

REPORT
FROM THE BOARD OF DIRECTORS OF
“SOPHARMA” AD, SOFIA

REGARDING: Payment of a 6-month dividend

This report was prepared and approved by the Board of Directors of “SOPHARMA” AD, Sofia, at a meeting held on 15 September, 2026, subject to the provisions of art. 115c, para 2, item 1 of LPOS.

The purpose of this report is to inform the shareholders of “SOPHARMA” AD that on the basis of the accounting information disclosed in the individual financial statements for the first half of 2026, the Company has sufficient funds to pay a 6-month dividend and that its payment will not lead to indebtedness to creditors, personnel, budget and others.

1. PROPOSAL FOR DISTRIBUTION OF A 6-MONTH DIVIDEND

The Board of Directors proposes to distribute a 6-month dividend EUR 0.052 (5.2 euro cents) per share. The shareholders with dividend right are those persons entered in the registers of the Central Depository AD (CD) as at the 14th day after the day of the general meeting at which the 6-month financial statements were adopted and a decision for dividend distribution was taken. The Board of Directors plans, regardless of the number of outstanding shares on the 14th day after the day of the general meeting on which a decision has been taken to pay a six-month dividend, the total amount for distribution and payment of dividend to less or equal to EUR 28 036 195.36. According to the legal provisions, the company is obliged to ensure the payment to the shareholders of the dividend voted by the General Meeting within 60 days of its holding.

2. FINANCIAL INFORMATION AS AT 30 JUNE 2026

Key financial indicators

Indicators	1-6/2026 <i>EUR '000</i>
Sales revenues	93,714
EBITDA	36,728
Operating profit	29,235
Net profit	27,334
CAPEX	9,163
	30.06.2026 <i>EUR '000</i>
Non-current assets	364,055
Current assets	154,903
Owners' equity	359,837
Non-current liabilities	62,662
Current liabilities	96,459

Indicators	1-6/2026
EBITDA / Sales revenues	39.2%
Operating profit / Sales revenues	31.2%
Net profit / Sales revenues	29.2%

Categories of financial instruments:

Financial assets	30.06.2026
	EUR '000
Financial assets at fair value through other comprehensive income, incl.:	5,897
Equity investment	5,897
Financial assets at amortised cost incl.:	94,666
Loans and receivables incl.	91,428
Long-term receivables from related parties	6,791
Other long-term receivables	1,749
Receivables from related parties	67,182
Trade receivables	9,681
Loans granted to third parties	5,724
Cash and cash equivalents	3,238
Total financial assets	100,563

Financial liabilities	30.06.2026
	EUR '000
Financial liabilities at amortised value, incl.:	
Long-term and short-term bank loans	93,865
Liabilities under leasing contracts to related parties	7,313
Liabilities under leasing contracts to third parties	1,687
Other loans and payables, incl.	38,991
Trade liabilities	9,067
Liabilities to related parties	19,704
Other current liabilities	10,220
Total financial liabilities	141,856

The Company currently monitors the assurance and the structure of the capital on the basis of the gearing ratio. This ratio is calculated as follows: the net debt capital to the total amount of the committed capital. The net debt capital is calculated as the difference between the total borrowings, as presented in the Statement of financial position, and the cash and cash equivalents. The total amount of the committed capital is equal to owners equity and net debt.

The table below shows the gearing ratios based on capital structure as at 30.06.2026:

	EUR '000
Total borrowings, including:	102,865
bank loans	93,865
obligations under leasing contracts to related parties	7,313
obligations under leasing contracts to third parties	1,687
Less: Cash and cash equivalents	(3,238)
Net debt	99,627
Total equity	359,837
Total capital	459,464

Gearing ratio **0.22**

3. JUSTIFICATION

The main activity of "SOPHARMA" AD is production of medicinal products. The income and profit of the Company from the implementation of this activity are directly related to the realization of the production sold by the Company on the local and foreign markets. By adhering to the highest quality standards, the Company achieves high efficiency in the production of pharmaceuticals and succeeds not only as a leader on the Bulgarian pharmaceutical market but also as a competitive player in the region.

The Board of Directors considers that the company has the necessary funds and that there is no liquidity risk after the payment of the planned dividend amount of up to EUR 28 036 195.36. The liquidity risk could be an unfavourable situation of the company not being able to meet unconditionally all its liabilities in accordance with their maturity. For the first half of 2026, the company has a net profit of EUR 27.3 million. The company's forecast is to maintain the same pace of revenue and profit in the second half of this year. The Board of Directors proposes that a dividend be distributed to shareholders from the net profit earned during the first half of the year, as well as from a portion of the remaining retained earnings as of June 30, 2026.

The company generates and maintains a sufficient volume of liquid funds. An internal source of liquidity is the main business generating sufficient operating flows. Management intends to use the current proceeds from this activity to pay the planned 6-month dividend. In addition, the Company operates loans and therefore a significant part of the proceeds automatically repay existing working capital loan liabilities and are not reported to a large extent as current account balances, which is the reason for the usual for the company relatively low amount of cash and cash equivalents (as of 30.06.2026 amounting to EUR 3.2 million). At the same time, the current debt exposure to banks is in a range allowing the company, if necessary, to take advantage of additional free resources without causing difficulties in debt servicing. Bank loan contracts contain clauses with requirements to maintain certain financial ratios. The management of the company currently controls the implementation of these financial ratios in communication with the respective creditor bank, and as of 30.06.2026 the commitments have been met:

Required indicators according to concluded bank contracts

- Net debt / EBITDA < 4 on consolidated basis;
- Total liquidity based on the consolidated reports not less than 1.1;
- Ratio of Total Equity to Total Assets of no less than 40% based on quarterly consolidated reports;
- Debt Service Coverage Ratio (DSCR) greater than or equal to 1.1 based on audited annual consolidated reports.

Indicators as at 30.06.2026

Net debt / EBITDA per year on consolidated base	1.98x
Total liquidity on consolidated base	1.43
Equity / Assets on consolidated base	0.51

The Board of Directors of “SOPHARMA” AD, Sofia, taking into account the level of leverage of the company, fulfilling of financial commitments and restrictions, its liquidity position and expected future investments and financial results, that the proposed amount for payment of a 6-month dividend will not cause difficulties in servicing the current and upcoming liabilities of the company, as well as the indebtedness of the company to creditors, staff, budget, etc.

This report has been compiled by the Board of Directors of “SOPHARMA” AD, adopted on a meeting held on 15 September, 2026 and is part of the materials on the agenda of the convened for October 30, 2026. Extraordinary General Meeting of Shareholders of the Company.