

SUBSTANTIATED REPORT

FROM THE BOARD OF DIRECTORS OF "SOPHARMA" AD

REGARDING: Terms and justification of a transaction under Art. 114, para. 1 of the Law on Public Offering of Securities (LPOS), proposed for approval and authorization of the persons who manage and represent the public company at the Annual General Meeting of Shareholders, scheduled for June 26, 2026.

This report was prepared and adopted by the Board of Directors of "Sopharma" AD (the Company), Sofia, at a meeting held on May 13, 2026, subject to the provisions of Art. 114a, para. 1 of the LPOS, Art. 33 from Regulation No. 2 of 09.11.2021 of the Financial Supervision Commission on prospectuses for public offering and admission to trading on a regulated market of securities and on the disclosure of information by public companies and other issuers of securities and the Articles of Association of the Company.

Pursuant to Art. 114a, para. 1 of the LPOS, this report of the Board of Directors of the Company is part of the materials for the General Meeting of Shareholders, scheduled for June 26, 2026.

The purpose of this report is to inform the shareholders of "Sopharma" AD of the essential terms and the justification of a transaction within the scope of Article 114, paragraph 1 of the Law on Public Offering of Securities, proposed for approval by the Annual General Meeting of Shareholders scheduled for June 26, 2026, with a view to making an informed decision on the relevant item on the agenda, namely - authorizing the persons who manage and represent "Sopharma" AD to conclude this transaction.

The substantiated report contains information about the parties, the subject, the conditions, the value and the terms of the proposed transaction, as well as an analysis of the circumstances determining the need for authorization in accordance with the provisions of Art. 114 et seq. of the LPOS.

The subject of this report is the following transaction:

Contract for the purchase and sale of medicinal products and other products of importance to human health between "Sopharma" AD as seller and "Sopharma Trading" AD as buyer - a transaction falling within the scope of Art. 114, para. 1, item 3 of the LPOS;

SECTION ONE

CONCLUSION OF A PURCHASE AND SALE AGREEMENT OF MEDICINAL PRODUCTS AND OTHER PRODUCTS OF IMPORTANCE TO HUMAN HEALTH BETWEEN "SOPHARMA" AD AS SELLER AND "SOPHARMA TRADING" AD AS BUYER - A TRANSACTION FALLING WITHIN THE SCOPE OF ARTICLE 114, PARAGRAPH 1, ITEM 3 OF THE LPOS

1. SUBJECT OF THE TRANSACTION

It is proposed that the General Meeting of Shareholders of "Sopharma" AD approve and authorize the company's representative to conclude a transaction with the subject: purchase and sale of medicinal products and other products of importance to human health /medical devices, sanitary and hygienic materials, food supplements/ between "Sopharma" AD as a manufacturer and seller of the goods and "Sopharma Trading" AD as a buyer, pursuant to which "Sopharma" AD will incur a receivable from "Sopharma Trading" AD in the amount of up to 200,000,000 /two hundred million/ euros excluding VAT for the period from 01.07.2026 to 30.06.2029.

2. PARTIES TO THE DEAL

SELLER: "Sopharma" AD, with registered office and management address - Sofia, Nadezhda district, 16, "Iliensko Shose" Str., UIC 831902088, represented by Ognian Ivanov Donev, in his capacity as Executive Director and representative of the company.

BUYER: "Sopharma Trading" AD, with registered office and address of management - Sofia, Izgrev district, 5, Lachezar Stanchev Str., Sopharma Business Towers, Building A, floor 12, registered in the Commercial Register at the Registry Agency with UIC: 103267194, represented by Ventsislav Stefanov Marinov, in his capacity as Executive Director and representing the company.

3. PARTICIPATION OF INTERESTED PERSONS IN THE ABOVE-DESCRIBED TRANSACTION WITHIN THE MEANING OF ART. 114, AL. 7 of the LPOS

Ognian Donev is an interested party within the meaning of Art. 114, para. 7 item, item 2 and item 3 in connection with item 2 of the LPOS.

"Donev Investments Holding" AD is an interested party within the meaning of Art. 114, para. 7, item 2 of the LPOS.

Pursuant to Art. 114a, para. 5 of the LPOS, interested parties may not exercise their right to vote at the General Meeting of the Company, scheduled for June 26, 2026, when making a decision to authorize the representative of the Company to conclude the proposed transaction. When determining the quorum for making a decision under sentence one, all votes presented at the general meeting shall be taken into account, and when determining the majority for making a decision, the votes of interested parties shall not be included.

4. CONDITIONS AND DEADLINE FOR COMPLETION OF THE TRANSACTION

The main terms of the proposed transaction are as follows:

Contract term: three years, from 01.07.2026 to 30.06.2029.

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Subject of the transaction: purchase and sale of medicinal products and other products of importance to human health between "Sopharma" AD as the manufacturer and seller of the goods and "Sopharma Trading" AD as the buyer.

Value of the transaction - the total value of the transaction for the envisaged period amounts to up to 200,000,000 /two hundred million/ euros excluding VAT.

The Seller will issue an invoice for the value of the goods for each specific delivery. Payment will be made by bank transfer against the presented invoice.

The General Meeting of Shareholders of "Sopharma" AD should authorize **the persons who manage and represent the public company** to conclude the transaction, as well as to perform all legal and factual actions necessary for its implementation, in compliance with the decision of the General Meeting of Shareholders, the Articles of Association of the company and in accordance with the applicable provisions of the current legislation.

5. PERSONS IN WHOSE BENEFIT THE TRANSACTION IS CONCLUDED

The transaction is for the benefit of both parties.

6. ASSESSMENT OF THE CONDITIONS UNDER ART. 114, para. 1, item 3 OF THE LPOS - these conditions are assessed when, by virtue of and in execution of the transaction, receivables arise for the public company to one person or to related persons with a total value of more than the value under Art. 114, para. 1, item 1, letter "a" of the LPOS, and where the company's debtors are interested persons - over 50 percent of the value under item 1, letter "b" of the same provision.

In implementation of the proposed transaction, Sopharma AD will incur **a receivable** for the value of the goods sold in a total amount for the envisaged 3-year period of up to 200,000,000 /two hundred million/ euros from its subsidiary "Sopharma Trading" AD.

The transaction can be defined as having been carried out in the ordinary course of business of the public company, but given the participation of an interested party, the provision of paragraph 10 of Article 114 of the LPOS is inapplicable.

At the same time, although an interested party within the meaning of Art. 114, para. 7 of the LPOS participates in the transaction, the company to which the receivable arises as a result of the transaction - "Sopharma Trading" AD - is not an interested party. In view of this, by virtue of and in connection with the proposed transaction, **no** claim arises for the Company from a debtor - an interested party or in favor of an interested party, therefore the applicable threshold for the transaction should be determined in accordance with Art. 114, para. 1, item 3, proposal one in connection with Art. 114, para. 1, item 1, b. "a" of the LPOS.

Asset value according to audited balance sheet as of 31.12.2025, publicly disclosed /converted into euros/	Balance sheet value of assets as of 31.03.2026 – unaudited and publicly disclosed /in euros/	Value of the claim in euros	Threshold under Art. 114, para. 1, item 1, b "a" of the LPOS in euros
525,664,000	501,618,000	200,000,000	175,221,000

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As can be seen from the above table, the value of the proposed transaction exceeds the thresholds under Art. 114, para. 1 and its conclusion requires prior authorization by the General Meeting of Shareholders of "Sopharma" AD.

7. JUSTIFICATION OF THE PROPOSED TRANSACTION

"Sopharma" AD's main activity is the production of medicinal products and medical devices. The realization of revenues and profits for the company from the implementation of this activity is directly and immediately related to the realization of the manufactured products on the local and foreign markets.

"Sopharma Trading" AD's main activity is wholesale and retail trade in medicinal products and sanitary and hygienic materials. With the goods purchased under the proposed transaction, the company maintains its portfolio and creates opportunities for generating revenue and increasing the financial result, which in turn will be reflected in the consolidated financial results of "Sopharma" AD, in order to achieve higher profitability for its shareholders.

This report was prepared by the undersigned members of the Board of Directors of "Sopharma" AD and adopted by Minutes of 13.05.2026. Pursuant to Article 114 "a", paragraph 2 of the LPOS, Mr. Ognian Donev - Chairman of the Board of Directors did not participate in the preparation and adoption of this report.

This report forms part of the materials for the Regular General Meeting of Shareholders convened for June 26, 2026. The Annual General Meeting of the Company's Shareholders, also referring to the possible holding of the General Meeting on the reserve date specified in the invitation for its convening.

Board of Directors of "Sopharma" AD:

1. Vesela Lyubenova Stoeva /signature/

2. Alexander Viktorov Tchaouchev: /signature/

3. Bissera Nikolaeva Lazarova: /signature/

4. Ivan Venetskov Badinski: /signature/

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