

Current report №5/ 2023
Dated January 13, 2023

**Received corrected tender offer addressed to the shareholders of "Sopharma" AD
from "Donev Investments Holding" AD**

Sofia, Bulgaria, January 13, 2023 – According to the requirements of art. 100t of LPOS, the Board of Directors of "**Sopharma**" AD (SFA: "BFB - Sofia", SPH: Warsaw Stock Exchange) announces that on January 13, 2023, "Sopharma" AD received a corrected tender offer, registered with the Financial Supervision Commission from "DONEV INVESTMENTS HOLDING" AD - a shareholder directly owning 37,600,000 ordinary, non-available shares with voting rights, representing 27.89% of the capital and votes in the GMS of "SOPHARMA" AD, on the basis of art. 149b of the Law on the Public Offering of Securities for the purchase of shares from the remaining shareholders of "SOPHARMA" AD.

The essential conditions of the tender offer are:

Information about trade offeror:

The tenderer is "DONEV INVESTMENTS HOLDING" AD, a company established and operating as a joint-stock company under Bulgarian legislation, with its registered office and management address: Sofia, p.c. 1000, Vazrazhdane district, "Positano" street No. 12; phone: +359 (2) 9880016; electronic address (e-mail) ivandonev@dih.bg; electronic page on the Internet (web-site): none. "DONEV INVESTMENTS HOLDING" AD is registered in the Commercial Register and the register for non-profit legal entities maintained by the Registration Agency ("Commercial Register") with **EIC 831915121**.

The object of the Proposer is as follows: *participation in the capital of other commercial companies; acquisition and management of investments in other companies; acquisition of financial assets for the purpose of trading, raising of funds by issuing securities and subsequent investment of the funds raised, investment management and investment operations, consultancy services, translation activities and all activities in the territory of the country or abroad not prohibited by law.*

The name of the Offeror is "DONEV INVESTMENTS HOLDING" AD. The company was incorporated under the name "Sofia" AD, and subsequently on May 14, 2008, the current name of the company - "DONEV INVESTMENTS HOLDING" AD - was entered in the Commercial Register at the Registration Agency.

As of the date of registration of the corrected Trade Offer with the Commission for Financial Supervision - January 13, 2023, "DONEV INVESTMENTS HOLDING" AD has capital in the amount of BGN 29,500,000, which is fully paid up.

The identification code of the legal entity (Legal Entity Identifier code) is 529900M68G247LNXVB33.

"DONEV INVESTMENTS HOLDING" AD is managed by a Board of Directors (BoD) in the following composition:

- **Phd Ognyan Ivanov DONEV**, business address: Sofia, p.c. 1000, Vazrazhdane District, 12 Positano Str. - Chairman of the Board of Directors;
- **Ivan Ognyanov DONEV**, business address: Sofia, p.c. 1000, Vazrazhdane District, 12 Positano Str. – member of the Board of Directors and Executive Director;

- **Rositsa Dimcheva DONEVA**, business address: Sofia, p.c. 1000, Vazrazhdane District, 12 Positano Str - member of the Board of Directors.

According to its charter, "DONEV INVESTMENTS HOLDING" AD is represented by its Executive Director - Ivan Ognyanov Donev.

Shareholders holding directly and/or through related persons more than 5 percent of the votes in the General Meeting of the Proposer are as follows:

Phd Ognyan Ivanov Donev - shareholder who, as of the date of registration of the corrected Trade Offer with the Commission for Financial Supervision – January 13, 2023, directly owns 29,346,300 shares or 99.48% of the capital and votes in the GMS of "DONEV INVESTMENTS HOLDING" AD.

The business address of Mr. Phd Ognyan Ivanov Donev is the city of Sofia, p.c. 1000, Vazrazhdane district, 12 Positano Str.

Phd Ognyan Ivanov Donev exercises control over "DONEV INVESTMENTS HOLDING" AD in the sense of § 1c, item 1 of the Additional Provisions of the Commercial Law and § 1, item 14 of the Additional Provisions of the Law on the Public Offering of Securities, as it directly owns more than 50 percent of the number of votes in the General Meeting of Shareholders of "DONEV INVESTMENTS HOLDING" AD.

Number of voting shares that the offeror does not own

"DONEV INVESTMENTS HOLDING" AD does not own (directly, through related parties or indirectly pursuant to Art. 149, para. 2 of the Civil Code) 89,865,700 ordinary, non-cash, registered, freely transferable shares with ISIN BG11SOSOBT18, representing 66.67% of the capital and from the votes in the General Meeting of the shareholders of "SOPHARMA" AD. In accordance with the decision taken by the Offeror's Board of Directors dated October 28, 2022, the Offeror intends to increase its share in the Company's capital by acquiring directly and through related parties more than 1/3, namely - up to 41.49% of the votes in the General Meeting of the Company's shareholders, by purchasing according to the order of the Commercial Offer under Art. 149b of the LPOS, addressed to all other shareholders of "SOPHARMA" AD of up to 11,000,000 ordinary, bearer, registered, freely transferable shares, with ISIN BG11SOSOBT18, representing 8.16% of the capital and votes in the General Meeting of Shareholders of "SOPHARMA" AD.

The offeror's strategic plans regarding "Sopharma" AD

According to the information presented in the tender offer, the Proposer's strategic plan for Sopharma AD (the Company) includes the following key points:

- to increase sales of its existing portfolio, as well as by adding new products in categories in which the Company has a strategic interest. To this end, the company 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 through the optimization of 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 to this, a strategy has been developed and is in the process of being implemented to optimize the processes of planning, supplies, production, distribution

through active management along the supply chains. This would allow new business segments to develop, such as potential contract manufacturing;

- continued operation of the production in full compliance with the good manufacturing practices adopted in the EU;
- to diversify the activity of its distribution business, which is carried out through the subsidiary "SOPHARMA TRADING" AD. In 2015, "SOPHARMA TRADING" AD launched the development of its own retail pharmacy concept under the SOPharmacy brand.

In 2017, the company acquired the PharmaStor chain of pharmacies, which subsequently went under the SOPharmacy brand. In October 2020, the company acquired the companies from the "SCS Franchise" AD group, as well as "Sanita Franchising" AD. As a result of the transaction, "SOPHARMA TRADING" AD acquired over 150 pharmacies across the country under the Sanita, Ceiba and SCS brands. The plans foresee their transition under the SOPharmacy brand, a process that began in 2021. In the future, "SOPHARMA TRADING" AD aims to continue to strengthen its position on the Bulgarian market by expanding its pharmacy network in the country;

- to implement new technologies to support the automation of business processes in the SOPHARMA GROUP ("the Group");
- to deepen the operational synergy between the companies in the Group, both within the segments themselves and between interconnected segments such as manufacturing and distribution of pharmaceutical products;
- to develop its personnel through training in order to increase qualifications and competencies and to preserve and maintain the reputation of a preferred employer with opportunities for career development in the segments of the Group, as well as to work closely with specialized higher education institutions and offer a career start to personnel;
- to implement a diversity policy in the Group with the aim of creating a working environment free from prejudice, cultivating an atmosphere of respect and mutual trust, fostering a corporate culture of mutual respect and valuing each individual. Managers and employees carry out their activities professionally, impartially, with dignity and integrity, avoiding conflicts of interest;
- to implement a green policy in order to reduce the carbon footprint of the companies in the Group by using energy from renewable sources.

The implementation of the strategy depends on the influence and development of the following main risk factors, characteristic of the profile of "SOPHARMA" AD and the businesses in which the companies of the Group operate:

- non-systemic risks specific to the Group - risks from the influence of epidemics and pandemics; risks arising from dependence on the development of the world economy and trade; risk of political instability in traditional markets and regions, military action and/or imposed sanctions; risks related to fraud and abuse; risks related to the regulatory framework governing the pharmaceutical business and environmental protection; risks related to attracting and retaining experienced and qualified personnel; credit, liquidity, currency and interest rate risk. Each of these risks affects the Group's segments to a different extent;
- systemic risks related to the market and the macro environment in which companies operate. These risks cannot be managed and controlled by the Group.

The Proposal is not expected to have an impact on the employees of "SOPHARMA" AD (including the employees of the subsidiaries) and "DONEV INVESTMENTS HOLDING" AD for a period of three years after the conclusion of the transaction. There is no change in the place of business of "SOPHARMA" AD (including the subsidiaries) and "DONEV INVESTMENTS HOLDING" AD.

Offer price per share

The proposed price of the tender offer is **BGN 4.50** per share and is higher than the average weighted market price of the shares for the last 6 months, before the registration of the Tender Offer, which is BGN 4.485.

Each shareholder - the addressee of the proposal can accept it within the period specified in it, by submitting an application for acceptance according to the model. The price of the purchased shares shall be paid by the trading offeror, through IP "Karol" AD within 7 working days after the expiration of the period for acceptance of the offer, according to the instructions for the method of payment by the shareholder who accepted the offer.

The Financial Supervision Commission (FSC) has not taken a position on the submitted corrected draft of the tender offer.

Ognian Donev

RAPORT ODEBRANY: Raport UNI-EN przekazano do kancelarii Publiczna GPW.

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Konto: ESSSOADVIA.

Funkcja skrytu dla paczki raportu (SHA)

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