listed in the table are for the preparation of the prospectus, consulting and other services related to the offering of the warrant issue. The remuneration of "Mane Cpaital" AD is expected to be BGN 25,337.45, and the remuneration of "Sofia International Securities" AD is BGN 4,000.

The expected net proceeds from the current issue of ordinary warrants (after deducting the issue costs presented in the table below), provided that all **8,985,960 warrants** are subscribed at an issue price of **BGN 0.27 (€0.14)** per warrant is **BGN 2,374,061.75**.

Table No. 35 Proceeds from the issue of warrants

Proceeds from warrant issue	Minimum amount (BGN)	Maximum amount (BGN)
Existing shares	539 157 603	539 157 603
Number of rights (pcs.)	539 157 603.0	539 157 603.0
Number of warrants issued (pcs.)	1 797 192	8 985 960
Issue price for 1 warrant (BGN)	0.270	0.270
Gross proceeds of the warrant issue (BGN)	485 241.84	2 426 209.20
Estimated proceeds from the warrant issue (BGN)	433 094.39	2 374 061.75
Approximate proceeds per warrant (BGN)	0.241	0.264

Source: Maine Capital AD

Net proceeds per warrant = BGN 0.264 / warrant

28. DILUTION

Dilution of capital is the reduction in earnings per ordinary share and its book value as a result of the conversion of issued bonds and warrants into shares or the exercise of issued options, as well as a result of the issue of ordinary shares at a price lower than the book value per share.

Under Bulgarian law, when issuing warrants, the Issuer is required to offer existing shareholders the right to acquire a portion of the warrants corresponding to their share in the capital. Regardless of this, existing shareholders may choose not to participate in the public offering and not to subscribe for warrants from the current issue, as a result of which the exercise of warrants in shares of the capital of "Sopharma" AD could lead to a dilution of their current participation in the Company.

The main assumptions for the carrying amount of the Issuer's equity as at 30 September 2025 are as follows: the nominal value of one (1) share is BGN 1.00, the book value of one share prior to the issue of the new warrants is **BGN 1.25**, and the total number of ordinary shares is 539,157,603.

The proposed issue of warrants is **8,985,960** with an issue price of **BGN 0.27** (€0.14) per warrant, with net proceeds from the issue of **BGN 433,094.39** with minimum subscription and **BGN 2,374,061.76** with maximum subscription, with respective issue costs for both options of **BGN 52,147.45**.

The conversion ratio warrant/share at which the warrants from the current issue can be exercised into ordinary shares is **1:1**, which, if all warrants are subscribed and exercised, will result in the issuance of **1,797,192** new ordinary shares at the minimum amount and **8,985,960** at the maximum amount. **The exercise price of 1 (one) new ordinary share is BGN 5.70 (€2.91 per share).**

Upon exercise of the warrants from the current issue, based on the data as of the date of preparation of the Prospectus, there will be an immediate **anti-dilution of the Issuer's capital**, as the newly issued ordinary shares have an issue price of BGN 5.70 (€2.91 per share), which is higher than the net book value of the shares prior to exercise, both at the minimum subscription amount and at the maximum subscription amount.

Table No. 36 Dilutive effect of issuing warrants

Diluting effect	Minimum size	Maximum size
Carrying amount		
Net proceeds from the issue ('000 BGN)	433.09 лв	2 374.06 лв
Total number of shares ('000)	539 158	539 158
Nominal value of one share (BGN)	1.00 лв	1.00 лв
Carrying amount ('000 BGN), before issuance of warrants	627,752.00 лв	627,752.00 лв
Book value of 1 share (BGN), before issuance of warrants	1.25 лв	1,25 лв
Carrying amount ('000 BGN), after issuance of warrants	673,185.09 лв	673,185.09 лв
Book value of 1 share (BGN), after issuance of warrants	1.25 лв	1.25 лв
Effect of potential conversion of the warrant issue		
Total number of warrants ('000)	1 797	8 986
Issue value of 1 warrant (BGN)	0.270 лв	0.270 лв
Total value of the issue ('000 BGN)	485.24 лв	2 426.21 лв
Exercise ratio (new shares/warrant)	1.00x	1.00x
Total number of new ordinary shares ('000)	1 797	8 986
Nominal value of 1 new ordinary share (BGN)	1.00 лв	1.00 лв
Issue price of 1 new ordinary share (BGN)	3.60 лв	3.60 лв
Capital increase ('000)	6 469.89 лв	32 349.46 лв
After the capital increase (as a result of the exercise of the warrants)		
New total number of shares ('000)	540 955	548 144
Nominal value of one share (BGN)	1.00 лв	1.00 лв
Company's equity after the increase ('000)	679,654.99	707,475.52
Book value of 1 share after the increase (BGN)	1.26 лв	1.29 лв
Anti-dilution / (dilution) of the value of 1 share	0.69%	3.44%

Source: "Main Capital" AD

The calculations in the table above regarding the anti-dilution of the Issuer's capital are made on the assumption that all warrants are exercised into ordinary shares based on the data as at the date of preparation of the Prospectus.

The table above shows that upon full exercise of the current issue of warrants, at the stated exercise price of BGN 5.70 per 1 new ordinary share (€2.91per share), with a minimum subscription amount, there would be an anti-dilution of the capital of the current shareholders by 1.25%, and at the maximum subscription amount, there would be an anti-dilution of the capital of the current shareholders by 6.19%, or the net book value per share after full conversion would increase by **1.25% (minimum amount)** and **6.20% (maximum amount)**, respectively.

Table No. 37 Dilutive effect on the share of current shareholders as a result of the exercise of warrants

Dilutive effect on the share of current shareholders as a result of the exercise of a warrant issue	Minimum size	Maximum size
Total number of ordinary shares before the issue ('000)	539 158	539 158
Number of warrants subscribed ('000)	1 797	8 986
Exercise ratio (new shares/warrant)	1.00x	1.00x
Number of new ordinary shares resulting from the exercise of warrants ('000)	1 797	8 986
Number of common shares after exercise of warrants ('000)	540 955	548 144
Anti-dilution / (dilution) of existing shareholders' shares (%)	-0.33%	-1.64%

Source: "Main Capital" AD

As a result of the issuance of the current issue of warrants, the share of existing shareholders may be diluted. If the current holders of share capital do not participate in the subscription for the current offering and the warrants are subscribed by other persons who exercise them into new ordinary shares, this will result in a dilution of the shareholding (share in the share capital) of existing shareholders by up to 0.33% at the minimum subscription amount and 1.64% at the maximum subscription amount.

The Company may issue additional ordinary shares in subsequent capital increases. Under Bulgarian law, the Issuer is required to offer these ordinary shares to existing shareholders in proportion to their share in the capital prior to the increase. Regardless, existing shareholders may choose not to participate in future issuances of ordinary shares.

Warrant holders will not be entitled to participate with priority in future increases if:

- they have not exercised their warrants and acquired new shares by paying the relevant issue price; or
- they do not hold separate warrants unrelated to the issue, ordinary shares entitling them to participate in future capital increases.

No shares have been issued to members of the Board of Directors or persons related to them in the last 5 years, nor have they been granted options entitling them to acquire shares in the future.

Members of the Board of Directors are not entitled to acquire securities from the upcoming issue under terms and conditions of the public offering other than the announced issue price per share.

Future capital increase upon exercise of part or all of the warrant issue

In connection with the exercise of the rights under the warrant issue, the company's capital may be increased with new shares. Warrant holders have the right to exercise their rights by subscribing for new shares at the issue price of BGN 5.70 per share (€2.91 per share) specified in the Prospectus.

The capital increase resulting from the exercise of the warrants will lead to a dilution of capital for current shareholders if, at the time immediately preceding the exercise of the warrants, the net asset value per share is higher than the issue price of the newly issued shares.

The dilution of capital (D) is calculated using the following formula:

$$D = \frac{NAVPS_1 - NAVPS_0}{NAVPS_0},$$

where:

D = Dilution

$$NAVPS_0 = \frac{NAV_0}{O}$$

$$NAVPS_1 = \frac{NAV_0 + (N \times IP)}{O + N}$$

where

NAPVPS ₀	Net asset value per share before the increase
NAVPS ₁	Net asset value per share after the increase
NAV ₀	Total assets – Total liabilities before the capital increase
O	Number of shares before the capital increase
N	Number of new shares issued
IP	Issue price of new shares

At the time of preparation of this Prospectus, the dilution of the Issuer's capital resulting from the increase in the Company's capital due to the exercise of warrants from the proposed issue cannot be determined with accuracy, as its calculation takes into account the net asset value of the Issuer immediately prior to the capital increase. The net asset value of the Company may change until the warrants are exercised as a result of various events related to its ordinary business activities and cannot be predicted at this time.

Dilution for existing shareholders will occur if, at the time of exercise of the warrants, the net asset value per share is higher than the issue price of the newly issued shares.

Any interested owner of shares in the Issuer may retain their current share in the Company's capital, with equal treatment of all shareholders.

29. CONSULTANTS AND OTHER AUDITED INFORMATION

29.1. CONSULTANTS

The consultant for this offering, based on a contract for the provision of consulting services concluded with the Issuer, is "Mane Cpaital" AD, UIC 202402882, with its registered office and address of management at 98 Goce Delchev Blvd. Sofia 1404, Triaditsa district, entrance 2, office 11. Correspondence address: Sofia 1404, Manastirski Livadi – West, 8 Byala Akacia Street.

The consultant "Mane Cpaital" AD acts as the prospectus compiler and advisor to the company regarding the parameters of the offering.

The investment intermediary selected to service the subscription is "Sofia International Securities" AD, UIC 121727057, with registered office in Sofia and management address: Sofia 1000, 140 G.S. Rakovski Street, 4th floor. This Document has been prepared on behalf of the Issuer.

This Document has been prepared on behalf of the Issuer. The persons responsible for preparing the Document are listed in section 2. *RESPONSIBLE PERSONS, INFORMATION FROM THIRD PARTIES, EXPERT REPORTS, AND APPROVAL BY THE COMPETENT AUTHORITY*.

29.2. AUDITED INFORMATION

The Issuer's annual financial statements for 2022, 2023, and 2024 have been audited by the persons specified in item 2. *RESPONSIBLE PERSONS, INFORMATION FROM THIRD PARTIES, EXPERT REPORTS AND APPROVAL BY THE COMPETENT AUTHORITY* of this Prospectus. The Prospectus does not contain any other audited information.

30. INFORMATION ON THE SECURITIES

30.1. INFORMATION ON WARRANTS

30.1.1. Impact of the warrant on the value of the underlying asset

The warrants of the current issue are offered for payment at their issue price of BGN 0.27 (€0.14) and entitle their holders to subscribe for shares from a future capital increase of the Issuer at a specific issue price of BGN 5.70 per share (€2.91 per share) at the time of subscription of the warrant. The issue price is based on the Issuer's management's view of the Company's development in the context of the economic environment and the expected prospects and trends until the warrants mature.

The issue price of the underlying asset determined at the time of subscription of the warrant is the exercise price of the warrant.

The intrinsic value of the warrant reflects the investor's expectation of growth in the price of the underlying asset above the exercise price of the warrant. The ratio between the value of the warrant (the issue price at which the warrant is subscribed), the exercise price of the warrant, and the price of the underlying asset allows for the realization of a profit in favor of the investor in warrants.

When the warrant is exercised, the profit is the difference between the price of the underlying asset at exercise and the sum of the exercise price of the warrant and the issue price paid when the warrant was subscribed.

Depending on the ratio between the price of the warrant and the exercise price, the warrant may be:

- **In-the-money warrant** - when the price of the underlying asset is higher than the exercise price.
- **At-the-money warrant** - when the price of the underlying asset is equal to the exercise price.
- **Out of the money warrant** - when the current price of the underlying asset is lower than the exercise price.

The underlying asset of the warrants under this issue are shares from the upcoming capital increase of "Sopharma" AD, which will be carried out if the conditions described in this Prospectus are met. In view of the above, at the time of the decision to exercise the rights under the warrants, the underlying asset has no market price. The price of the underlying asset will be formed after the issue of shares is admitted to trading on a regulated market. In order to forecast the price of the underlying asset prior to that moment, the market price of the shares of the same class already issued by "Sopharma" AD is taken into account, taking into consideration the percentage of dilution of the value of the shares upon issuance of the underlying asset.

30.1.2. Procedure for exercising warrants and right to subscribe for the underlying instrument

Warrant holders may exercise their right, against payment of the issue price specified in this Prospectus, in the amount of BGN 5.70 per share (€2.91 per share).

The right to subscribe for shares from the capital increase of "Sopharma" AD may be exercised within a period of up to 7 years. The start of the period referred to in the previous sentence shall be the date on which the warrant issue is registered with "Central Depository" AD. The term expires on the corresponding day of the seventh calendar year, and if that day is a non-working day, on the first following working day.

In order to exercise their rights, warrant holders must meet the following conditions:

a) A decision by the warrant holders to exercise their rights under the warrants, taken by a simple majority of the votes of the warrant holders represented at the meeting.

At the request of warrant holders representing **no less than 3%** of the issue or, respectively, holding the remaining (unexercised) amount of the issue, if more than 97% of the issued warrants have been exercised by that time, the Board of Directors of “Sopharma” AD shall convene a meeting of the warrant holders within 14 days of receiving the request. The meeting of warrant holders shall be convened by an invitation published on the Company's website or on x3news.com at least 5 calendar days prior to the date of the meeting.

The invitation to convene the General Meeting of Warrant Holders and the materials for the meeting shall be disclosed to the public on the Issuer's website and sent to the FSC, “Central Depository” AD, and “Bulgarian Stock Exchange” AD. The written materials related to the agenda of the General Meeting of Warrant Holders shall be made available at the Company's registered office no later than the date of publication of the invitation.

The invitation to convene the meeting shall contain at least the following information: the name and registered office of the Company, the place, date, and time of the meeting, information on the formalities to be completed in order for warrant holders to exercise their voting rights, including the form of authorization, the agenda of the items proposed for discussion by the persons requesting the meeting, and the proposals for resolutions made by those persons in the request for the convening of the general meeting of warrant holders. If the request for the convening of the meeting made by the warrant holders does not include the adoption of a resolution to exercise the rights under the warrants, such a resolution shall be included in the invitation by the Board of Directors of “Sopharma” AD. The invitation shall be accompanied by a statement of movements for the one-year period preceding the date of the meeting, or, respectively, for the period from the date of the previous meeting of warrant holders, if such a meeting was held less than one year prior to the convening of this meeting of warrant holders, at the price of the ordinary shares issued by the Company (shares of the same class as the underlying asset of the warrants) on the regulated market organized by “Bulgarian Stock Exchange” AD.

The right to participate in the General Meeting of Warrant Holders shall be vested in persons entered in the register kept by “Central Depository” AD as warrant holders 14 days prior to the date of the meeting of warrant holders.

The meeting shall be valid and decisions may be taken at it if 1/2 of the issued and unexercised warrants are presented. In the absence of a quorum, a new meeting shall be scheduled no earlier than 7 days after the date of the first meeting, the date of which shall be specified in the invitation to convene the meeting, and it shall be valid regardless of the capital presented at it.

The decision to exercise the rights under the warrants shall be adopted by a simple majority of the votes of the warrant holders present at the meeting.

An authorized member of the Board of Directors of “Sopharma” AD and the Company's Investor Relations Director shall attend the meeting.

The authorized member of the Board of Directors of “Sopharma” AD shall be obliged to present to the warrant holders a report on the average price, for the last trading session prior to the date of the meeting, of the Company's shares of the same class as the underlying asset of the warrants on the regulated market organized by “Bulgarian Stock Exchange” AD, as well as an opinion on whether the warrants are in the money or out of the money and the opinion of the Board of Directors of “Sopharma” AD on the proposal to take a decision on the exercise of the warrants.

Minutes of the meeting shall be kept by the Investor Relations Director of “Sopharma” AD, who shall provide the minutes of the meeting to the meeting of the warrant holders of the Board of Directors of “Sopharma” AD.

The initiation of a procedure for the exercise of all unexercised warrants before the maturity of the issue is mandatory! The procedure may be initiated by the meeting of warrant holders or by the Board of Directors. The Board of Directors is obliged to initiate the procedure for exercising all remaining

unexercised warrants if, three months before the maturity of the issue, no request has been received to convene a meeting of warrant holders to initiate the exercise of the remaining unexercised warrants. In this case, a decision by the meeting of warrant holders is not necessary.

The Issuer's Board of Directors shall publish a notice of the upcoming capital increase in the Commercial Register maintained by the Registry Agency and on the websites of the Issuer and the investment intermediary selected to service the capital increase.

b) A decision by the Board of Directors of "Sopharma" AD to increase the Company's capital, provided that the new shares are subscribed by the holders of the warrants from the current issue.

Within 7 days of receiving the minutes of the meeting of the warrant holders at which the decision to exercise the rights under the warrants was taken, and no later than 2 months before the maturity of the issue, the Board of Directors of "Sopharma" AD shall decide to increase the Company's capital by issuing a number of ordinary, registered, book-entry shares with voting rights, with a par value of BGN 1 each and an issue price of BGN 5.70 per share (€2.91 per share), provided that the shares from the increase are subscribed by the warrant holders.

The minutes of the meeting of the Board of Directors at which the decision to increase the capital of "Sopharma" AD was taken shall be submitted to the FSC, "Bulgarian Stock Exchange" AD and "Central Depository" AD by the end of the working day following the day of the meeting, and when it is subject to entry in the Commercial Register - by the end of the working day following the day of notification of the entry, but no later than 7 days after the entry.

The decision of the Board of Directors of "Sopharma" AD does not oblige the holders of warrants to subscribe for shares against the warrants they hold, but gives them the opportunity to exercise this right. Warrant holders who have not exercised their right to subscribe for shares from the capital increase based on the decision of the Board of Directors may do so until the maturity of the issue under the relevant terms and conditions. Upon maturity of the issue, the unexercised rights under the warrants shall be terminated.

At least 7 days before the specified **initial deadline for exercising the warrants**, the Board of Directors of "Sopharma" AD, in accordance with the requirement of Article 89t, paragraph 2 of the Public Offering of Securities Act, shall publish a notice of the capital increase, the initial and final dates for exercising the warrants by subscribing for shares, as well as the other material terms and conditions of the offering. The issuer shall publish the announcement referred to in the previous sentence on the websites of the issuer and the investment intermediary selected to service the capital increase.

Persons who have acquired warrants no later than five working days after the later date between the date of disclosure of the announcement under Article 89t, para. 1 of the Public Offering of Securities Act on the Issuer's website and on the website of the servicing investment intermediary. This date is also the Start Date on which the warrants may be exercised by subscribing for shares.

The decision of the Board of Directors shall specify a period of 10 business days during which the warrants may be exercised, starting from the initial date for exercising the rights under the warrants. If the decision of the Board of Directors to increase the capital is taken in a scenario where no decision of the warrant holders under item "a" above is required, the period for exercising the warrants shall be no shorter than 10 working days and shall expire on the maturity date of the issue.

The deadline for transferring warrants from the current issue shall be no later than 7 days after the later of the date of publication of the announcement under Article 89t of the Public Offering of Securities Act on the website of the Issuer and the servicing investment intermediary.

c) An explicit statement by the warrant holder that they wish to exercise their warrants by subscribing for the corresponding number of shares from the Company's capital increase.

Warrant holders who wish to exercise their rights should make an explicit statement to exercise the warrants by submitting an application for subscription of shares from the capital increase of the Issuer and paying the issue price of the subscribed shares. The application for subscription of shares shall be

submitted to the investment intermediary servicing the capital increase of the Issuer, directly or through another licensed investment intermediary, in whose account with “Central Depository” AD the warrants of the respective holder are registered, which in turn sends the application to the investment intermediary servicing the capital increase.

Legal entities shall submit the application through their legal representatives or through a person authorized by them, and the following shall be attached to the written application:

- an identity document of the natural persons who are the legal representatives of the legal entity. The investment intermediary shall retain a certified copy of the identity document submitted.
- a notarized explicit power of attorney and identity document of the proxy – when submitting an application through a proxy. The investment intermediary shall retain the power of attorney and a certified copy of the identity document of the proxy for its records. Foreign legal entities shall submit documents that have been translated and legalized in accordance with the relevant procedure.
- The identification of legal entities registered in the Republic of Bulgaria shall be carried out by the investment intermediary by checking the Commercial Register and the BULSTAT register. Foreign legal entities shall submit documents translated and legalised in accordance with the relevant procedure.

Natural persons shall submit applications in person, identifying themselves by means of an identity document, a copy of which shall be attached to the application, or through a proxy, who shall identify himself/herself by means of a notarized power of attorney and an identity document. The investment intermediary shall retain the power of attorney and a certified copy of the identity document submitted for its records.

At the request of the investment intermediary to which the application for subscription of shares has been submitted, “Central Depository” AD shall block the corresponding number of warrants in a client sub-account.

The issue value of the subscribed securities shall be paid into a special collection account, which will be further announced in the notice published by the Company's Board of Directors regarding the decision to increase the capital, in accordance with item b above.

Persons subscribing for shares shall pay the amount corresponding to the issue value of the shares they subscribe for no later than the expiry of the subscription period.

The amounts in the collection account may not be used by the Issuer before the successful completion of the subscription and registration of the capital increase of “Sopharma” AD in the Commercial Register maintained by the Registry Agency.

Pursuant to the requirement of Article 64 of Regulation No. 38 on the requirements for the activities of investment intermediaries, when submitting an application for subscription of shares, warrant holders shall provide the investment intermediary with the funds necessary for payment under the transaction - subject to the order, upon submission of the order, unless the client certifies that he will fulfill his payment obligation.

d) Successful completion of the subscription and entry of the increase in the Company's capital in the Commercial Register maintained by the Registry Agency.

The subscription shall be deemed successfully completed regardless of the number of shares subscribed.

Within 3 days of the completion of the subscription “Sopharma” AD shall notify the FSC of the conduct of the subscription and its results, including any difficulties and disputes in the exercise of the warrants and the subscription of the shares, after which the increase in the capital of “Sopharma” AD shall be entered in the Commercial Register.

After the completion of the subscription and the entry of the capital increase in the Commercial Register, “Central Depository” AD shall register the shares from the capital increase and issue a Certificate of Registration of the Capital Increase, certifying the total number of shares after the increase and data on the shareholders who have acquired shares from the increase.

The shares from the capital increase shall be registered in the shareholders' client sub-accounts, in the account with the Central Depository of the investment intermediary through which they were subscribed. At the request of the shareholders, they may receive depositary receipts certifying their right to the shares they have purchased through the investment intermediary with whom their client sub-accounts are opened.

The issuer is obliged, within two working days of the entry of the capital increase in the Commercial Register, to request the entry of the new issue of shares in the register under Article 30, paragraph 1, item Z of the LFSC, and then request its admission to trading on a regulated market in accordance with the requirement of Article 110, paragraph 9 of the LPOS.

After admission to trading, the shares from the capital increase of “Sopharma” AD will be freely traded on the “Bulgarian Stock Exchange” AD. Each shareholder may submit an order to sell the shares to a licensed investment intermediary, and each investor wishing to purchase shares of “Sopharma” AD may submit an order to purchase, in compliance with the requirements of Regulation No. 38.

The rights under warrants that have not been exercised by the maturity date of the issue shall be terminated due to non-exercise.

30.1.3. Description of the settlement procedure

The issue value of the subscribed warrants shall be paid into a special collection account, which will be further announced in the notice published by the Issuer's Board of Directors regarding the public offering, pursuant to Article 89t of the Public Offering of Securities Act.

Persons subscribing for warrants must deposit into the account referred to in the previous sentence the amount corresponding to the issue price of the warrants they have subscribed for no later than the expiry of the subscription period for the warrants.

The amounts in the collection account may not be used by the Issuer before the successful completion of the subscription and registration of the issue with “Central Depository” AD.

If the subscription is unsuccessful, including if the issue is not registered with “Central Depository” AD, the Issuer shall notify the FSC within seven days of the deadline. On the day of the notification under the previous sentence, pursuant to Article 89m, paragraph 3 of the Public Offering of Securities Act, when the subscription is unsuccessful without the conditions set out in the prospectus being fulfilled, or the capital increase is not entered in the commercial register, within one month of the notification under Article 89l, paragraph 3, the amounts collected shall be returned to the persons who have subscribed for securities, together with the interest accrued by the bank under paragraph 1.

After the successful completion of the subscription, the issue is registered with “Central Depository” AD. The registration is certified by a certificate of registration of the issue issued by “Central Depository” AD.

Within 14 days after the registration of the issue under the previous sentence, “Central Depository” AD issues certificates (depositary receipts) to the holders of warrants in their personal accounts (not as clients of an investment intermediary). The receipts shall be delivered to the warrant holders or to persons authorized by them with an explicit notarized power of attorney, without a time limit, at the Issuer's registered office, by a person designated by the Board of Directors. When the newly issued warrants are held in client sub-accounts with an investment intermediary, the depositary receipts shall be issued through the latter, at the request of the warrant holder, in accordance with the procedure provided for in the Rules of “Central Depository” AD.

30.1.4. Return

Depending on the ratio between the price of the warrant and the exercise price, the warrant may be:

- **In the money** – when the price of the underlying asset is higher than the exercise price.
- **At-the-money warrant** – when the price of the underlying security is equal to the exercise price.
- **Out of the money** – when the current price of the underlying asset is lower than the exercise price.

The price of a warrant depends heavily on the price of the underlying asset and consists of two elements:

Intrinsic value

The difference between the market value of the underlying asset and the exercise price of an in-the-money warrant is called the intrinsic value of the warrant. Only warrants that are in-the-money have intrinsic value.

Time value

In addition to the value of the underlying asset, there are various factors that affect the value of the warrant. Together, these factors are called time value. The main components of time value are time to maturity, volatility, dividends, and interest rates. At maturity, the value of an in-the-money warrant will generally be equal to the difference between the underlying asset and the warrant's exercise price, i.e., the time value of the warrant will be zero.

The price of the warrant is equal to the intrinsic value plus the time value:

Warrant price = Intrinsic value + Time value

Depending on their strategy, investors can achieve two types of returns:

Return from trading warrants

The warrants from the current issue will be traded on a regulated market and their price will be determined by various factors, including the supply and demand for these securities. When selling the warrants they hold on the secondary market, investors will achieve a positive or negative return depending on whether the sale price is higher or lower than the issue price of the warrants. In order to accurately calculate the return on investment, it is necessary to take into account the transaction costs associated with the purchase and sale of the relevant securities, which are deducted from the gross profit or loss realized on the sale of the warrants.

Return on exercising warrants

Depending on the movement of the price of the underlying asset, the warrant holder may decide to exercise it or not by subscribing for shares from the new issue at the issue price of BGN 5.70 per share (€2.91 per share).

When the warrant is exercised, the profit is the difference between the price of the underlying asset and the sum of the warrant exercise price and the issue price paid when subscribing for the warrant.

Theoretically, the holder of the warrant would have an interest in exercising it when it is in the money.

The maximum profit and, accordingly, the theoretical return is unlimited, due to the fact that the price of the underlying asset can grow indefinitely. The maximum loss is equal to the issue price of the warrant, since if it is out of the money, it will not be exercised and the investor will lose the amount paid to purchase the warrant.

30.2. INFORMATION ABOUT THE UNDERLYING INSTRUMENT

30.2.1. Exercise price and type of underlying instrument

The warrants offered are issued on an underlying instrument – a future issue of ordinary, book-entry, freely transferable shares, entitling the holder to 1 vote at the Issuer's General Meeting of Shareholders, with an issue value of BGN 5.70 per share (€2.91 per share). Each 1 (one) warrant entitles its holder to subscribe for one share from the future issue. The total amount of the future issue of shares is up to **8,985,960**.

The shares from the future issue will grant their holders the same rights as the ordinary shares already issued by the Issuer.

Information on the past and future performance of the shares of “Sopharma” AD can be obtained from the data on trading in the same shares on the regulated market for financial instruments organized by the “Bulgarian Stock Exchange” AD. At present, the issue is traded on the Main Market on Premium segment.

ISIN code of the issue is BG11SOSOBT18

When forecasting the price of the future share issue - the underlying instrument of the warrants offered - the percentage of dilution of the share price in connection with the increase in the Company's capital should be taken into account.

30.2.2. Market or settlement disruptions affecting the underlying instrument

For the current issue of warrants, admission to trading on a regulated market will be requested. Investing in instruments admitted to trading on a regulated market carries the risk of market or settlement disruptions.

There is a risk that the continuity of trading on the regulated market may be affected by technical (internal) or macroeconomic, political, and other factors that affect and/or may affect the operation of the Exchange (external factors, environmental factors). In this case, the completion of transactions with warrants and shares admitted to trading within the settlement period may be prevented.

Part VI of the Rules of the “Bulgarian Stock Exchange” AD, Risk Management Rules, contains rules for determining, assessing, and managing risks related to trading. The “Central Depository” AD operates a Guarantee Fund, which is a means of managing the risk associated with the completion of stock exchange transactions.

Significant changes in the financial and macroeconomic environment, including financial and economic crises, may lead to significant and prolonged fluctuations in the price and liquidity of instruments traded on regulated markets, including traded warrants and their underlying assets. In order to manage the risk of large price fluctuations during trading, Part IV of the Rules of the “Bulgarian Stock Exchange” AD – Trading Rules contains rules for interruptions due to price instability. A trading halt due to instability is a temporary suspension of continuous trading, which is initiated when the price of a financial instrument exceeds certain price ranges (static or dynamic), in order to protect against sharp volatility and ensure a fairer market price.

30.2.3. Rules for adjustment in connection with events affecting the underlying instrument

Adjustment of the warrant exercise price in the event of a future increase in the Issuer's capital that is not a result of the exercise of the warrant rights.

If, prior to the maturity of the current issue, the Issuer issues new ordinary shares and/or preferred shares that result in a dilution of the Issuer's capital, i.e. at the time preceding the respective capital increase, the net asset value per share is higher than the issue price of the newly issued shares, the exercise price of the warrant will be reduced, with the new exercise price (NIP) being calculated using the following formula:

$$NIP = \frac{O \times P + N \times IP}{O + N}$$

where:

NIP	New exercise price
O	Number of shares before the capital increase
P	Old exercise price (BGN 5.70/€2.91)
N	Number of new shares issued
IP	Issue price of new shares

The same formula is used in a scenario where the increase in the Issuer's capital leads to an increase in the net asset value. If, prior to the maturity of the current issue, the Issuer issues new ordinary shares and/or preference shares that lead to anti-dilution of the Issuer's capital, i.e. at the time preceding the respective capital increase, the net asset value per share is lower than the issue price of the newly issued shares, this will lead to an increase in the net asset value, and accordingly, the exercise price of the warrant will be increased, protecting the interests of investors other than warrant holders.

Prior to the maturity of the warrants, there may be more than one capital increase, each of which will result in an additional adjustment to the exercise price.

If this Prospectus is approved by the FSC, the Issuer will provide information on adjustments made to the exercise price of the warrants in accordance with Chapter Six A of the Public Offering of Securities Act - Disclosure of Information.

31. PROVISION OF INFORMATION BY THE ISSUER

In the event of approval of this Prospectus by the FSC, successful completion of the subscription and admission of the warrant issue to trading on the regulated market organized by “Bulgarian Stock Exchange” AD, the Issuer shall be obliged to disclose regulated information regarding the issued warrants in accordance with Chapter Six, Section A of the Public Offering of Securities Act – Disclosure of Information.

Regulated information shall be disclosed to the public in a manner that ensures that it reaches the widest possible range of persons simultaneously and in a manner that does not discriminate against them. The Issuer is obliged to publish the information on its website.

In the period between the issuance of the confirmation of the Prospectus by the FSC and the deadline for the public offering of the warrants, the Issuer shall, no later than the end of the next business day after the occurrence or discovery of a material new circumstance, a significant error or inaccuracy related to the information contained in this Prospectus, which may affect the valuation of the offered warrants, prepare a supplement to the Prospectus and submit it to the FSC.

The Issuer shall publish a notice of the supplement and make the supplement available to the public in accordance with Article 89t of the Public Offering of Securities Act.

An investor who has subscribed for warrants from the current issue prior to the publication of the supplement to the Prospectus may withdraw from the subscribed warrants within three business days of the publication of the announcement of the supplement, without being liable for this, unless it was done in bad faith. The withdrawal referred to in the first sentence shall be made by means of a written declaration to the investment intermediary through which the warrants were subscribed.

ATTACHED**DECLARATION BY THE AUTHOR OF THIS DOCUMENT**

The undersigned, in his capacity as the author of this document, declares that, to the best of their knowledge and after taking all reasonable care to ensure this, the information contained in the relevant sections of this document is accurate and complete, corresponds to the facts, and does not contain any omissions that are likely to affect its meaning.

Prepared by:

/ Signature /

Svetoslav Tasev,

Investment Banking

Mane Capital AD

DECLARATION BY MANE CAPITAL AD

The undersigned, in his capacity as representative of “Mane Cpaital” AD, declares that, to the best of his knowledge and after exercising due care and all reasonable efforts to verify this, the information contained in the relevant sections of this document is accurate and complete, corresponds to the facts, and does not contain any omissions that are likely to affect its meaning.

For Mane Cpaital AD:

/ Signature /

Iliyan Skarlatov,

Chief Executive Officer

Mane Cpaital AD

DECLARATION BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE PROCURATOR OF THE ISSUER

By signing below, Ognian Donev, member of the Board of Directors and Executive Director of the Issuer, Vesela Stoeva, Deputy Chairman of the Board of Directors, Bisera Lazarova, Alexandar Tchaoushev and Ivan Badinski, members of the Board of Directors of the Issuer, and Simeon Donev, procurator of the Issuer, declare that, to the best of our knowledge, the information contained in this Prospectus is accurate, complete, and not misleading.

Declarants

for the Issuer – “Sopharma” AD:

/ Signature /

Ognian Donev

Chairman of the Board of
Directors

/ Signature /

Vesela Stoeva

Deputy Chairman of the
Board of Directors

/ Signature /

Simeon Donev

Procurator

/ Signature /

Bisera Lazarova

Member of the Board of
Directors

/ Signature /

Alexandar Tchaoushev

Member of the Board of
Directors

/ Signature /

Ivan Badinski

Member of the Board of
Directors

DECLARATION BY THE CHIEF ACCOUNTANT OF THE ISSUER

By signing below, Yordanka Petkova, in her capacity as Chief Accountant of the Issuer and compiler of the Issuer's individual financial statements for 2024, 2023, 2022, and for the nine months of 2025 and 2024, I declare that, to the best of my knowledge, the information contained in the financial statements referred to in this Prospectus, as well as that reproduced in the Prospectus itself, is accurate, complete, and not misleading.

Declarant:

/ Signature /

Yordanka Petkova

Chief Accountant of "Sopharma"
AD

DECLARATION BY THE HEAD OF THE ISSUER'S REPORTING DEPARTMENT

By signing below, Lyudmila Bondzhova, in her capacity as Head of the Issuer's Reporting Department and compiler of the Issuer's consolidated financial statements for 2024, 2023, 2022, and for the six months of 2025 and 2024, hereby declare that, to the best of my knowledge, the information contained in the financial statements referred to in this Prospectus, as well as that reproduced in the Prospectus itself, is accurate, complete, and not misleading.

Declarant:

/ Signature /

Lyudmila Bondzhova

Head of the Reporting Department
at "Sopharma" AD

DECLARATION BY THE ISSUER

The undersigned, in his capacity as representative of the Issuer – “Sopharma” AD, declares that the Prospectus complies with the requirements of Regulation (EU) 2017/1129, Chapter Six of the Public Offering of Securities Act and the acts implementing them.

For the Issuer – “Sopharma” AD:

/ Signature /

Ognian Donev

Executive Director

“Sopharma” AD

LETTER-DECLARATION FROM BAKER TILLY KLITU AND PARTNERS EOOD

To Mr. Ognian Donev
Executive Director
"Sopharma" AD
16 Iliensko Shose Blvd. Sofia
Sofia, 1220

LETTER-DECLARATION

To the Report on Agreed Procedures dated November 21, 2025, in connection with Article 89d, paragraph 6 of the Public Offering of Securities Act

Dear Mr. Donev,

In connection with Article 89e, paragraph 6 of the Public Offering of Securities Act ("POSA"), we have issued a Report on Agreed Procedures dated November 21, 2025 (the "Report") on the Prospectus for the initial public offering and admission to trading on a regulated market of warrants with a 3-year exercise period, approved by a decision of the Management Board of "Sopharma" AD (the "Company") dated November 20, 2025. The Report on Agreed Procedures concerns information used in the prospectus from the audited individual and consolidated financial statements of the company for the years ending December 31, 2024, December 31, 2023, and December 31, 2022.

This letter of representation is issued solely for the purposes set out above and for your information in connection with the requirements of Article 89e, paragraph 6 of the Public Offering of Securities Act, and should not be used for any other purpose.

The purposes and use of this letter of representation are identical to those of the Report.

On behalf of audit firm No. 129 "Baker Tilly Klitu and Partners" EOOD

Galina Lokmadzhieva-Nedkova
Manager
Registered Auditor
Baker Tilly Klitu and Partners EOOD

Date: 21.11.2025
Sofia