

## **M I N U T E S**

### **OF THE MEETING OF THE BOARD OF DIRECTORS OF SOPHARMA AD**

The meeting of the Board of Directors of Sopharma AD took place on 9 March 2017 in Sofia, 16 Iliensko Shousee Str.

The following members of the Board of Directors were present:

1. Ognian Ivanov Donev – Chairman of the Board of Directors, Executive Director;
2. Vessela Liubenova Stoeva – Deputy chairman of the Board of Directors;
3. Alexandar Victorov Tchaoushev – member of the Board of Directors;
4. Ognian Kirilov Palaveev – member of the Board of Directors;
5. Andrey Liudmilov Breshkov – member of the Board of Directors;

The Board members are accurately informed about the meeting and its agenda.

The meeting had the following agenda:

1. 1. Approval of Substantiated report for transactions within the scope of art. 114, par. 1 of POSA.
2. Decision to convene an Extraordinary General Meeting of Shareholders of Sopharma AD.
3. Approval of the agenda of the Extraordinary General Meeting of Shareholders and draft decisions by the Board of Directors for the items on the agenda.
4. Approval of the text of the invitation to the Extraordinary Meeting.
5. Miscellaneous.

After the discussion the Board of Directors took the following

## **D E C I S I O N :**

### **I. On item 1 of the agenda:**

The Board of Directors approves the Substantiated report prepared by the Board of Directors for transactions within the scope of art. 114, par. 1 of POSA.

The approved Substantiated report shall be presented to the Extraordinary General Meeting of Shareholders for approval and authorization for conclusion of the transactions and shall be included in the agenda materials of the EGM.

### ***Voting results:***

1. Ognian Ivanov Donev – FOR
2. Vessela Liubenova Stoeva – FOR
3. Alexandar Victorov Tchaouchev - FOR
4. Ognian Kirilov Palaveev - FOR
5. Andrey Liudmilov Breshkov – FOR

**The decision on item 1 of the agenda was unanimously approved by the Board of Directors.**

## **II. On item 2 of the agenda:**

The Board of Directors, pursuant to art. 223 of the Commercial Act /CA/ and art. 115 of the Public Offering of Securities ACT /POSA/, convenes an Extraordinary General Meeting of Shareholders of Sopharma AD, which shall be held on **24 April 2017** at 11:00 at the Company's headquarters in Sofia, at: 5 Lachezar Stanchev Str., Building B and in the absence of quorum on 8 May 2017 at the same place, the same time and with the same agenda

### ***Voting results:***

1. Ognian Ivanov Donev – FOR
2. Vessela Liubenova Stoeva – FOR
3. Alexandar Victorov Tchaouchev - FOR
4. Ognian Kirilov Palaveev - FOR
5. Andrey Liudmilov Breshkov – FOR

**The decision on item 2 of the agenda was unanimously approved by the Board of Directors.**

## **III. On item 3 of the agenda:**

**The General Meeting of Shareholders shall be conducted with the following agenda and the following draft decisions, proposed by the Board of Directors:**

- 1. Approval of Substantiated report by the Board of Directors for transactions under art. 114, par. 1 of POSA; Draft decision:** EGM approves the Substantiated report, prepared by the Board of Directors, for transactions under art. 114, par. 1 of POSA, with the participation of the public company SOPHARMA AD.
- 2. Authorization of the Board of Directors of the Company to conclude a contract for provisioning of collateral in the form of a corporate guarantee in the form of a mortgage on a real estate owned by Sopharma AD and a special pledge on machines and equipment, as a collateral under a contract with a Financial Institution (Raiffeisenbank Bulgaria) for an investment credit provided to the subsidiary Sopharma Trading AD – a transaction within the scope of art. 114, par. 1 of POSA, according to Chapter One of the Substantiated report; Draft decision:** EGM authorizes the Board of Directors of the Company to conclude a contract for provisioning of collateral in the form of a corporate guarantee according to the terms and conditions, listed in Chapter One of the Substantiated report, i.e. conclude a contract for provisioning of collateral in the form of a corporate guarantee in the form of a mortgage on a real estate owned by Sopharma AD and a special pledge on machines and equipment, as a collateral under a contract with a Financial Institution (Raiffeisenbank Bulgaria) for an investment credit provided to the subsidiary Sopharma Trading AD.
- 3. Authorization of the Board of Directors of the Company to conclude a contract as a co-debtor for a contract between a Financial Institution (Raiffeisenbank Bulgaria) for an investment credit provided to the subsidiary Sopharma Trading AD – a transaction**

**within the scope of art. 114, par. 1, item 2 of POSA, according to Chapter Two of the Substantiated report; Draft decision:** EGM authorizes the Board of Directors of the Company to conclude a contract as a co-debtor for a contract between a Financial Institution (Raiffeisenbank Bulgaria) for an investment credit provided to the subsidiary Sopharma Trading AD – a transaction within the scope of art. 114, par. 1, item 2 of POSA, according to Chapter Two of the Substantiated report.

4. **Authorization of the Board of Directors of the Company to conclude a contract as a co-debtor with a Financial Institution (DSK Bank Bulgaria) for an overdraft credit provided to the subsidiary Sopharma Trading AD – a transaction within the scope of art. 114, par. 1, item 2 of POSA, according to Chapter Three of the Substantiated report; Draft decision:** EGM authorizes the Board of Directors of the Company to conclude a contract as a co-debtor with a Financial Institution (DSK Bank Bulgaria) for an overdraft credit provided to the subsidiary Sopharma Trading AD – a transaction within the scope of art. 114, par. 1, item 2 of POSA, according to Chapter Three of the Substantiated report.
5. **Authorization of the Board of Directors of the Company to conclude a contract as a co-debtor with a Financial Institution (Societe Generale Expressbank Bulgaria) for an investment credit provided to the subsidiary Sopharma Trading AD – a transaction within the scope of art. 114, par. 1 of POSA, according to Chapter Four of the Substantiated report; Draft decision:** EGM authorizes the Board of Directors of the Company to conclude a contract as a co-debtor with a Financial Institution (Societe Generale Expressbank Bulgaria) for an investment credit provided to the subsidiary Sopharma Trading AD – a transaction within the scope of art. 114, par. 1 of POSA, according to Chapter Four of the Substantiated report.
6. **Authorization of the Board of Directors of the Company to conclude a contract for rent of real estate as a tenant with Sopharam Properties REIT as a renter – a transaction within the scope of art. 114, par. 1 of POSA, according to Chapter Five of the Substantiated report; Draft decision:** EGM authorizes the Board of Directors of the Company to conclude a contract for rent of real estate as a tenant with Sopharam Properties REIT as a renter – a transaction within the scope of art. 114, par. 1 of POSA, according to Chapter Five of the Substantiated report.
7. **Authorization of the Board of Directors of the Company to conclude a contract for trade of medicinal products with the subsidiary Sopharma Kazakhstan AD – a transaction within the scope of art. 114, par. 1 of POSA, according to Chapter Six of the Substantiated report; Draft decision:** EGM authorizes the Board of Directors of the Company to conclude a contract for trade of medicinal products with the subsidiary Sopharma Kazakhstan AD – a transaction within the scope of art. 114, par. 1 of POSA, according to Chapter Six of the Substantiated report.
8. **Miscellaneous.**

The materials related to the agenda of the EGM shall be sent within the legal deadline to the Financial Supervision Commission, shall be published on the Company's website: <http://www.sopharmagroup.com> and shall be made available to the shareholders at the following address: Sofia, 16 Iliensko Shousee Str. from the moment the invitation to the EGM is registered in the Commercial Register. Upon a request by a shareholder the Company shall provide the materials to them at no cost.

#### ***Voting results:***

1. Ognian Ivanov Donev – FOR
2. Vessela Liubenova Stoeva – FOR
3. Alexandar Victorov Tchaouchev - FOR
4. Ognian Kirilov Palaveev - FOR

5. Andrey Liudmilov Breshkov – FOR

**The decision on item 3 of the agenda was unanimously approved by the Board of Directors.**

**IV. On item 4 of the agenda:**

**The Board of Directors has decided:** Pursuant to art. 223 of CA, an **Invitation for the Extraordinary Meeting of Shareholders with the following text** shall be announced in the Commercial Register and under the terms and conditions of art. 100, par. 1 and 3 of POSA:

“The Board of Directors, pursuant to art. 223 of the Commercial Act /CA/ and art. 115 of the Public Offering of Securities ACT /POSA/, convenes an Extraordinary Meeting of Shareholders of Sopharma AD, which shall be held on **24 April 2017** at 11:00 at the Company's headquarters in Sofia, at: 5 Lachezar Stanchev Str., Building B and in the absence of quorum on 8 May 2017 at the same place, the same time and with the same agenda:

- 1. Approval of Substantiated report by the Board of Directors for transactions under art. 114, par. 1 of POSA; Draft decision:** EGM approves the Substantiated report, prepared by the Board of Directors, for transactions under art. 114, par. 1 of POSA, with the participation of the public company SOPHARMA AD.
- 2. Authorization of the Board of Directors of the Company to conclude a contract for provisioning of collateral in the form of a corporate guarantee in the form of a mortgage on a real estate owned by Sopharma AD and a special pledge on machines and equipment, as a collateral under a contract with a Financial Institution (Raiffeisenbank Bulgaria) for an investment credit provided to the subsidiary Sopharma Trading AD – a transaction within the scope of art. 114, par. 1 of POSA, according to Chapter One of the Substantiated report; Draft decision:** EGM authorizes the Board of Directors of the Company to conclude a contract for provisioning of collateral in the form of a corporate guarantee according to the terms and conditions, listed in Chapter One of the Substantiated report, i.e. conclude a contract for provisioning of collateral in the form of a corporate guarantee in the form of a mortgage on a real estate owned by Sopharma AD and a special pledge on machines and equipment, as a collateral under a contract with a Financial Institution (Raiffeisenbank Bulgaria) for an investment credit provided to the subsidiary Sopharma Trading AD.
- 3. Authorization of the Board of Directors of the Company to conclude a contract as a co-debtor for a contract between a Financial Institution (Raiffeisenbank Bulgaria) for an investment credit provided to the subsidiary Sopharma Trading AD – a transaction within the scope of art. 114, par. 1, item 2 of POSA, according to Chapter Two of the Substantiated report; Draft decision:** EGM authorizes the Board of Directors of the Company to conclude a contract as a co-debtor for a contract between a Financial Institution (Raiffeisenbank Bulgaria) for an investment credit provided to the subsidiary Sopharma Trading AD – a transaction within the scope of art. 114, par. 1, item 2 of POSA, according to Chapter Two of the Substantiated report.
- 4. Authorization of the Board of Directors of the Company to conclude a contract as a co-debtor with a Financial Institution (DSK Bank Bulgaria) for an overdraft credit provided to the subsidiary Sopharma Trading AD – a transaction within the scope of art. 114, par. 1, item 2 of POSA, according to Chapter Three of the Substantiated report; Draft decision:** EGM authorizes the Board of Directors of the Company to

conclude a contract as a co-debtor with a Financial Institution (DSK Bank Bulgaria) for an overdraft credit provided to the subsidiary Sopharma Trading AD – a transaction within the scope of art. 114, par. 1, item 2 of POSA, according to Chapter Three of the Substantiated report.

5. **Authorization of the Board of Directors of the Company to conclude a contract as a co-debtor with a Financial Institution (Societe Generale Expressbank Bulgaria) for an investment credit provided to the subsidiary Sopharma Trading AD – a transaction within the scope of art. 114, par. 1 of POSA, according to Chapter Four of the Substantiated report; Draft decision:** EGM authorizes the Board of Directors of the Company to conclude a contract as a co-debtor with a Financial Institution (Societe Generale Expressbank Bulgaria) for an investment credit provided to the subsidiary Sopharma Trading AD – a transaction within the scope of art. 114, par. 1 of POSA, according to Chapter Four of the Substantiated report.
6. **Authorization of the Board of Directors of the Company to conclude a contract for rent of real estate as a tenant with Sopharam Properties REIT as a renter – a transaction within the scope of art. 114, par. 1 of POSA, according to Chapter Five of the Substantiated report; Draft decision:** EGM authorizes the Board of Directors of the Company to conclude a contract for rent of real estate as a tenant with Sopharam Properties REIT as a renter – a transaction within the scope of art. 114, par. 1 of POSA, according to Chapter Five of the Substantiated report.
7. **Authorization of the Board of Directors of the Company to conclude a contract for trade of medicinal products with the subsidiary Sopharma Kazakhstan AD – a transaction within the scope of art. 114, par. 1 of POSA, according to Chapter Six of the Substantiated report; Draft decision:** EGM authorizes the Board of Directors of the Company to conclude a contract for trade of medicinal products with the subsidiary Sopharma Kazakhstan AD – a transaction within the scope of art. 114, par. 1 of POSA, according to Chapter Six of the Substantiated report.

## **8. Miscellaneous.**

All shareholders of the company are invited to participate at the General Meeting in person or by proxy.

Written materials for the EGM are available to shareholders at the headquarters of the Company in Sofia, 16 Iliensko shose Str., the records department, every workday from 8:30 AM to 5:00 PM. The invitation, together with the written materials related to the items of the agenda of the Meeting are published on the website of Sopharma AD - [www.sopharmagroup.com](http://www.sopharmagroup.com) from the moment the invitation is announced in the Commercial Register until the completion of the EGM.

Pursuant to art. 118, par. 2, item 4 of POSA, persons holding jointly or separately at least 5 percent of the capital of the public company Sopharma AD may request the inclusion of items and propose draft decisions on items already included in the agenda of the General Meeting in accordance with art. 223 of the Commercial Act. They must submit not later than 15 days before the EGM to the Commercial Register a list of items that should be included in the agenda and the accompanying draft decisions, as well as any draft decisions on items already included in the agenda. Through the announcement in the Commercial Register the items, respectively the draft decisions on items already included in the agenda, are deemed included in the proposed agenda of the EGM. Not later than the next business day after the

announcement the shareholders must submit the list of items and draft decisions and the accompanying written materials at the address of the Company and to the Financial Supervision Commission.

During the General Meeting shareholders are entitled to ask questions on all agenda items, as well as on issues concerning the economic and financial condition and business of the Company, regardless if the latter are related to the agenda.

Registration of shareholders will take place on the announced day of the General Meeting from 09:30 AM to 11:00 AM.

For registration and participation in the EGM shareholders - individuals must present an identity document, shareholders - legal entities must present an original or certified copy of a current certificate of commercial/court registration and identity card of the legal representative.

**Rules for proxy voting:** Pursuant to the provisions of art. 18, par. 2 of the Articles of Association of the Company a proxy of shareholders in the General Meeting must present an explicit written letter of attorney for the particular General Meeting with a minimum content as per art. 116, par. 1 of POSA.

In case a shareholder – legal entity is represented by a physical person the authorized person must provide their identity document, original or a certified copy of a current certificate of commercial/court registration of the shareholder – legal entity, as well as an explicit written letter of attorney for the particular General Meeting with content as per art. 116, par. 1 of POSA, signed by the lawful representative of the shareholder – legal entity, entered in the current certificate of good standing.

In case a shareholder is represented by a legal entity, the person, representing the proxy, apart from their identification document, must present an original or a certified copy of a current certificate of commercial/court registration of the proxy - legal entity, an explicit written letter of attorney for the particular General Meeting with content as per art. 116, par. 1 of POSA, issued by the shareholder, and if the shareholder is a legal person, the person representing the proxy must also present an original or a certified copy of a current certificate of commercial/court registration of the shareholder.

Pursuant to art. 116, par. 4 of POSA reauthorization of the rights granted to the proxy according to the letter of attorney shall be void and a letter of attorney granted in breach and/or inconsistent with the provisions of art. 116, par. 1 of POSA shall also be void.

The certificate of commercial/court registration and the letter of attorney for representation at the EGM, issued in a foreign language must be accompanied by a translation in Bulgarian language certified in accordance with art. 2, para 2 from the Rules for legalization, certification and translation of documents and other papers. The translation of official documents shall be conducted by a translator contracted by a company which has a contract with the Ministry of Foreign Affairs. The circumstance that the translator is registered with such company shall be confirmed by the Ministry of Foreign Affairs with a certification of the signature or with an explicit certificate, together with a declaration signed by the translator that the same has not been excluded from the list with the Ministry of Foreign Affairs. In case of discrepancies between the two languages, the Bulgarian is considered correct.

The Board of Directors of Sopharma AD has provided a sample letter of attorney in paper and electronic form along with the materials for the EGM. The letter of attorney form is also available on the Company's website [www.sopharmagroup.com](http://www.sopharmagroup.com).

**As a prerequisite for the technical provisioning of the procedure for registration in the Extraordinary Meeting of Shareholders, copies of the issued letters of attorney must be presented to the Company on paper or electronically by the end of the workday preceding the date of the EGM, namely 5 p.m. on 21 April 2017.**

Sopharma AD will receive and accept as valid notifications and letters of attorney electronically on the following email: [mdnedkova@sopharma.bg](mailto:mdnedkova@sopharma.bg). The emails must be digitally signed with the universal electronic signature /UES/ of the principal and the attached electronic documents /electronic form/ of the letter of attorney must also be digitally signed with the universal electronic signature /UES/ of the principal.

**On the basis of art. 16, par 3 of the Company's Articles of Association the Board of Directors notifies the shareholders that the General Meeting, scheduled for 24 April 2017, and in the absence of quorum – 8 May 2017, will accept voting by correspondence or electronic equipment subject to the following rules:**

1. Persons registered as shareholders of Sopharma AD in the "Central Depository" AD 14 days before the EGM, /i.e. **10 April 2017**/, on the basis of art.16 of the Articles of Association and these Rules, may exercise their voting right prior to the date of the General Meeting by correspondence.
2. Voting right at the EGM of Sopharma AD exercised by correspondence must be an explicitly written, notarized statement expressed by a shareholder of the Company, which refers to the particular EGM and shall contain: identification of the shareholder; the number of shares owned by the shareholder; agenda of the issues proposed for discussion on the particular EGM in accordance with the announced invitation to the EGM in the Commercial Register; draft decisions on each item of the agenda; chosen voting option on each item on the agenda (only one of the voting options "For", "Against" or "Abstain" must be explicitly stated for each item on the agenda); date and signature.
3. The necessary data for identification of shareholders - individuals are: full name, personal identification number /PIN/ and address. The necessary data for identification of shareholders - legal entities are: name, company seat and address of management, unique identification code /UIC/ and the full name of the company's representatives.
4. Statements under item 2 of these rules, made in a foreign language must be accompanied by a translation in Bulgarian language certified in accordance with art. 2, para 2 from the Rules for legalization, certification and translation of documents and other papers. The translation of official documents shall be conducted by a translator contracted by a company which has a contract with the Ministry of Foreign Affairs. The circumstance that the translator is registered with such company shall be confirmed by the Ministry of Foreign Affairs with a certification of the signature or with an explicit certificate, together with a declaration signed by the translator that the same has not been excluded from the list with the Ministry of Foreign Affairs. In case of discrepancies between the two languages, the Bulgarian is considered correct

5. If the voting by correspondence is exercised by a shareholder - legal entity, the statement must be accompanied by original or certified copy of a current certificate of commercial registration of the company - shareholder. The commercial registration certificate issued in foreign language must be accompanied by a translation in Bulgarian language in accordance with the conditions in item 4 above.
6. The shareholders of Sopharma AD can use any of the following methods as a valid means of voting by correspondence: mail - through a letter sent to the Company with a return receipt, verifying the moment of reception of the letter by the Company; e-mail - through email, which must be signed with the universal electronic signature /UES/ of the shareholder and has an attached electronic document /electronic form/ of the statement, which must also be signed with the universal electronic signature /UES/ of the shareholder; courier - through a letter sent via courier company chosen by the shareholder.
7. Sopharma AD will consider the vote by correspondence valid only if the written statement with the shareholder's vote was received by the Company not later than **21 April 2017**, which is the day preceding the date set for the General Meeting.
8. If the shareholder of Sopharma AD, who has voted by correspondence, attends the General Meeting on 24 April 2017, his correspondence voting is valid, unless the shareholder states the opposite upon their registration for participation at the General Meeting of Shareholders. In these cases, on the items, on which the shareholder votes at the General Meeting in person, their exercised vote by correspondence will be disregarded.
9. The address for correspondence voting by mail or courier: **Sofia 1220, 16 Iliensko Shose Str., Sopharma AD, ATTN: Investor Relations Director**

E-mail address for correspondence voting: [mdnedkova@sopharma.bg](mailto:mdnedkova@sopharma.bg)

The Board of Directors of Sopharma AD notifies that the total number of shares with voting rights at the EGM as at the date of the decision of the Board of Directors for convening of the General Meeting, is **134 797 899 /one hundred and thirty-four million, seven hundred and ninety-seven thousand, eight hundred and ninety-nine/ dematerialized registered shares with voting rights.**

Pursuant to art.115b, par.1 of POSA voting right at the EGM shall be exercised by persons registered in the Central Depository as shareholders 14 days before the General Meeting, which date, valid for the current Extraordinary Meeting of Shareholders of Sopharma AD, is 10 April 2017, and only persons registered as shareholders at this date are eligible to vote and participate at the EGM. For the determination of the shareholders eligible to exercise their voting right on the EGM dated 24 April 2017 the company will request an official Book of Shareholders valid as at 10 April 2017.

According to art. 187a, para 3 of the CC, the exercising of all rightst, including the voting right for the **5 662 414** treasury shares as at March 9 2017 – the date of the decision of the Board of Directors to convene a EGM on 24 April 2017 – shall be until the moment of their transfer.

Pursuant to art. 227, par. 3 of the Commercial Act, in the absence of quorum on the date indicated in this invitation as the date for the EGM the General Meeting will be held on 8



May 2017 at 11:00AM at the same place and with the same agenda. In this case no additional items can be included in the agenda under par.223a of the Commercial Act.”

***Voting results:***

1. Ognian Ivanov Donev – FOR
2. Liubenova Stoeva – FOR
3. Alexandar Victorov Tchaouchev – FOR
4. Ognian Kirilov Palaveev – FOR
5. Andrey Liudmilov Breshkov – FOR

**The decision on item 4 of the agenda was unanimously approved by the Board of Directors.**

**V. On item 5 of the agenda:**

**The Board of Directors took the following decision:** The Board assigns the Executive Director the organization and control on the execution of the factual and legal actions on the preparation and conduct of the Extraordinary Meeting of Shareholders of Sopharma to ensure compliance with the requirements of the Commercial Act, the Public Offering of Securities Act and the Articles of Association of the Company.

***Voting results:***

1. Ognian Ivanov Donev – FOR
2. Vessela Liubenova Stoeva – FOR
3. Alexandar Victorov Tchaouchev - FOR
4. Ognian Kirilov Palaveev - FOR
5. Andrey Liudmilov Breshkov – FOR

**The decision on item 5 of the agenda was unanimously approved by the Board of Directors.**

Due to completion of the agenda the meeting of the Board of Directors was closed.  
The present minutes were prepared in two identical copies and were signed as follows:

1. Ognian Ivanov Donev: .....
2. Vessela Liubenova Stoeva: .....
3. Alexandar Victorov Tchaouchev: .....
4. Ognian Kirilov Palaveev: .....
5. Andrey Liudmilov Breshkov: .....