

**CONTRACT
FOR TRANSFORMATION
THROUGH MERGER**

Today, 14.09.2017, the present transformation contract was concluded between:

I. SOPHARMA AD, registered in the Commercial Register of the Registry Agency, UIC 831902088, with headquarters and address of management in Sofia, Nadezhda District, 16 Iliensko shose Blvd., represented by the Executive Director Ognian Ivanov Donev, Personal Identification Number 5712226766, with ID № 641311145, issued by the Ministry of Interior Sofia on 25.10.2010, valid until 25.10.2020, with permanent address in Sofia, 18 Cherni vrah Blvd., entr.B, et.9, ap.33, hereinafter referred to as the "**Receiving Company**" or "**Sopharma**", on the one hand,

And

II. UNIPHARM AD, registered in the Commercial Register of the Registry Agency, UIC 831537465, with headquarters and address of management in Sofia, Studentski grad district, Darvenitsa, 3 Traiko Stanoev Street, represented by the Executive Director Ognian Kirilov Palaveev, Personal Identification Number 4905226644, with ID № 640025283, issued by the Ministry of Interior Sofia on 13.04.2010, with permanent address in Sofia, 64 Belovodski Path Street, hereinafter referred to as "**Transforming Company**" or "**Unipharm**"

each of them referred to as "**Party**", and together "**Parties**".

Parties considering the following:

(A) The Management Board of the Transforming Company has decided to transform it by its incorporation into the Receiving Company at a meeting held on 8.09.2017 and has instructed its Executive Director to sign this contract by a decision of meeting held on 08.09.2017;

(B) The Board of Directors of the Receiving Company has decided to transform through merger of the Transforming Company at its meeting held on 08.09.2017 and has instructed its Executive Director to sign this contract by decision of a meeting held on 08.09.2017;

(C) In view of the transformation decisions referred to in (A) and (B), the Parties intend to make a merger as specified in *Art. 262 of the Commercial Law*, as a result of which all the assets of the Transforming Company will be transferred to the Receiving Company, which will become its successor in title and the Transforming Company will cease without liquidation.

(D) *Art. 262e, para. 1 of the Commercial Law* requires the conclusion of a contract between the parties for their transformation in the manner described in letter C above.

BY THIS AGREEMENT, the Parties have agreed as follows:

SECTION 1 DEFINITIONS AND INTERPRETATION

Article 1.1 Definitions

For the purposes of this Contract, unless expressly provided otherwise, or if the context clearly implies a different meaning:

"Effective date of the merger" shall mean the date on which the merger becomes effective pursuant to *Art. 263g, para. 1 of the Commerce Act*.

"Date of the merger for accounting purposes" means the date from which the actions performed by the Converting Company are deemed to have been made by the Accepting Company for accounting purposes in accordance with *Art. 263g (2) of the Commerce Act*.

"Auditor's Report" means a report prepared by the Auditor under *Art. 262m of the Commerce Act*.

"Managing Authority Report" means the report prepared by the Board of Directors or the Management Board of each of the companies involved in the transformation under *Art. 262i of the Commerce Act*.

"Merger" means infusion as defined in *Art. 262, para. 1 of the Commercial Law*, as a result of which all the assets of the Transforming Company will pass to the Receiving Company and the latter will become its universal successor. The transforming company will cease without liquidation and all its assets, liabilities, property and non-material rights and obligations will be transferred to the Receiving Company.

"Examiner" means a certified public accountant or a specialized audit firm, registered with the Bulgarian Institute of Certified Public Accountants, meeting the requirements of *Art. 262l, para. 3 of the Commerce Act*, and listed in accordance with *Art. 123, para. 3 of the Public Offering of Securities Act*.

"Decision for merger" means the decisions which will be taken by the General Meetings of the two companies involved in the transformation under *Art. 262o of the Commerce Act*.

"Management Authority" means the Board of Directors or the Governing Board of the respective Party.

"Statute" means the statute of the respective Party in force at this time.

Article 1.2. Internal Referrals

References to sections, articles, paragraphs, and appendices refer to sections, articles, paragraphs, and appendices of this Contract, unless otherwise expressly provided

Article 1.3. Meaning of some words and expressions

(a) for each use in this Contract of the words 'include' or 'including', it is considered that they are followed by the words 'without restriction';

(b) the terms "of this Contract" and "in this Contract", as well as expressions of such significance, refer to this Contract as a whole and not to a specific provision thereof, unless expressly stated otherwise;

(c) the use of the plural form of any defined term does not change the meaning given in the definition, and the use of words in a given genus includes the meaning of those words in all other genera;

(d) the grammatical forms of a word or expression as defined in this Contract have the corresponding meaning.

Article 1.4. Referrals to legal provisions

References to any legal provision include a reference to all amendments to the applicable law, legal provisions that supersede the repealed provisions, as well as any regulations, regulations, ordinances, and orders that are issued under or in compliance with the statutory provision

SECTION 2

MAIN INFORMATION ABOUT THE PARTIES.

Article 2.1. Basic information about the Transforming Company

Unipharm AD, UIC 831537465, with headquarters and business address Sofia district, Municipality of Sofia, 1797, Sofia, Studentski district, Darvenitsa, 3 Trayko Stanoev Str. The capital of Unipharm AD is BGN 6,000,000 divided into 6,000,000 ordinary, registered, dematerialized, freely transferable shares, each with a par value of BGN 1, representing one class of ordinary shares. Unipharm AD has not issued different classes of shares. Unipharm AD is a public company within the meaning of Art. 110 and later of the Public Offering of Securities Act and is entered in the register under Art. 30, para. 1, item 3 of the Financial Supervision Commission with decision No. 419 - PD from 02.04.2008.

As of 08.09.2017, shareholders holding 5% or more of the voting shares of Unipharm's capital are:

Shareholder	% of the capital
1. Sopharma AD	98.56%

Article 2.2. Basic information about the Receiving Company

Sopharma AD is a joint stock company, registered in the Commercial Register of the Registry Agency, UIC 831902088, with headquarters and address of management in Sofia, Nadezhda district, 16 Iliensko Shose Blvd. The capital of the company is amounting to BGN 134,797,899

(one hundred and thirty four million seven hundred and ninety seven thousand eight hundred and ninety nine), fully paid-in. The capital of the company is divided into 134,797,899 (one hundred thirty-four million seven hundred ninety-seven thousand eight hundred ninety-nine) ordinary registered dematerialized voting shares with a par value of BGN 1 each. Sopharma AD is a public company within the meaning of Art. 110 and later of the Public Offering of Securities Act and is entered in the register under Art. 30, para. 1, item 3 of the Financial Supervision Commission with decision № 57 of 01.10.1998.

As of 08.09.2017 shareholders holding 5% or more of the voting shares of the capital of Sopharma AD are:

Shareholder	% of the capital
1. Donev Investments Holding AD	25.14%
2. Telecomplect Invest AD	20.41%
3. Romfarm Company OOD	18.04%
4. ZUPF Allianz Bulgaria	5.17%

Article 2.3. At the date of signature of this Contract:

2.3.1. The Receiving company holds 5 913 302 shares of the capital of the Transforming Company;

2.3.2. The Transforming company holds 151 166 shares of the capital of the Receiving Company;

2.3.3. The transforming company does not own its own shares;

2.3.4. The receiving company holds 5 648 915 own shares. The receiving company acquired the shares under this article following a decision of a Regular General Meeting of the Shareholders of Sopharma AD dated 23.06.2010, as amended by a decision of an Extraordinary General Meeting of Shareholders held on 30.11.2011, a meeting of shareholders held on 01.11.2012 and an Extraordinary General Meeting of the Shareholders held on 28.02.2013 and the Articles of Association of the company.

Article 2.4. The parties confirm that the implementation of the merger is subject to the prior approval of the Financial Supervision Commission and will be terminated upon receipt of this approval.

**SECTION 3
MERGER**

Article 3.1. Merger

By this Contract, the Parties agree to implement the Merger by performing all actions specified therein, as well as all other actions necessary for the implementation of the Merger, and the actions to be taken as a consequence thereof.

Article 3.2. Actions of Merger

On the Effective Date of the merger the rights and obligations of the Transforming Company shall be transferred to the Receiving Company and the shareholders of the Transforming Company shall become shareholders of the Receiving Company.

Article 3.3. The date of entry into force of the merger for accounting purposes.

According to Art. 262g, para. 2, point 7 and Art. 263g, para. 2 of the Commercial Code The parties agree that the date of entry into force of the merger for accounting purposes will be the date of entry of the transformation into the Commercial Register.

Article 3.4. Immovable property that passes from the Converting Company to the Receiving Company as a result of the Merger.

A description of the immovable property passing through the Transforming Company to the Receiving Company as a result of the merger is contained in Annex 3 to this contract.

SECTION 4 FAIR PRICE OF SHARES. PRICE RATIONALE. REPLACEMENT RATIO

Article 4.1. As a result of the merger, the shareholders of the Transforming Company, except the Receiving Company, which is also a shareholder of the Transforming Company, will acquire shares in the capital of the Receiving Company and become shareholders therein. The parties agree that the capital of the Receiving Company will not be increased with a view to effecting the Concession and the shareholders of the Transforming Company will acquire already issued Shares of the Receiving Company's capital as described in Section 6 of the Contract under the terms and conditions of the effective legislation and the provisions of the Regulations of Central Depository AD.

Article 4.2. In order to determine the fair values of shares of the Parties in applying the methods under Art. 5 of Ordinance No. 41 and the possibilities of minor deviations due to rounding, The Parties agree that the final calculations of the fair value of a share and the total fair values of the two companies should be rounded down to the third decimal place. In determining the proportion of exchange by dividing the fair value of a share of the Transforming Company at the fair value of the share of the accepting company, the Parties shall accept a rounding down to the sixth decimal place. The parties note and accept the following summarized financial data for the amount of the net asset value of each of the companies involved in the transformation as at 08.09.2017.

For the Transforming Company ("Unipharm" AD):

Evaluation method	Price per share in BGN	Weight	Weighted Price per Share in BGN
Average cost of the discounted cash flow method	6.411	40%	2.564

Net Asset Value	3.026	60%	1.816
Fair value per share		100%	4.380

The registered capital of the Transforming Company is BGN 6 000 000 divided into 6 000 000 registered dematerialized registered voting shares with a nominal value of BGN 1 each. According to the above-calculated fair value of one share of Unipharm AD, the fair value (net asset value) of the company is BGN 26,280,000.

For the Receiving company ("Sopharma" AD):

Evaluation method	Price per share in BGN	Weight	Weighted Price per Share in BGN
Closing price as of 07.09.2017.	4.680	50%	2.340
Average cost of the discounted cash flow method	7.441	15%	1.116
Net Asset Value	3.890	30%	1.167
Market multipliers of analogue companies	5.803	5%	0.290
Fair value per share		100%	4.913

The registered capital of the Transforming Company is BGN 134 797 899, distributed in 134 797 899 dematerialized registered voting shares with a nominal value of BGN 1 each. According to its interim unaudited statement as at 30.06.2017. Sopharma AD owns 5,648,915 own shares and in this respect in circulation there are 129,148,984 shares, on the basis of which the calculations for the fair price per share were made. According to the above calculated fair value of one share of Sopharma AD, the fair value (net asset value) of the company is BGN 644 711 728.

Article 4.3. On the basis of the established and accepted circumstances, the Parties shall establish and accept the following fair price of the shares, as determined on 08.09.2017:

4.3.1. of the Transforming Company: the fair price per share of UNIPHARM AD is BGN 4,380;

4.3.2. of the Receiving Company: the fair price per share of Sopharma AD is BGN 4,913.

Article 4.4. The fair value of the shares of the companies involved in the transformation has been determined on the basis of generally accepted valuation methods, and their description and justification of the price are contained in Annex 1 and Annex 2 to this contract.

Article 4.5. On the basis of the fair value of the shares of the companies involved in the transformation, a replacement ratio of 0.891512 is formed, which means that one share of the transforming company (Unipharm AD) should be replaced by 0.891512 shares of the Receiving Company ("Sopharma" AD). The share exchange ratio is set at 08.09.2017. The property of the Receiving Company (Sopharma AD) is increased by the portion of the net asset value of the Transforming Company (Unipharm AD), which corresponds to the shares in the capital of the Transforming company (Unipharm AD), which are not the property of the Receiving Company (Sopharma AD). Thus, the portion of the net assets of the Transforming Company (Unipharm AD),

which increases the net assets of the Receiving Company (Sopharma AD), is BGN 379,737 and the total value of the net assets of the Receiving Company (" Sopharma AD) increased to BGN 634 888 696.

In view of the provisions of *Art. 261b of the Commerce Act*, in the form of the share exchange ratio of the Receiving Company with the shares of the Transforming Company, after the merger the principle of equivalence has been observed, such as the shares acquired in the Receiving Company by the shareholders of the Company, including the additional cash payments under section 5 below are equivalent to the fair value of the shares held by the Company in the Transforming Company prior to the merger.

SECTION 5

ADDITIONAL CASH PAYMENTS UNDER ART. 261B, AL. 2 OF THE COMMERCIAL LAW. PAYMENT PERIOD

Article 5.1. Due to the mathematical impossibility that the shares of each individual shareholder in the Transforming Company be replaced by shares in the Receiving Company with a totally equivalent value, the difference to that amount will be offset by additional cash payments in the corresponding amount.

Article 5.2. The amount of the cash payment to each shareholder is determined by multiplying the number of shares held by him in the Transforming Company by the accepted replacement ratio according to Art. 4.5. of this Agreement. The resulting integer is the number of shares in the Receiving Company that the respective shareholder receives. The difference above this integer is multiplied by the fair value of one share of the Receiving Company, the result being the amount of the due levy in BGN. This result is a cash claim of the shareholder to the Receiving Company. On the basis of the shareholders' book of the Transforming Company as of 08.09.2017, the expectations of the parties to this Contract are that the total amount of the cash payments to the shareholders will be about BGN 145 (one hundred forty five leva). Thus, in view of the absolute value of the sum of all additional cash payments, the requirement of *Art. 261b, para. 2 of the Commerce Act* will be respected.

Article 5.3. The claims of the shareholders under Art. 261b, para. 2 of the Commerce Act become due from the Effective Date of the Entry. The repayment will be made in cash at the receiving company's cash desk at 16, Iliensko Shose Blvd., Sofia, Nadezhda district. The receivables will be paid to the shareholders of the Transforming company within 5 (five) years from the date on which they became due.

Article 5.4. The shareholders of the Transforming Company, which have insufficient number of shares, receive one share from the Receiving Company. The difference between the fair value of the insufficient number of shares held by the Transforming Company and the fair price per share of the

Receiving Company is a receivable of the Receiving Company against the respective shareholder and will be offset against future dividends or other amounts owed. For this purpose, upon payment of a dividend through the system of Central Depository AD pursuant to Art. 88 et seq. of the Rules and Regulations of the Central Depository AD, the Receiving Company shall give explicit instructions to the depositary institution regarding the offsetting of the due amounts. In so far as the nominal value of the shares of both the Receiving Company and the Transforming Company is fully paid up and given the fact that no new shares will be issued by the Receiving Company for the purposes of the Merger, then as a result of the acquisition by the Shareholders of the Transforming Company of already issued shares of the Receiving Company, the requirement for the capital of a public company to be fully paid is met.

SECTION 6

CONDITIONS RELATING TO THE DISTRIBUTION AND TRANSFER OF THE SHARES BY THE RECEIVING COMPANY

Article 6.1. The Shareholders of the Transforming Company acquire shares in the Receiving Company against the shares of the Transforming Company held by them as agreed in this Agreement. Insofar as the Receiving Company owns shares, the capital of the Receiving Company will not be increased with a view to the implementation of the Concession, and the shareholders of the Transforming Company will acquire already issued shares in the capital of the Receiving Company.

Article 6.2. The shareholders of the Transforming company may be entitled to acquire shares from the Receiving Company as at the date of the General Meeting of the Shareholders of the Transforming Company, where the decision under *Art. 262o of the Commercial Law*.

Article 6.3. "Central Depository" AD, in its capacity as depositary under Art. 264h, par. 5 of the Commerce Act, transfers the shares already issued by the Receiving Company to the shareholders' accounts. Pursuant to Art. 127 of the Public Offering of Securities Act, the transfer takes effect from the moment of its registration with "Central Depository" AD. Pursuant to *Art. 136, para. 2 of the Public Offering of Securities Act* "Central Depository" AD keeps the book of the shareholders of the Receiving Company.

Article 6.4. The Board of Directors of the Receiving Company shall submit within 7 days from the entry of the Entry into the Commercial Register to the Central Depository AD documents for the transfer of already issued shares of the Receiving Company to the accounts of the Shareholders of the Transforming Company.

Article 6.5. On the basis of the submitted application and a list of the shareholders of the Transforming company, the Central Depository AD makes a distribution of the shares in the personal accounts of the shareholders of the Transforming Company. Central Depository AD issues an act of registration of the transfers made.

Article 6.6. The shares of the Receiving Company are dematerialized and therefore physical shares will not be transferred. Each shareholder may request to obtain a certificate for the shares held by him through an investment intermediary - Article of the Central Depository AD.

SECTION 7

DESCRIPTION OF THE SHARES IN THE RECEIVING COMPANY. EXERCISE OF RIGHTS BY THE SHAREHOLDERS OF THE TRANSFORMING COMPANY IN RELATION TO THE RECEIVING COMPANY, INCLUDING THE RIGHT OF PARTICIPATION IN THE ALLOCATION OF PROFIT

Article 7.1. All shares in the capital of the Receiving Company are ordinary, registered, dematerialized, with a nominal value of BGN 1 (one) each.

Article 7.2. Each share entitles one vote to the general meeting of shareholders, the right to a dividend and a liquidation share proportional to its nominal value, as well as other rights under the applicable law.

Article 7.3. From the date of entry into force of the merger, the shareholders of the Transforming Company acquire all rights that the law or the Articles of Association grant to the shareholders of the Receiving Company, including the right to participate in the distribution of profits.

Article 7.4. According to *Art. 263c of the Commercial Code*, any shareholder whose legal status changes after the transformation and which has voted against the decision to transform through a merger may leave the Receiving Company.

Article 7.5. The termination of the participation shall be effected by notary certified notification to the Receiving Company within three months from the date of entry into the Commercial Register. The shareholder left has the right to obtain the equivalence of the shares held by him before the conversion of the price specified in this Contract. Within 30 days from the date of notification of termination of participation under *Art. 263c of the Commercial Law* the Receiving Company is obliged to buy the shares of the abandoned shareholders. The Leased Shareholder may file a claim for monetary clearance within three months of the notification under *Art. 263c, para. 1 of the Commerce Act*. The shares of the abandoned shareholder shall be assumed by the Receiving Company and the rules for acquiring own shares shall apply to them except *Art. 187a, para. 4 of the Commerce Act*.

SECTION 8
**RIGHTS AVAILABLE TO SHAREHOLDERS WITH SPECIAL RIGHTS AND
HOLDERS OF SECURITIES NOT HAVING SHARES**

Article 8. The parties confirm that neither the Transforming Company nor the Receiving Company has shareholders holding special rights in their shares and that neither the Transforming Company nor the Receiving Company has issued any securities other than shares. In view of the foregoing, the Parties agree that the provisions of *Art. 262g, para. 2, item 8, proposal first of the Commerce Act and Art. 123, para. 1, item 3 of the Public Offering of Securities Act* are not applicable to the merger.

SECTION 9
**PROVISIONS GRANTED TO THE INVESTIGATORS UNDER ART. 262L OF THE
COMMERCIAL ACT OR THE ARTICLES OF THE MANAGEMENT OR CONTROL
AUTHORITIES OF THE PARTIES**

Article 9.1. The Parties confirm that no special advantages are granted to the Examiners under *Art. 262l of the Commercial Law*.

Article 9.2. The Parties confirm that no special advantages are granted to the articles of the management and supervisory bodies of the companies involved in the transformation.

SECTION 10
OBLIGATIONS BEFORE THE DATE OF ENTRY INTO FORCE OF THE MERGER

Article 10.1. Actions preceding the holding of General Meetings of Shareholders

10.1.1 The Parties undertake to make the necessary efforts to ensure the fulfillment in due time of the following obligations through their Management Authorities:

- (a) The Parties shall submit to the Auditors of Verification: (1) a copy of this Contract within 3 (three) working days of its conclusion and (2) without undue delay any information and written documentation requested by the Verifiers , or which the relevant Management Authority deems necessary for the purpose of preparing the Auditors' Reports;
- (b) The Parties will ensure that the Reports of Auditors are prepared and submitted in a timely manner;
- (c) each Party will provide timely preparation of the Report of its Management Authority;

- (d) The Management Authority of the Receiving Company shall submit an application to the Central Depository AD for the forthcoming transformation in view of the requirement of *Art. 124, para. 2, item 7 of the Public Offering of Securities Act*;
- (e) The Managing Authority of the Transforming Company applies to the FSC to approve this Contract, the reports of the Managing Authorities and the Reports of the Auditors;
- (f) each of the Parties shall submit in the Commercial Register this Contract and the report referred to in (c) above, pursuant to *Art. 262k, para. 1 of the Commerce Act*;
- (g) after obtaining the approval of the FSC pursuant to *Art. 124, para. 1 of the POSA*, each Party shall carry out all necessary actions for the convocation of its General Meeting, including the announcement of the invitation to its shareholders in accordance with the provisions of the CA, the POSA and the Statute of the respective Party, the fulfillment of the obligation to provide information according to *Art. 262n, para. 1 and 2 of the Commercial Code*. Each Party shall notify the other of the date on which its General Meeting is convened;
- (h) each Party shall provide timely information on the transformation according to the requirements of *Art. 130b of the Labor Code*;
- (i) The Managing Authority of the Transforming Company applies to Central Depository AD for deregistration of the issue of shares issued by the Transforming Company.

Article 10.2. Notices of subsequent changes in the property rights and obligations of the Parties

According to *Art. 262n, para. 4 of the Commercial Code*, each Party shall notify the other Party of changes in its property rights and obligations occurring after the date of this Contract. The notification under the preceding sentence must be made no later than the date preceding the date on which the Party to whom the announcement is intended has scheduled its General Meeting to decide on the merger.

Article 10.3. Subsequent changes to legislation

If, after the conclusion of this Contract, the laws change in a manner requiring amendments and/or additions to this Contract, the Parties shall discuss amendments to this Contract which they consider necessary and appropriate as soon as the relevant legislative changes have been made.

Article 10.4. Actions after General Meetings

Provided that the General Meetings adopt a decision approving this Agreement:

- (a) each Party will notify the relevant territorial directorate of the National Revenue Agency for the merger within 3 (three) business days of the date of the merger decision for the respective country under *Art. 77, para. 1 of the Tax and Insurance Procedure Code*;
- (b) The Management Company of the Receiving Company, on the grounds of *Art. 263, para. 1 of the Commercial Code*, will file for entry Merger in the Commercial Register.

SECTION 11

OBLIGATIONS AFTER DATE OF ENTRY INTO FORCE OF THE MERGER

Article 11.1. Administrative registrations

The parties undertake to comply with their administrative registration obligations in accordance with the provisions of the law. For the avoidance of doubt, registrations include:

- (a) notification to the Financial Supervision Commission for the registration of the merger not later than 7 (seven) days from the date of entry of the Merger into the Commercial Register;
- (b) registration of the transfer of already issued shares of the Receiving Company to "Central Depository" AD. The Management Company of the Receiving Company is obliged to file for the registration with Central Depository AD the transfer of already issued shares to the Receiving Company to the shareholders of the Transforming Company;
- (c) write – off of the Transforming Company (Unipharm AD) and the issuance of shares issued by it with ISIN code: BG1100154076 from the register under *Art. 30, para. 1, item 3 of the Financial Supervision Commission Act*. The Management Company of the Receiving Company shall submit an application to the Financial Supervision Commission for the write – off of the Transforming Company and the issuance of the issue of shares from the register under *Art. 30, para. 1, item 3 of the Financial Supervision Commission Act*;
- (d) registration in the property register. The Management Authority of the Receiving Company shall submit the certificate for registration under *Art. 263c, para. 1 of the Commercial Register* for entering the property register.

Article 11.2. Obligation of the Receiving Company for separate management

According to *Art. 263k, para. 1 of the Commercial Law* the Receiving Company undertakes to manage separately the property of the Transforming Company which has passed on it for a period of 6 (six) months from the date of entry into force of the merger. The Articles of the Management Authority of the Receiving Company are jointly and severally liable to the individual management creditors.

SECTION 12

DECLARATIONS AND GUARANTEES

Article 12. Each Party declares and warrants to the other Party that each of the following statements is true and in all respects at the date of this Contract and will be true and true to the Effective Date of the Merger:

(a) Each Party :

(1) is a company duly incorporated and validly existing under the Commercial Act and the Public Offering of Securities Act;

(2) has the necessary capacity to carry on its business as it currently does and to own, lease and operate all its assets and assets; and

(3) is in good financial standing and is in a position to pay his / her pecuniary obligations at the moment they become due.

(b) Each Party declares and warrants to the other Party that:

(1) has the necessary capacity to conclude this Contract and to perform its obligations under it;

(2) the conclusion of the Contract and the fulfillment of its obligations under it shall be effected by duly empowered, in accordance with the law and the Articles of Association of the Party, with the exception of the Enforcement Decision not taken at the date of this Contract;

(3) neither the conclusion of the Contract nor the fulfillment of its obligations under it:

3.1 are in conflict or result in violation of the provisions of the Articles of Association or any other company document of the Party;

3.2 constitute a violation of any law, ordinance, decree, or other regulatory act applicable to the Party or a judicial or administrative decision from which the Party is bound.

(c) In addition, each Party declares and warrants to the other Party that:

The Party has complied with and continues to comply with all applicable laws and regulations relating to the protection of personal data, the prevention of discrimination, the terms of employment, the remuneration of employees, the working hours of employees, working conditions and occupational safety, and has held and has, and continues to own and observe, all and all licenses and permissions required by law to conduct the business of the Party; and the Party has not been, is not and, to the best of its knowledge, is not expected to be in breach of, or failure to comply with, any obligation under any contract, license or authorization, or as to the rights of any is a third party to such an extent that such breach or non-performance has an adverse effect on the Inflation or on the ability of the Party to perform its obligations under this Contract.

SECTION 13

ENTRY INTO FORCE AND TERMINATION OF THE CONTRACT

Article 13.1. Entry into force and termination of the contract

13.1.1. This Contract shall enter into force on the date of its signature by the Parties.

13.1.2. This Agreement may be terminated before the Effective Date of the Merger:

(a) Prior to the votes of the General Assemblies of the Parties of their decisions to approve this Contract - (1) by mutual written consent of the Parties or (2) unilaterally by either Party with prior written notice to the other Party; in the case of point (1) above, the termination shall occur on the date fixed by mutual consent of the Parties, and in the case of paragraph (2) above, the termination shall occur on the date fixed in the unilateral notification and no earlier than the date on which this

notification has been served on the other Party;

(b) If the Deputy Chairperson of the Financial Supervision Commission in charge of the Investment Activity Supervision Division has refused to grant the approval of the merger, in which case this Contract will be deemed terminated on the date on which the refusal has become final;

(c) In the event that the General Meeting of one of the Parties does not approve this Contract; in this case, the termination occurs at the date of the General Meeting of Shareholders, where a decision was taken not to approve this Contract;

(d) After the approval of the Contract by the General Meetings and prior to the entry of the Entry into the Commercial Register by a decision of the General Meeting of any of the Termination Parties, such decision shall be taken by a majority of at least 3/4 (three quarters) the votes of the attending shareholders; in this case, the Party whose General Assembly voted for the termination of the Contract shall immediately notify the other Party and the termination shall occur on the date on which such notification was served;

(e) In the event that the Commercial Register has refused to record the merger, in which case this Contract will be deemed terminated on the date on which the denial of the Commercial Register has become final.

Article 13.2. Liability upon termination

13.2.1 Each Party shall be liable for non-performance of its obligations under this Contract, and liability for liabilities that have arisen and become chargeable prior to the termination of this Contract shall continue to exist after the termination of this Contract.

13.2.2 Each Party shall be liable for damages incurred by the other Party which are directly related to the termination of this Contract if such termination has occurred on the grounds of Art. 13.1.2 (a) (2) of this Contract, or if termination would not occur if the Party which has failed to fulfill its obligations under this Contract or its statutory obligations relating to the Merger has fulfilled them.

SECTION 14 ADDITIONAL PROVISIONS

Article 14.1. Costs and fees

All costs and fees paid in connection with this Contract or in connection with the Merger are at the expense of the Party that has incurred such costs.

Article 14.2 Amendments to the Treaty

This Contract may be amended or supplemented only by mutual consent of the Parties.

Article 14.3. Notifications

Any notification, request, consent, approval or other communications in connection with this Contract shall be communicated in writing and shall be deemed to have been received if they were served personally upon receipt of a receipt or have been sent by telefax (the receipt of which has been confirmed), e-mail, or are sent by courier to the correspondence addresses of the Parties as specified below or to that other address for which the Party subsequently notifies the other Party in writing. All such notifications and other communications shall be deemed to have been served on the date on which they were received by the addressee.

(a) To the Transforming Company:

Ognian Palaveev, Executive Director, address: Sofia, Studentski grad, Dryanovitsa district, 3 Trayko Stanoev Str. fax: +359 2 970 03 10; e-mail: office@unipharm.bg

(b) To the Receiving Company:

Ognian Donev, Executive Director, address: Sofia, Nadezhda district, 16 Iliensko shose Blvd .; fax: 02/8134 141; e-mail: ir@sopharma.bg

Article 14.4. Integrity of the Contract

The Contract constitutes the entire agreement and cancels all prior agreements, negotiations, agreements and arrangements between the Parties regarding the Merger, whether in written, electronic or oral form.

Article 14.5. Partial invalidity

Nothing in this Contract that has been declared void, invalid or enforceable by a competent court shall not affect the validity or enforceability of the other provisions of this Contract. In the event that, by a final judgment of a competent court, any provision of this Contract is declared void, void or unenforceable, the Parties shall endeavor to agree to replace it with a valid and enforceable provision as close as possible to content and effect to that which has been declared void or unenforceable.

Article 14.6 Applicable law

This Agreement is governed by and construed in accordance with the laws of the Republic of Bulgaria.

Article 14.7. Settlement of disputes

Any disputes arising out of or in connection with this Contract, including disputes arising out of or relating to its interpretation, invalidity, performance or termination, as well as disputes

concerning the completion of gaps in the Contract or its adaptation to new circumstances, shall be resolved by The Court of Arbitration at the Bulgarian Chamber of Commerce and Industry, in accordance with its Rules of Procedure, based on arbitration agreements.

An integral part of this Contract are the following apps:

Annex № 1: Justification of the fair price of the shares of Sopharma AD for transformation through merger of Unipharm AD into Sopharma AD;

Annex № 2: Justification of the fair price of the shares of Unipharm AD for transformation through merger of Unipharm AD into Sopharma AD

Annex № 3: Description of the real estate transferred from the Transforming Company to the Receiving Company as a result of the merger.

This contract was signed in four identical copies and signed as follows:

For the Transforming Company: _____

For the Receiving Company: _____

ADDITIONAL AGREEMENT № 1

to the contract for transformation through merger concluded on 14.09.2017

Today, 8.11.2017 г., this additional agreement was concluded between:

I. Sopharma AD, registered in the Commercial Register of the Registry Agency, UIC 831902088, with headquarters and address of management in Sofia, Nadezhda district, 16, Iliensko shose Blvd., represented by the Executive Director Ognyan Ivanov Donev, Personal Identification Number 5712226766, with ID card No 641311145, issued by the Ministry of Interior Sofia on 25.10.2010, valid until October 25, 2020, with permanent address in Sofia, 18, Cherni vrah Blvd., ent. B, floor 9, apt. 33, hereinafter referred to as the **"Receiving Company"** or **"Sopharma"**, on the one hand,

AND

II. Unipharm AD, registered in the Commercial Register of the Registry Agency, UIC 831537465, with headquarters and address of management in Sofia, Studentski district, 3, Trayko Stanoev Str., Represented by the Executive Director Ognian Kirilov Palaveev, Personal Identification Number 4905226644, with ID No 640025283, issued by the Ministry of Interior on 13.04.2010, valid until 13.04.2020, with permanent address in the city of Sofia, 64, Belovodski Street, hereinafter referred to as **"Transforming Company"** or **"Unipharm"**,

each of them individually referred to as **"Party"**, and together **"Parties"**.

The Parties agree on the following amendments and additions to the Transformation Agreement concluded between them on September 14 2017 ("the merger contract"):

I. Article 3.3 is amended as follows:

"Article 3.3. The date of entry into force of the merger for accounting purposes.

According to Art. 262g, para. 2, point 7 and Art. 263g, para. 2 of the Commercial Code, the Parties agree that the effective date of the merger for accounting purposes will be 01.01.2018. "

II. In Article 4.2, the words "BGN 644 711 728" are replaced by "BGN 634 508 958".

III. New Articles 4.6 and 4.7 are inserted as follows:

„**Article 4.6.** The number of shares in the Accepting Company that each shareholder of the Converting Company receives is determined by multiplying the number of shares held by the respective shareholder in the Conversion Company by the accepted replacement ratio according to Article 4.5. of this Agreement. The resulting integer is

the number of shares in the capital of the Accepting Company that the respective shareholder receives. The sum of the whole number of shares received for each shareholder gives the sum of the shares and the difference will be paid according to the order of section 5 below. In order to comply with the requirement that all shareholders of the Converting Company without Sopharma AD obtain shares in the Accepting Company, the parties to this Agreement agree that the shareholders who have insufficient number of shares in the Transforming Company are entitled to receive one share or to receive cash payments, subject to the provisions of Articles 5.3 to 5.6. below.

Article 4.7. The parties agree that after the expiration of the term under Article 5.4. below, the Board of Directors of the Beneficiary Company will certify the specific number of shares according to the number of explicit voiced representations received by shareholders of the Converting Company which, as a result of the exchange ratio, should receive less than one share. "

IV. Section 5 is amended as follows:

„SECTION 5 CASH PAYMENTS. PAYMENT PERIOD

Article 5.1. Due to the mathematical impossibility that the shares of each individual shareholder in the Converting Company be replaced by shares in the Accepting Company with a totally equivalent value, the difference to that amount will be offset by additional cash payments in the corresponding amount.

Article 5.2. The amount of the cash payment to each shareholder is determined by multiplying the number of shares held by him in the Converting Company by the accepted replacement ratio according to Art. 4.5. of this Agreement. The resulting integer is the number of shares in the Accepting Company that the respective shareholder receives. The difference above this integer is multiplied by the fair value of one share of the capital of the Accepting Company, the result being the amount of the due levy in BGN. This result is a cash claim of the shareholder to the Accepting Company.

Article 5.3. Under the conditions and by the order described in Art. 5.4-5.6 below, the shareholders of the Converting Company, which as a result of the calculations should receive less than one share in the Accepting Company, are entitled to receive one share in the Accepting Company by bringing the difference to the full amount of the fair value of the one share in the Accepting Company. The difference is calculated by multiplying the number of shares held by the respective shareholder in the Converting Company by the calculated fair price per share of the Converting Company. The resulting figure is deducted from the fair value of one share of the capital of the Accepting Company.

Article 5.4. Within 5 (five) business days as of the later of (1) the date of the General Meeting of the Shareholders of the Converting Company, which has been approved for the approval of the merger and (2) the date of the General Meeting of the shareholders of the Beneficiary Company, which has been approved for the merger and (2) the date of holding of the General Meeting of Shareholders of the Beneficiary Company, which has been

approved for the approval of the merger, a shareholder who meets the requirements of Art. 5.3. above, expressly make a written statement to the Transforming Company or the Accepting Company that it wishes to acquire one share of the capital of the Accepting Company and to pay the difference to the fair value of that share. The shareholder shall file a written request at the address of the Management Company of the Transforming Company in Sofia, Studentski district, bc. 3, Trayko Stanoev Str., Or at the address of management of the Accepting Company in Sofia, Nadezhda district, 16, Iliensko Shose Blvd. The written application should be received at the indicated addresses until the end on the working day in which the period under sentence one expires. The application should contain at least the details of the shareholder (name / company, UIN / UIC) and the amount of the payment due. In so far as the nominal value of the shares of both the Beneficiary Company and the Converting Company is fully paid up and given the fact that no new shares will be issued by the Accepting Company for the purposes of the Venture, then as a result of the acquisition by the Shareholders of the Converting Company of already issued shares of the Accepting Company, the requirement for the capital of a public company to be fully paid is met.

Article 5.5. The payment should be made in cash at the management address of the Transforming Company in Sofia, Studentski district, bc. 3, Trayko Stanoev Str., Or at the address of management of the Accepting Company in Sofia, Nadezhda District, 16, Iliensko Shose Blvd., Within 30 (thirty) days from (2) the date of holding of the General Meeting of the Shareholders of the Beneficiary Company, which has been decided on the date of the General Meeting of the Shareholders of the Transforming Company which has been approved for the approval of the merger; approval of the merger.

Article 5.6. If within the term under Art. 5.4. the above shareholder who meets the conditions of Article 5.3 does not make an explicit written statement (written application) to acquire one share of the capital of the Beneficiary Company and to pay the difference to its fair value, the shareholder shall be deemed to refuse to acquire this one share. In this case, the shareholder shall be entitled to a cash payment, which shall be made in accordance with the provisions of Art. 5.9. below. The amount of the cash payment is established as the number of shares held by the shareholder in the Converting Company is multiplied by the fair value of one share of the capital of the Converting Company.

Article 5.7. After the expiration of the term under Art. 5.4. above, the Board of Directors of the Beneficiary Company shall determine the exact number of shares of the Beneficiary Company that will be necessary for the implementation of the Concession, subject to the exchange ratio and the exact amount of the cash payments to the Shareholders of the Converting Company.

Article 5.8. On the basis of the shareholders' book of the Converting Company as of 08.09.2017, the expectations of the parties to this Contract are that the total amount of the cash payments to the shareholders will be about 145 (one hundred forty five) levs. Thus, in view of the absolute value of the sum of all additional cash payments, the requirement of Art. 261b, para. 2 of the Commerce Act will be respected.

Article 5.9. The claims of the shareholders under Art. 261b, para. 2 of the Commerce

Act become due from the Effective Date of the Entry. The repayment will be made in cash at the receiving company's cash desk at 16, Iliensko Shose Blvd., Sofia, Nadezhda district. The claims will be paid to the shareholders of the transforming company within 5 (five) years from the date on which they became due. "

V. The title of Section 6 is amended as follows:

"CONDITIONS RELATING TO THE DISTRIBUTION AND TRANSFER OF SHARES BY THE RECEIVING COMPANY. LEAVE LAW "

VI. Article 6.4 is amended as follows:

„Член 6.4"Article 6.4. The Board of Directors of the Beneficiary Company shall submit to Central Depository AD an application for the transfer of already issued shares (own shares) to the Accepting Company on the accounts of the shareholders of the Transforming Company within 7 days from the entry of the Entry into the Commercial Register, to which the decisions of the General Meetings of the Shareholders of the Transforming Company and of the Accepting Company for the approval of the merger, the transcript of the entry of the Entry in the Commercial Register, the list of the shareholders of the Converting Company receiving Shares of the Accepting Company as a result of the merger, with indication of the number of shares for each individual shareholder, as well as other documents required by the Regulations of Central Depository AD. "

VII. Article 6.5 is amended as follows:

„Article 6.5. Central Depository AD, on the basis of the submitted application and a list of the shareholders of the Converting Company, distribute the own shares of the Accepting Company in favor of the shareholders of the Converting Company, who receive shares from the Accepting Company as a result of the merger. The shares are distributed on personal accounts of the shareholders of the transforming company. "Central Depository" AD issues an act of registration of the transferred transfers. "

VIII. Article 6.6 is amended as follows:

"Article 6.6. The shares of the Accepting Company are dematerialized and therefore physical shares will not be transferred. Central Depository AD issues an act of registration of the transfers of own shares to the Accepting Company in favor of the shareholders of the Converting Company receiving shares of the Accepting Company as a result of the merger and therefore the Accepting Company does not intend to request the issuance of supporting documents for individual transfers. Each shareholder may request to obtain a certificate for the shares held by him through an investment intermediary - a member of the Central Depository AD. "

IX. Articles 6.7 and 6.8 shall be inserted as follows:

"**Article 6.7.** According to Art. 263c of the Commercial Law, any shareholder whose legal status changes after the transformation and which has voted against the decision for transformation by merger may leave the accepting company under the terms and conditions of Article 6.8. below. The parties agree that a change in the legal situation will occur when the percentage shareholding of the individual shareholder in the capital of the Accepting Company reduces the ability of the shareholder to exercise his non-pecuniary rights, if it reduces the ability of the individual shareholder to influence decision-making by the general meeting.

Article 6.8. The termination of the participation shall be effected by notary certified notification to the Beneficiary within three months from the date of entry of the Entry in the Commercial Register. The shareholder left has the right to obtain the equivalence of the shares held by him before the conversion of the price specified in this Agreement. Within 30 days from the date of notification of termination of participation under Art. 263c of the Commercial Law The receiving company is obliged to buy the shares of the abandoned shareholders. The Leased Shareholder may file a claim for monetary clearance within three months of the notification under Art. 263c, para. 1 of the Commerce Act. The shares of the abandoned shareholder shall be assumed by the Accepting Company and the rules for acquiring own shares shall apply to them except Art. 187a, para. 4 of the Commerce Act.

X. Articles 7.4. and 7.5. are canceled.

XI. A new Article 9.3 is inserted as follows

„**Article 9.3.** In the light of Article 9.1. and Article 9.2. above The parties agree that the provisions of Art. 262g, para. 2, item 8 of the Commerce Act and of Art. 123, para. 1, item 3 of the Public Offering of Securities Act are not applicable to the merger. "

XII. Article 14.7. is amended as follows:

"Article 14.7. Settlement of disputes

Any disputes arising out of or in connection with this Agreement, including disputes arising out of or relating to its interpretation, invalidity, performance or termination, as well as disputes concerning the filling of gaps in the Contract or its adaptation to newly emerging circumstances shall be settled between the Parties mutual agreement. If no agreement is reached, the dispute shall be resolved before the competent Bulgarian court. "

XIII. The parties approve a corrected justification of the fair value of the shares of

UNIPHARM AD for the transformation by merger of UNIPHARM AD into SOPHARMA AD - Annex 2 to the merger agreement.

The present supplementary agreement № 1, together with a corrected justification of the fair price of the shares of UNIPHARM AD for the transformation through merger of UNIPHARM AD into SOPHARMA AD - Annex 2 to the merger agreement, are an integral part of the merger agreement .

This additional agreement was concluded in four identical copies and was signed as follows:

For the Transforming Company:_____

For the Receiving Company:_____