

To
The Board of Directors
of “Sopharma” AD

RECOMMENDATION

of the Audit committee of "Sopharma" AD
for the nomination of a statutory auditor, to perform an independent financial audit of
the Annual individual and consolidated financial statements of
“Sopharma” AD for 2024

On the grounds of Art. 108, para 1, item 6 of the Law on Independent Financial Audit and Sustainability Assurance (LIFASA) and under the conditions of Art. 16, par. 2, p. 2.1 and par. 3, p. 1.1 concerning Regulation (EU) No. 537/2014 of the European Parliament and the Council of April 16, 2014 in connection with the specific requirements regarding the mandatory audit of enterprises of public interest and for cancellation of the Commission Decision 2005/909/EC (Regulation (EU) No. 537/2014), the Audit committee of "Sopharma" AD presents this recommendation for the nomination of the Auditing Company "BAKER TILLY KLITOU AND PARTNERS" EOOD, UIC 131349346, included in the Register of the Statutory Auditors under Art. 20 of LIFASA with registration number 129, for a mandatory auditor to perform an independent financial audit of the Annual individual and consolidated financial statements of “Sopharma” AD for 2024.

In the course of monitoring the mandatory audit of the Annual financial statements of "Sopharma" AD for the previous accounting periods, the Audit Committee forms a consistently positive assessment of the Auditing Company operation "BAKER TILLY KLITOU AND PARTNERS" EOOD, determined by the competence demonstrated by the audit team, the applied precise approach to the organization of the audit, maintenance of open and regular communication with the Committee and enviable ease in implementing normative changes in Auditing practice. In parallel with the above, the Committee had the opportunity to follow up the permanently positive findings and conclusions of the Commission for Public Oversight of Statutory Auditors (the Commission) on the implementation of Art. 26, para 6 of Regulation (EU) No. 537/2014, for the Auditing Company, credited with grade "A" rating including and after the last full inspection to ensure the quality of the professional activity conducted in 2023, with a finding that the professional activity of the Auditing Company is in accordance with the essential aspects of the requirements of the Auditing standards and with the legal requirements. The results of previously carried out planned inspections of the auditor, announced by the Commission, are similar, such as in 2021 a finding was made that for the inspected period "from 01.01.2020 to 31.12.2020 the professional activity of the Statutory auditor is in accordance with the essential aspects of the requirements of the Auditing standards and with the legal requirements", and the Auditing Company was assigned with grade "A", and in 2019 it was noted that for the audited period "from 01.07.2017 to 30.06.2018, the professional activity of the Auditing Company was in accordance with all essential aspects of the requirements for the quality of the performed audit services when applying the procedures, defined in professional standards". Last but not least, at the conclusion of a thematic inspection carried out regarding the quality of implementation of a commitment for a mandatory financial audit of an Annual financial statement of a public Company for 2018, the Commission found that "the audit Company has fulfilled the commitment in accordance with all essential aspects of the quality requirements of the Auditing services provided in the application of the procedures defined in the professional standards".

In connection with the above, the **Audit Committee recommends renewing the audit engagement of the Auditing Company "BAKER TILLY CLITOU AND PARTNERS" EOOD**, Sofia, 5 “Stara Planina” Str., Floor 5, with UIC 131349346,

included in the Register of Statutory Auditors according to Art. 20 of LIFASA with registration number 129, to carry out the mandatory financial audit of the Annual individual and consolidated financial statements of "Sopharma" AD for 2024.

The present recommendation of the Audit Committee has not been influenced by any third party. The Audit Committee is not subject to a clause of the type specified in Art. 16, par. 6 of Regulation (EU) No. 537/2014.

In view of the fact, that the recommendation refers to the renewal of an audit engagement and was made in compliance with Art. 65 of LIFASA and Art. 17, par. 1 and 2 of Regulation (EU) No. 537/2014 regarding the maximum permissible duration of the audit engagements, on the basis of Art. 16, par. 2, p. 2 and par. 3, p. 1 of Regulation (EU) No. 537/2014, for the purposes and before the provision of the same, the selection procedure under Art. 16, par. 3 from Regulation (EU) No. 537/2014, respectively its justification and provision of options for selection are not required, expressing a properly justified preference for one of them.

The current recommendation was presented to the attention of the Board of Directors "Sopharma" AD on the basis of Art. 16, par. 2, p. 1 of Regulation (EU) No. 537/2014 and should be included in the proposal to the General Meeting of the Company's shareholders for nomination of a registered auditor under the engagement for an independent financial audit of the Company's financial statements for 2024, in accordance with the requirements of Art. 16, par. 5, p. 1 of Regulation (EU) No. 537/2014.

Sofia, 24.09.2024

Chairman:

/signature/
Vasil Naydenov

Members:

/signature/
Cvetanka Zlateva

/signature/
Kristina Atanasova-Elliot