

**SOPHARMA GROUP**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2019

	Notes	2019 BGN'000	2018 BGN'000
Revenue from contracts with customers	3	1 281 587	1 179 143
Other operating income (losses), net	4	12 421	11 837
Changes in inventories of finished goods and work in progress		(3 479)	8 773
Raw materials and consumables used	5	(93 234)	(91 303)
Hired services expense	6	(75 239)	(75 897)
Employee benefits expense	7	(127 087)	(119 441)
Depreciation and amortization expense	16, 17	(44 004)	(33 135)
Carrying amount of goods sold		(878 504)	(825 571)
Other operating expenses	8	(12 769)	(15 263)
<b>Profit from operations</b>		<b>59 692</b>	<b>39 143</b>
Impairment of non-current assets outside the scope of IFRS 9	10	(18 949)	(186)
Finance income	11	10 953	4 034
Finance costs	12	(12 391)	(9 728)
<b>Finance income / (costs), net</b>		<b>(1 438)</b>	<b>(5 694)</b>
Gain from associates and joint ventures, net	13	44 660	2 076
Gain on acquisition and disposal of subsidiaries	46	4 448	-
<b>Profit before income tax</b>		<b>88 413</b>	<b>35 339</b>
Income tax expense	14	(4 054)	(4 702)
<b>Net profit for the year</b>		<b>84 359</b>	<b>30 637</b>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of property, plant and equipment		196	-
Remeasurement of defined benefit pension plans		(32)	(79)
Net change in the fair value of other long-term equity investments	15	(60)	(792)
Income tax relating to items of other comprehensive income that will not be reclassified		(20)	-
		<b>84</b>	<b>(871)</b>
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		4 176	527
		<b>4 176</b>	<b>527</b>
<b>Other comprehensive income for the year, net of tax</b>	15	<b>4 260</b>	<b>(344)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>88 619</b>	<b>30 293</b>
<b>Net profit for the year attributable to:</b>			
Equity holders of the parent		86 994	28 343
Non-controlling interests		(2 635)	2 294
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the parent		90 327	28 636
Non-controlling interests		(1 708)	1 657
Basic net earnings per share	28	BGN 0,69	0,23

The accompanying notes on pages 5 to 169 form an integral part of the consolidated financial statements.

Executive Director:

*Genan Donev, PhD*

Finance Director:

*Boris Borisov*

Preparer:

*Lyudmila Bondzhova*

*Усвено*  
*30.04.2020*



## SOPHARMA GROUP

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	Notes	31 December 2019 BGN'000	31 December 2018 BGN'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	378 625	324 525
Intangible assets	17	42 829	62 195
Goodwill	17	15 909	23 516
Investment property	18	10 856	10 427
Investments in associates and joint ventures	19	62 985	20 383
Other long-term equity investments	20	10 079	8 598
Long-term receivables from related parties	21	91 794	23 055
Other long-term receivables	22	10 674	6 399
Deferred tax assets	30	2 421	1 590
		<b>626 172</b>	<b>480 688</b>
<b>Current assets</b>			
Inventories	23	229 873	235 763
Trade receivables	24	255 660	235 911
Receivables from related parties	25	7 112	9 942
Assets held for sale		1 462	-
Other short-term receivables and assets	26	27 480	22 717
Cash and cash equivalents	27	27 513	25 582
		<b>549 100</b>	<b>529 915</b>
<b>TOTAL ASSETS</b>		<b>1 175 272</b>	<b>1 010 603</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		134 798	134 798
Reserves		60 977	55 661
Retained earnings	28	360 656	285 101
		<b>556 431</b>	<b>475 560</b>
<b>Non-controlling interests</b>			
		<b>19 341</b>	<b>32 969</b>
<b>TOTAL EQUITY</b>	28	<b>575 772</b>	<b>508 529</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term bank loans	29	56 832	41 124
Deferred tax liabilities	30	8 196	11 781
Non-current lease liabilities to related parties	31	2 972	-
Retirement benefit obligations	32	6 626	6 015
Lease liabilities	33	25 840	2 486
Government grants	34	10 940	7 470
Other non-current liabilities		4 042	299
		<b>115 448</b>	<b>69 175</b>
<b>Current liabilities</b>			
Short-term bank loans	35	274 829	242 859
Current portion of long-term bank loans	29	16 730	14 874
Trade payables	36	116 407	124 476
Payables to related parties	37	7 668	467
Factoring agreement liabilities	38	24 772	21 791
Current portion of lease liabilities	33	10 012	1 196
Payables to personnel and for social security	39	15 418	14 176
Tax payables	40	7 217	6 675
Other current liabilities	41	10 999	6 385
		<b>484 052</b>	<b>432 899</b>
<b>TOTAL LIABILITIES</b>		<b>599 500</b>	<b>502 074</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 175 272</b>	<b>1 010 603</b>

The accompanying notes on pages 5 to 169 form an integral part of the consolidated financial statements

The consolidated financial statements on pages 1 to 169 have been approved for issue by the Board of Directors of Sopharma AD and were signed on 30 April 2020 by:

Executive Director:

*(Signature)*  
Ogdon Donev, PhD

Finance Director:

*(Signature)*  
Boris Borisov

Preparer:

*(Signature)*  
Lyudmila Bondzhova

This is a translation from Bulgarian of the consolidated financial statements of Sopharma Group for 2019. In case of divergence Bulgarian text shall prevail.

30.04.2020



## SOPHARMA GROUP

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

	Notes	2019	2018
		BGN'000	BGN'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		1 215 433	1 201 720
Cash paid to suppliers		(1 143 957)	(1 142 091)
Cash paid to employees and for social security		(120 315)	(110 689)
Taxes paid (except income taxes)		(69 411)	(64 569)
Taxes refunded (except income taxes)		7 322	8 401
Income taxes paid		(8 673)	(8 227)
Income taxes refunded		135	47
Interest and bank charges paid on working capital loans		(7 988)	(6 219)
Foreign currency exchange gains/(losses), net		225	(860)
Other proceeds/(payments), net		(1 215)	(1 297)
<b>Net cash flows used in operating activities</b>		<b>(128 444)</b>	<b>(123 784)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(36 032)	(24 364)
Proceeds from sales of property, plant and equipment		918	630
Purchases of investment property		(332)	-
Purchases of intangible assets		(4 000)	(3 478)
Proceeds from sales of intangible assets		143	-
Purchases of equity investments		(2 170)	(2 330)
Proceeds from sales of equity investments		647	907
Proceeds from dividends on equity investments		190	97
Consideration paid on acquisition of subsidiaries, net of cash received		(199)	(1 287)
Proceeds from disposal of subsidiaries, net of the cash provided		7 530	-
Purchases of investments in associates and joint ventures		(192)	(227)
Proceeds from sale of investments in associates and joint ventures		4 799	7
Proceeds/(payments) on transactions with non-controlling interests, net		(5 680)	(2 146)
Loans granted to related parties		(90 660)	(30 289)
Loan repayments by related parties		24 379	22 677
Loans granted to third parties		(8 636)	(7 460)
Loan repayments by third parties		2 431	5 134
Interest received on loans and deposits		2 662	1 005
Other proceeds/(payments), net		-	(54)
<b>Net cash flows used in investing activities</b>		<b>(104 202)</b>	<b>(41 178)</b>
<b>Cash flows from financing activities</b>			
Proceeds from short-term bank loans (including increases in overdrafts)		39 387	50 838
Repayment of short-term bank loans (including decreases in overdrafts)		(7 172)	(1 954)
Proceeds from long-term bank loans		35 251	6 197
Repayment of long-term bank loans		(17 998)	(14 977)
Loans received from related parties		6 000	-
Repayment of loans to related parties		(6 000)	-
Loans received from third parties		2 431	84
Repayment of loans to third parties		(2 619)	(248)
Proceeds under factoring agreement		200 845	153 574
Interest and charges paid under factoring agreement		(449)	(313)
Interest and charges paid under investment purpose loans		(1 412)	(1 257)
Lease payments		(13 095)	(2 205)
Proceeds from non-controlling interest in the issue of equity in subsidiaries		655	206
Purchases of treasury shares		(805)	(861)
Proceeds from sales of treasury shares		-	11
Dividends paid		(3 495)	(22 613)
Government grants		4 355	-
<b>Net cash flows from financing activities</b>		<b>235 879</b>	<b>166 477</b>
<b>Net increase in cash and cash equivalents</b>		<b>3 233</b>	<b>1 515</b>
Cash and cash equivalents at 1 January		24 129	22 614
<b>Cash and cash equivalents at 31 December</b>	27	<b>27 362</b>	<b>24 129</b>

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Executive Director:

  
 Ignjan Donev, PhD

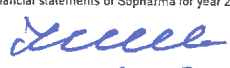
Finance Director:

  
 Boris Borisov

Preparer:

  
 Lyudmila Bondzhova

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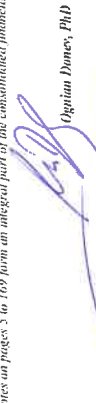

  
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**SOPHARMA GROUP**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2019

Notes	Attributable to owners of the parent						Non-controlling interests		Total equity
	Share capital	Treasury shares	Statutory reserves	Revaluation reserve - property, plant and equipment	Reserve from financial assets at fair value through other comprehensive income	Translation of foreign operations reserve	Retained earnings	Total	
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Balance at 1 January 2018	134,798	(33,824)	51,666	31,945	4,109	(310)	279,256	32,532	508,162
Changes in equity for 2018									
Effect of treasury shares acquisition		(8,800)					(11)		(8,811)
Effects of restructuring		285		775			(734)	(306)	1,224
Share-based payment		1,082			142		(24,407)		(23,183)
Distribution of profit for:			4,301						
* statutory reserves			4,301						
* distribution of dividends on 2017 profit									
* distribution of 6-month dividends on 2018 profit									
Effects assumed by non-controlling interests on:									
* acquisition (disposal) of subsidiaries									
* distribution of dividends									
* issue of equity in subsidiaries									
* increase in the interest in subsidiaries									
* decrease in the interest in subsidiaries									
Total comprehensive income for the year, including:									
* net profit for the year					(792)	1,144	28,244	1,657	30,793
* other comprehensive income, net of taxes					(792)		28,533	2,794	30,535
Transfer to retained earnings				(3,436)			(3,840)		(3,444)
Balance at 31 December 2018	134,798	(33,337)	55,967	29,264	2,933	834	285,101	32,969	508,529
Balance at 1 January 2019	134,798	(33,337)	55,967	29,264	2,933	834	285,101	32,969	508,529
Changes in equity for 2019									
Effect of treasury shares acquisition		(8,033)							(8,033)
Distribution of profit for:			3,330						
* statutory reserves			3,330						
* distribution of 6-month dividends on 2019 profit									
Effects assumed by non-controlling interests on:									
* acquisition (disposal) of subsidiaries									
* distribution of dividends									
* issue of equity in subsidiaries									
* increase in the interest in subsidiaries									
* decrease in the interest in subsidiaries									
Total comprehensive income for the year, including:									
* net profit for the year									
* other comprehensive income, net of taxes									
Transfer to retained earnings									
Balance at 31 December 2019	134,798	(44,142)	59,297	28,871	2,873	4,078	360,656	19,341	575,772

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Executive Director:

  
Oguzhan Doneyev, PhD

Finance Director:

  
Boris Horozov

Preparer:

  
Lyubomira Ivancheva



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